

# Annual Report Sustainability Report **2021**

## Detect and Protect

## ESG



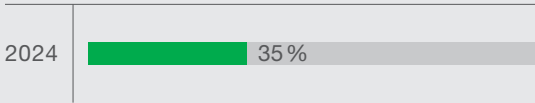
ESG Strategy 2026



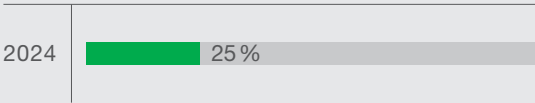
HENSOLDT has developed its ESG Strategy 2026 as a clear road map of how the company intends to address and implement key sustainability fields in the coming years. The HENSOLDT ESG strategy builds on seven categories, which also define the structure of this report.

Diversity

FEMALE SHARE IN THE EXECUTIVE COMMITTEE



FEMALE SHARE IN THE HENSOLDT LEADERSHIP TEAM



To support the diversity goals, HENSOLDT launched the “**Elevate**” initiative, which aims to further strengthen the culture of diversity and equal opportunities, as well as to increase the share of women in leadership positions in particular. As part of this, the “**Unconscious Bias Learning Journey**” programme was introduced in 2021.

Corporate Health Award

83/100%

WINNER 1st PLACE ELECTRICAL ENGINEERING

The German locations of HENSOLDT Sensors & Optronics GmbH have won the 2021 Corporate Health Award in the excellence class. HENSOLDT achieved an 83 percent score and is thus one of the companies with the best company health management systems in Germany.

Sustainalytics Rating

In the Sustainalytics ESG Risk Rating, HENSOLDT ranks #1 in the aerospace and defence industry, outperforming comparable companies.



Integrity

- HENSOLDT’s business is built on the foundation of a comprehensive ethics and compliance programme to ensure corporate integrity.
- When dealing with business partners, the **Partner Review Directive** (PRD) is the basis for all actions. The PRD was newly implemented in 2021 and contains specific duties of conduct and due diligence.
  - To ensure responsibility and security along the entire supply chain, the **Supplier Code of Conduct** was introduced in 2021, which is mandatory for suppliers and an integral part of supply chain management. For supplier self-disclosure, the cloud-based digital supplier platform **IntegrityNext** has been in place since 2021.

Resource and environmental protection

2035=0 | CO<sub>2</sub>

- The protection of natural resources and the environment are anchored in HENSOLDT’s sustainability management. To counteract climate change and global warming, the company implements a comprehensive action plan including:
- Green electricity at all locations
  - Expansion of the charging infrastructure and long-term switch to e-mobility
  - Expansion of LED lighting
  - Pilot project Kiel:** The Kiel site is to be operated largely self-sufficiently with hydrogen and photovoltaics from 2022 onwards
  - CO<sub>2</sub> neutrality by 2035 at the latest**

CONTENTS

| PAGE | CHAPTER | TITLE                                                                                                 |
|------|---------|-------------------------------------------------------------------------------------------------------|
| 003  |         | ESG at HENSOLDT at a Glance                                                                           |
| 005  |         | Contents                                                                                              |
| 006  | 1       | Sustainability Management                                                                             |
| 008  | 1.1     | CEO Statement                                                                                         |
| 010  | 1.2     | About This Report                                                                                     |
| 012  | 1.3     | Corporate Governance                                                                                  |
| 016  | 1.4     | Strategy, Vision, Materiality Analysis                                                                |
| 024  | 1.5     | EU Taxonomy                                                                                           |
| 026  | 2       | Corporate Integrity                                                                                   |
| 027  | 2.1     | Compliance and Anti-Corruption                                                                        |
| 030  | 2.2     | Human Rights                                                                                          |
| 031  | 2.3     | Digitalization, Data, and Security                                                                    |
| 034  | 3       | Responsible Procurement                                                                               |
| 038  | 4       | Human Potential                                                                                       |
| 039  | 4.1     | Employment                                                                                            |
| 041  | 4.2     | Training, Development, and Talent Promotion                                                           |
| 045  | 4.3     | Diversity and Equal Opportunities                                                                     |
| 050  | 5       | Health and Safety                                                                                     |
| 056  | 6       | Community Relations                                                                                   |
| 060  | 7       | Planet and Resources                                                                                  |
| 061  | 7.1     | Environmental Management                                                                              |
| 064  | 7.2     | Resource Protection                                                                                   |
| 066  | 7.3     | Further Environmental Activities                                                                      |
| 068  | 8       | Product Responsibility                                                                                |
| 074  | 9       | GRI Index and Data                                                                                    |
| 075  | 9.1     | GRI Content Index                                                                                     |
| 080  | 9.2     | GRI Performance Data                                                                                  |
| 082  | 10      | Limited Assurance Report of the Independent Auditor regarding the Separate Non-Financial Group Report |
| 085  |         | Imprint                                                                                               |



# 1. Sustainability Management





# 1.1 CEO Statement

**Thomas Müller**  
Chief Executive Officer  
of HENSOLDT AG



Dear Readers,

The year 2021 was yet again dominated by the global coronavirus pandemic. Our lives, actions, and work were often subject to restrictions; many people experienced hardship and suffering. In contrast, we also witnessed how technology firms and the scientific community spearheaded the rapid development of revolutionary vaccines. In conjunction with innovative test concepts, these vaccines enabled a return to some degree of normalcy, even though developments toward the end of the year illustrated how precarious the situation remains. Alongside many corporate challenges, I also came to an important personal realization: Communication and transparency are major success factors, particularly for science and high tech.

The second key issue of the year was the increasing focus on sustainable development and the question of how we can conserve the planet's natural resources more effectively. COP26 in Glasgow was a major step toward achieving a global consensus in terms of how we manage not only the challenges, but also the opportunities, of an economy geared towards sustainability.

For a high-tech company like HENSOLDT, a focus on the environment, social responsibility, and good corporate governance (ESG) is a matter of course. Corporate integrity, respect for our coworkers, the responsible use of resources, and the development of efficient solutions in the interests of our stakeholders are key pillars of the HENSOLDT ethos.

This second Sustainability Report not only provides accountability as to which milestones the company reached in 2021, but also sets out the HENSOLDT ESG Strategy 2026. Our holistic sustainability management constitutes the basis on which we implement the milestones of the strategy so that HENSOLDT can also play a leading role in the industry in this area.

We are committed to you, our stakeholders. Together with each and every employee at HENSOLDT, we work hard every day to take our company forward.

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

Yours truly,  
**Thomas Müller**



# 1.2 About This Report

**Sarah Sterzl**

Group Sustainability Officer  
at HENSOLDT AG

*“Security forms the foundation of a sustainable future. For HENSOLDT, sustainability is not merely a strategy, but primarily an attitude and an ethos. We are particularly proud of the fact that we at HENSOLDT work together for a more secure and sustainable world day in, day out. After all, the rethinking begins in our minds.”*



Sustainability is a core part of HENSOLDT's corporate culture. In April 2022, HENSOLDT is publishing its second Group-wide Sustainability Report to inform its stakeholders of all activities of the HENSOLDT Group in the areas of environmental, social, and corporate governance. This year's Sustainability Report will set out HENSOLDT's approach for each significant topic before focusing on the new developments of 2021 and providing an outlook for the year ahead.

HENSOLDT will continue to publish its Sustainability Report annually. The report can also be found online at <https://www.hensoldt.net>.

With this report, HENSOLDT is fulfilling its obligation to disclose non-financial information pursuant to sec. 315b and 315c in conjunction with sec. 289c to 289e of the German Commercial Code (HGB). Alongside the requirements of the HGB, in the reporting year, HENSOLDT also decided to prepare the sustainability report in accordance with the standards (Version Core) of the Global Reporting Initiative. Pursuant to sec. 289d HGB, the provisions of the Global Reporting Initiative (GRI) were applied as a framework, with the report prepared on the basis of the GRI Standards. This Sustainability Report also serves as the HENSOLDT Group Communication on Progress (CoP) report as part of the Global Compact of the United Nations. The reporting period corresponds to the 2021 fiscal year.

To determine the material sustainability criteria, an extensive and holistic materiality analysis was conducted in fall 2020 according to the GRI standards and the CSR Directive Implementation Act (CSR-RUG) requirements. All relevant stakeholders were involved, that is, management, employees, the sustainability team, customers, banks, investors, and suppliers. In the 2021 reporting year, an update to the materiality analysis was initiated in order to ensure that current developments and requirements are reflected. In particular, the update was carried out with the involvement of internal stakeholders (ESG functions, departments, management).

Our business model is set out in the combined Management Report under I.1 Business Model and I.2 Organization and Infrastructure. Significant non-financial content pursuant to sec. 315c in conjunction with sec. 289c to 289e of the HGB has been assured (limited assurance) by KPMG AG Wirtschaftsprüfungsgesellschaft as part of a business assurance pursuant to ISAE 3000 (Revised), is marked with a grey frame in the text and highlighted in green in the GRI Performance Table.

# 1.3 Corporate Governance

## Embraced Values – Now and in the Future

Cooperation, excellence, responsibility, and innovation – these are the pillars on which HENSOLDT’s long-term business success rests. These values are considered immutable 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 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 acts in consent with the recommendations and suggestions of the German Corporate Governance Code.

## Practiced and Exemplified Every Day

An enterprise can only function, succeed, and stay ahead of the curve 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 following values and principles continue to underpin our actions in this regard:

- **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 internal system to safeguard against corruption and other illegal actions. The IntegrityNext platform for HENSOLDT’s supplier management in Germany was introduced in 2021 (see chapter 3 Responsible Procurement). Different questionnaires are used to analyse suppliers for ESG risks and performance. The rollout of this platform has also begun for the international sites.
- The **excellence of our enterprise** is to be assured by a quality strategy and quality policy that is carried 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. With this in mind, the category “External Impact” was added to risk management in 2020. As such, traditional risk management – which chiefly operates from an outside-in perspective – now also includes another standpoint. Here, the spotlight is on risks and opportunities that may emerge through HENSOLDT’s impact on society and the environment.
- 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 leadership team to 25 percent by 2024.

- **As a responsible employer**, HENSOLDT has set itself the goal of supporting initiatives and talents worldwide. For example, we have been continuously supporting local engineers in South Africa in their career training and continuing education for the past two years so that they can attain a long-term prospect 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 being implemented throughout our enterprise as a matter of course and rigorously monitored in all divisions.

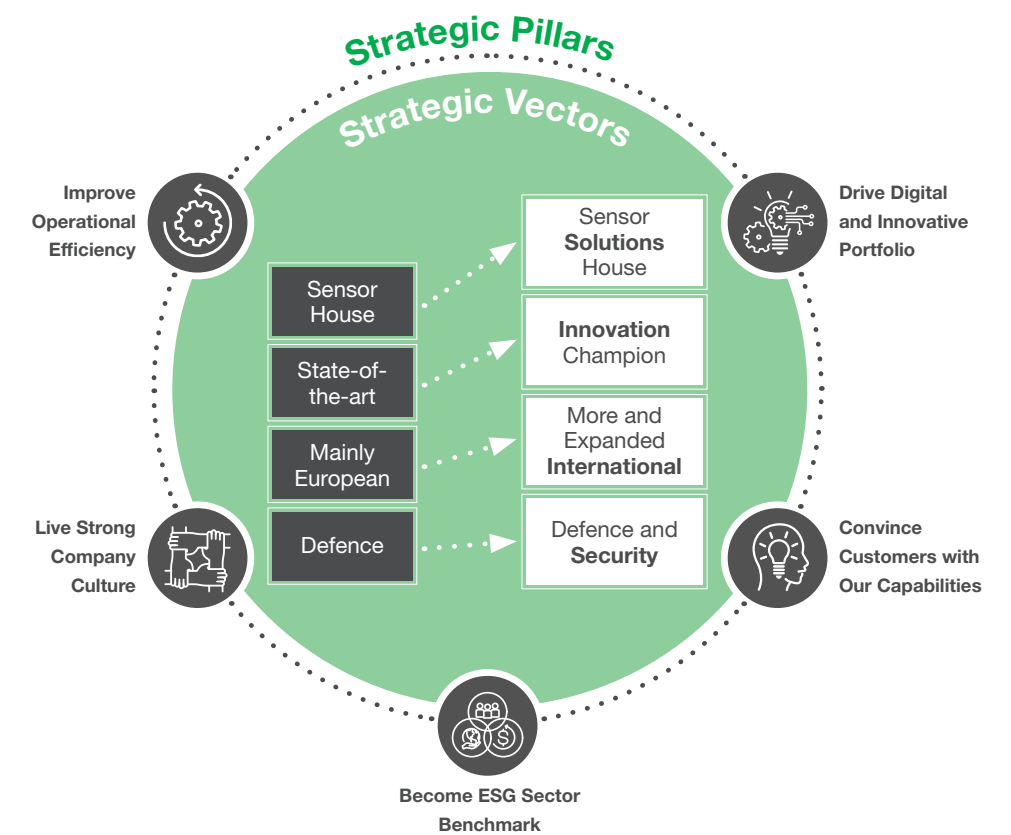
- Actions to **avoid and reduce emissions** are to be implemented in all relevant enterprise processes. In addition to investing in renewable energy sources, this includes energy-saving actions as well as the reduction of waste flows, the consumption of paper, and hazardous component substances. Compliance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

Moreover, we intend to continuously expand and strengthen these principles and our corporate governance, which is why we launched the following initiatives in 2021:

- ESG is a **top management issue**. With this in mind, HENSOLDT set up the ESG Committee, which comprises members of the Management Board and designated executive officers. It is responsible for the enterprise's strategic sustainability direction and integrates priorities in this area within the business strategy and supports their implementation. With current task forces focusing on the topics of carbon neutrality, diversity, and supply chain optimization, it includes both corporate governance and sustainability management.

- In order to **strengthen the corporate culture** in a period of transformation, HENSOLDT developed a new leadership programme in tandem with the Energy Factory of the University of St. Gallen in 2021. The aim of this programme is to empower executives to foster passion for personal growth among all employees, while simultaneously anchoring the HENSOLDT goals in the minds of each and every person at the company.

HENSOLDT not only strives to meet tomorrow's national and international standards of good and sustainable corporate governance, but the company's corporate governance today is already making an important contribution to HENSOLDT's success. Management is fully aware that the significance of value-oriented corporate governance will only increase further in 2022 and beyond.



Not only has sustainability always formed part of our practiced values, but also part of our Group-wide corporate strategy. As one of five strategic pillars, ESG is a significant prerequisite in terms of achieving our four strategic goals (“vectors”). “Become ESG sector benchmark” is our mission in terms of putting HENSOLDT on a strategically sustainable footing.

# 1.4 Strategy, Vision, Materiality Analysis

## Shared Goals

For HENSOLDT, the motto “Detect and Protect” applies not only to protecting people, but equally to protecting the environment, nature, and all ESG aspects as the basis for sustainable life and business. Our sustainability management paves the way for responsible actions at HENSOLDT. Our vision – “Without security, there is no sustainability” – aims to illustrate that sustainability is firmly embedded in the operations of HENSOLDT and that we contribute to ensuring a sustainable future with our highly secure products and services.

Last year, HENSOLDT released its first Sustainability Report and stated its intention of being among the very best in the field of sustainability. In order to flesh out these ambitious goals, the Group-wide **ESG Strategy 2026** was rolled out this year, defining the entrepreneurial obligations of HENSODT and setting specific milestones.

## A Major Step – HENSOLDT’s Sustainability Management

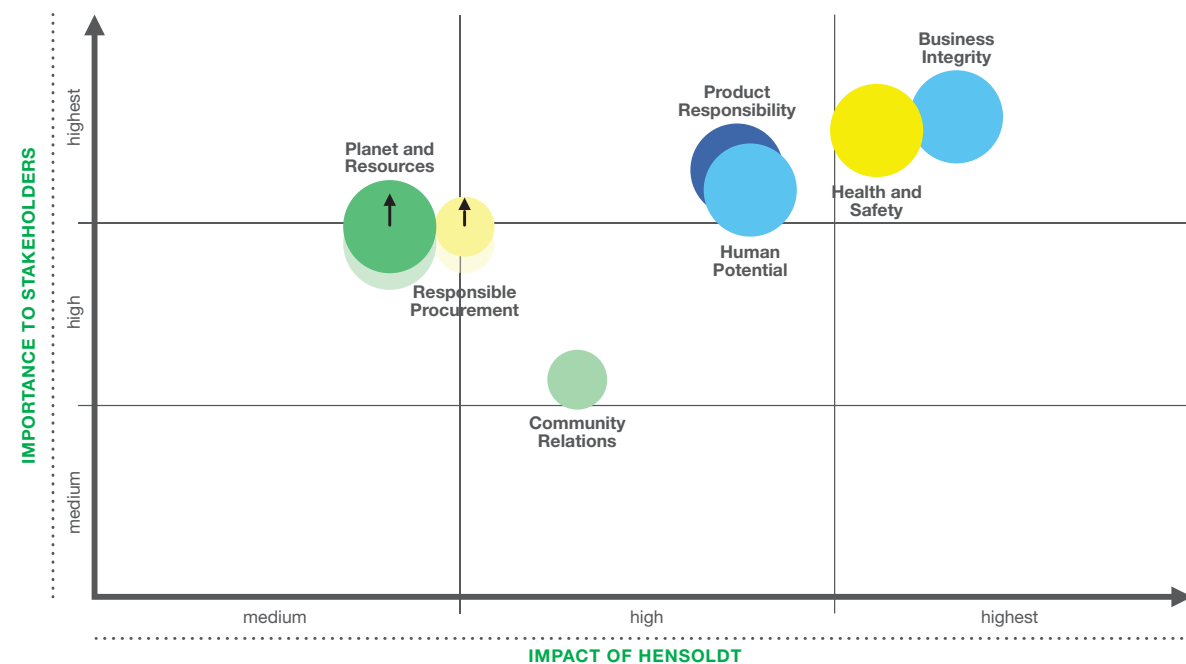
Sustainability is an integral part of HENSOLDT’s business strategy. With this in mind, HENSOLDT set up the ESG Committee, which comprises members of the Management Board and designated executives. Responsible for the enterprise’s strategic sustainability direction, it integrates priorities in this area within the business strategy and supports their implementation. The Group Sustainability Manager and the ESG Committee are the central points of coordination for all ESG activities. The emphasis is on improving the collaboration among the various line departments within the enterprise and among our international sites. This will be achieved by means of a cross-functional ESG team. With a view to ensuring holistic sustainability management, HENSOLDT maintains a close dialogue with all the company’s stakeholder groups – employees, management, investors, customers, suppliers, associations, and municipalities – at all times. With the ESG Strategy 2026, HENSOLDT is taking a major step forward in terms of the ongoing development of the company’s sustainability management through significant investments and a strong commitment.

## The 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, as well as those most affected by the decision-making processes of the stakeholder groups, are accorded the highest priority. Additionally, the analysis identifies 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 accordance with the GRI standards and the CSR-RUG, carried out with the involvement of all relevant stakeholders, and finalized based on the results of a management meeting.

A full materiality analysis was carried out for the first time in 2020. With the aim of updating it on an ongoing basis, the materiality analysis was reviewed in consultation with management and the ESG Committee in 2021. New developments are reflected in the analysis, and the matrix was amended accordingly.





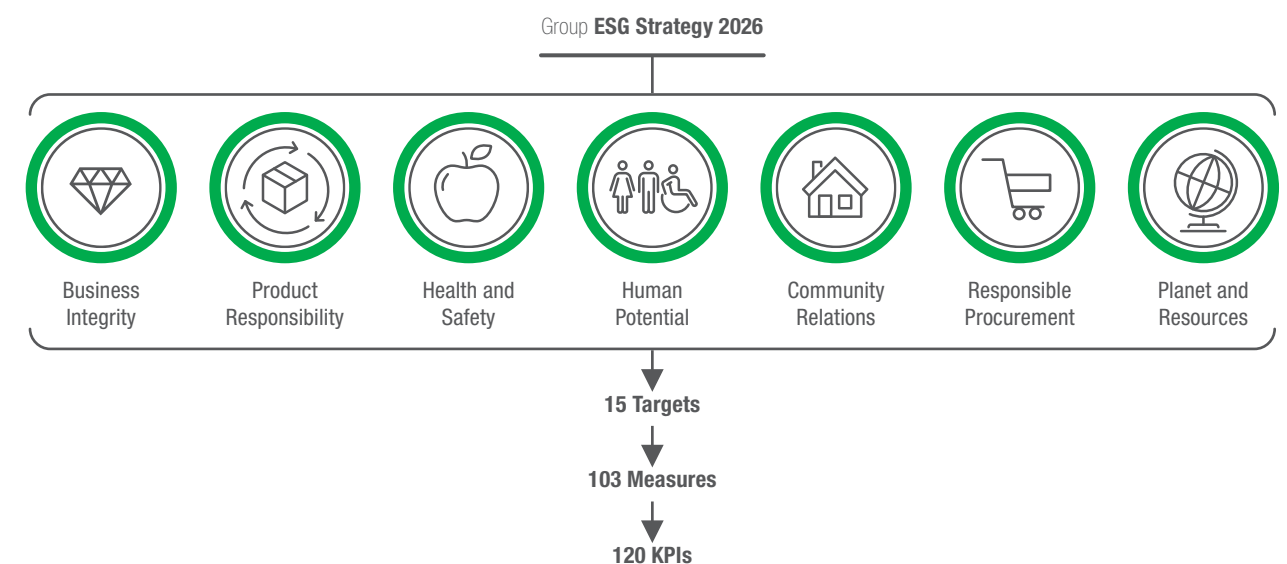
Business integrity and health and safety were identified as key issues for 2021. Further focus areas include product responsibility and ongoing employee development, as well as diversity within the enterprise.

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

The HENSOLDT Sustainability Charter represents the basis of all our endeavours and defines the company's aims, priorities, and commitments. We at HENSOLDT exist to pioneer technologies and human potential that promote the protection of all species worldwide. Our activities should serve the higher purpose of securing the freedom and future of our planet, our nature, and our lives.

## Our Approach: The HENSOLDT ESG Strategy 2026

With our holistic sustainability management, we are tackling the challenges that the planet and humanity are currently facing. We have developed the ESG Strategy 2026 in order to provide a clear road map showing which sustainability aspects HENSOLDT will address and implement in the years ahead. The strategy is based on the key topics identified by us and our stakeholders. Split into seven categories, the main subgoals are outlined and explained in the ESG Strategy 2026.



1. HENSOLDT demonstrates **business integrity** by not tolerating any breaches of applicable legislation. This also covers extensive data protection across the board. At the same time, digitalization is to play a central role in ensuring sustainability at HENSOLDT. Regular participation in ESG ratings serves to monitor success.
2. HENSOLDT lives up to its **product responsibility** by promoting innovation and the continuous improvement of products and services. Alongside the responsible use of artificial intelligence, this also includes the development of solutions that protect society, wildlife, the climate, and our planet.



- 3. In addition to proactively nurturing the mental and physical well-being of its employees, HENSOLDT has also set a clear **health and safety** goal of keeping the frequency of workplace accidents at the already extremely low level of Lost Time Injury Frequency Rate (“LTIFR”) below 0.75.
- 4. As an employer of choice, HENSOLDT **HR** attaches considerable importance to the satisfaction of the company’s employees. Affirmation of this came, for example, in the form of the Corporate Health Award which the German sites of HENSOLDT Sensors & Optronics GmbH won in the excellence class this year. Employment equity is also actively practiced and embraced, including by increasing the share of women in leadership roles to 35 percent.
- 5. HENSOLDT is a good **neighbour at all its sites around the world and maintains excellent community relations** – fostered by regular dialogue with community representatives. Employees are encouraged to increase their number of voluntary working hours on community projects to at least eight per year.
- 6. Within the context of **responsible procurement**, HENSOLDT takes responsibility within the supply chain and identifies and reduces ESG risks at its suppliers.
- 7. HENSOLDT is committed to protecting the **planet and resources**. The company aims to become carbon-neutral by 2035 by continuously reducing its carbon footprint. Furthermore, all sites worldwide are to be certified in accordance with the stringent ISO 14001 environmental management standard.

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 non-financial issues, the risk analysis did not identify any significant risks – within the meaning of sec. 289c (3) sen. 1 no. 3 and 4 of the HGB 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.

Long-Term Incentive Components:  
ESG Targets on “Diversity” and “Climate Impact”

Pursuant to sec. 289c (3) sen. 1 no. 5 of the HGB, a report must be made in respect of material non-financial performance indicators that are of significance to the company’s business activities (see Remuneration Report). The Management Board remuneration with sustainability components is also a central component in the attainment of the ESG targets by 2026. All Management Board members receive an entitlement to a multiyear performance-related remuneration component (long-term incentive – LTI). The basis for determining the amount of the LTI is the target amount (“LTI target amount”), that is, the amount to which a Management Board member is entitled if the multiyear targets are met in full. At its own discretion, the Supervisory Board determines, at the start of each four-year measurement period for an LTI tranche, the conditions for each LTI component and the corresponding target amount for the bonus tranche in question. The LTI is measured using the following bonus components: (i) 40 percent based on the relative total shareholder return (TSR) of the company compared to the MDAX, (ii) 30 percent based on the order intake of the HENSOLDT Group, and (iii) 15 percent each based on two ESG aims (“Diversity” and “Climate Impact”). Success parameters for the LTI programme not only include financial targets and the strong focus on the share price, but also ESG targets from the areas of environmental, social, and corporate governance. In the current employment contracts for members of the Management Board, these ESG targets are “Diversity” – which is centred around the achievement of specific quotas of women at various levels of the company – and “Climate Impact” – which is pursued by increasing the share of renewable energy in the energy consumed by the HENSOLDT Group, reducing CO<sub>2</sub> emissions and lowering the usage of volatile organic compounds (“VOCs”).



Sustainable Development Goals

The Sustainable Development Goals (SDGs) of the United Nations are made up of 17 goals for sustainable development on an economic, social, and environmental level – and are aimed at countries and organizations around the globe.

In accordance with our materiality analysis and our sustainability management, we have categorized the SDGs in a matrix based on HENSOLDT’s impact on the environment and society – and prioritize the following SDGs, with selected subgoals, on the basis of this analysis:



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE

**9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors



**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**16.5** Substantially reduce corruption and bribery in all their forms



**4** QUALITY EDUCATION

**4.5** Eliminate gender disparities in education and ensure equal access to all levels of education

**4.B** Substantially expand globally the number of scholarships



**10** REDUCED INEQUALITIES

**10.2** Empower and promote the social, economic, and political inclusion of all



**13** CLIMATE ACTION

**13.2** Integrate climate change measures into (national) policies, strategies, and planning

Sustainalytics ESG Risk Rating Report

HENSOLDT recently subjected itself to an ESG risk rating by monitoring firm Sustainalytics. This rating can be seen as the first proof point of the company’s sustainability efforts. In the overall rating, HENSOLDT achieved a score of 18.1, which indicates strong risk management and exceeds the scores of other comparable companies. As such, HENSOLDT occupies the number one position in the aviation and defence industry.

HENSOLDT AG  
Aerospace and Defence | Germany

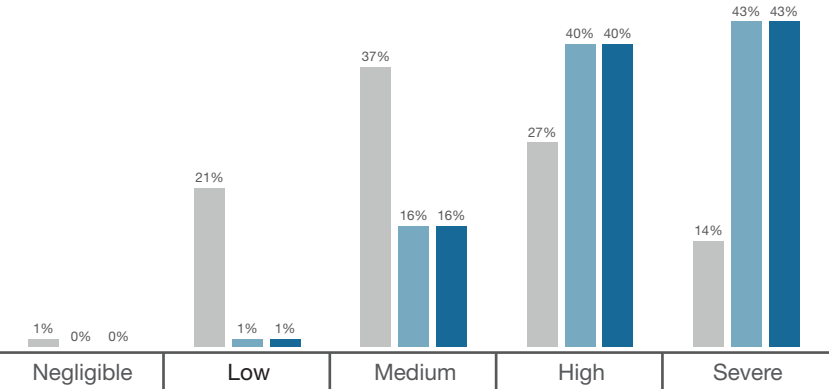
ESG Risk Rating  
**18.1**  
Updated Nov 8, 2021



Low Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

| UNIVERSE                             | RANK<br>(1 <sup>st</sup> = lowest risk) | PERCENTILE<br>(1 <sup>st</sup> = lowest risk) |
|--------------------------------------|-----------------------------------------|-----------------------------------------------|
| Global Universe                      | 2391/14640                              | 17th                                          |
| Aerospace & Defence<br>INDUSTRY      | 1/91                                    | 1st                                           |
| Aerospace and Defence<br>SUBINDUSTRY | 1/91                                    | 1st                                           |

# 1.5 EU Taxonomy

**HENSOLDT provides - in the course of the expansion of the non-financial disclosure requirements – disclosures on the implementation of the EU Taxonomy Regulation (Regulation [EU] 2020/852) for the first time for this reporting year. The EU has published requirements for sustainable economic activities for two environmental objectives (climate change mitigation and climate change adaptation). The description of the respective economic activities in the two delegated acts relating to the EU Taxonomy Regulation (Annexes I and II) specify which economic activities are considered taxonomy-eligible in the first year of non-financial reporting. The determination of the key performance indicators for taxonomy-eligible economic activities was carried out in compliance with the FAQ document published by the European Commission, which addresses questions of interpretation in relation to Article 8 of the EU Taxonomy Regulation.**

The central element is the determination of the taxonomy-eligible proportion of the Group’s turnover (the Regulation uses “turnover”) that is generated with products or services associated with economic activities classified as environmentally sustainable; as well as of the proportion of capital expenditure and of operating expenditure in connection with assets or processes associated with economic activities regarded as environmentally sustainable.

When drafting the regulation, the European Commission focused on primary CO<sub>2</sub>-emitting industries and sectors and identified potentially relevant economic activities on this basis. As the aviation and defence industry does not fall within the primary scope of this regulation, most of the activities at HENSOLDT are not subject to consideration. However, this does not mean that these activities do not pursue or foster the targets of the HENSOLDT ESG Strategy.

Within the scope of a project, we performed a holistic review of our contribution to the European Union’s environmental objectives of “climate change mitigation” and “climate change adaptation.” We also carried out an extensive analysis of our economic activities and the resulting turnover, as well as capital and operating expenditure, thereby determining the proportions of those items that can be classified as taxonomy-eligible. Double counting is avoided by allocating the taxonomy-eligible turnover, capital expenditure, and operating expenditure to only one taxonomy-eligible economic activity.

The current scope of application of the Taxonomy Regulation, with its focus on CO<sub>2</sub>-emitting industries, includes HENSOLDT only to a limited extent, as the company is a specialized supplier of sensor solutions in the area of products and services. The company’s value chain chiefly comprises customer-specific development services and the customized manufacture of components according to the relevant area of deployment. Manufactured products are installed within the platforms by customers and do not possess an energy supply of their own.

In application of the Taxonomy Regulation, we have identified internal activities in connection with leasing our sites and the decarbonization of our vehicle fleet, which we have classified as taxonomy-eligible and included in the CapEx KPI. Company car leases have been allocated to activity 6.5 Transport by motorbikes, passenger cars and (light) commercial vehicles of the EU Taxonomy. Capital expenditure related to leases has been allocated to activity 7.7 Acquisition and ownership of buildings.

The amounts used to calculate the taxonomy eligible turnover, capital expenditure (CapEx), and operating expenditure (OpEx) are based on the figures reported in the consolidated financial statements.

The turnover KPI is the ratio of net turnover from taxonomy-eligible economic activities of a given fiscal year to total net turnover for that year. Total net turnover of fiscal year 2021 forms the denominator of the turnover KPI; it can be found in the consolidated income statement. At the current stage of regulation, no relevant economic activities can be identified in the Delegated Acts that lead to taxonomy-eligible turnover.

Capital expenditure (CapEx) is based on the additions to property, plant, and equipment and intangible assets during the fiscal year, before depreciation, amortization, impairment losses, and remeasurement gains or losses, including those arising from remeasurement gains or losses and impairment losses without changes in fair value for the fiscal year. The denominator must also include additions to property, plant, and equipment and intangible assets resulting from business combinations (application of IFRSs [IAS 16, 38, 40 and IFRS 16])). The numerator of the CapEx KPI is determined by analysing the assets or processes in connection with the amounts included in the denominator for their taxonomy eligibility.

Operating expenditure (OpEx) is based on direct, non-capitalized costs relating to research and development, building renovation measures, short-term leases, maintenance, and repair as well as all direct expenditure in connection with day-to-day servicing of property, plant, and equipment by the company or third parties to which the activities are outsourced, which are required to ensure the continuous, effective functioning of these assets. The numerator of the OpEx KPI is determined by analysing the assets or processes in connection with the expenses included in the denominator for their taxonomy eligibility.

**The following KPIs apply to the fiscal year:**

|                                                                     |             |
|---------------------------------------------------------------------|-------------|
| .....                                                               |             |
| <b>Taxonomy-Eligible Proportions of Business Activities in 2021</b> |             |
| Pursuant to Article 8 of EU Regulation 2020/852                     |             |
| <b>Capital expenditure (CapEx) of the HENSOLDT Group</b>            | <b>100%</b> |
| of which taxonomy-eligible                                          | 13%         |
| taxonomy-non-eligible                                               | 87%         |
| <b>Operating expenditure (OpEx) of the HENSOLDT Group</b>           | <b>100%</b> |
| of which taxonomy-eligible                                          | 12%         |
| taxonomy-non-eligible                                               | 88%         |





# 2.1 Compliance and Anti-Corruption

## Our Approach: Strict Tolerance

They may be minute, but for technical and physical reasons the products from HENSOLDT always have tolerances. When it comes to compliance and anti-corruption, our attitude is diametrically opposed: Here, the company has a strict tolerance policy in respect of established guidelines and management systems.

HENSOLDT's business is not only based on the four principles of cooperation, excellence, responsibility, and innovation. These four pillars themselves stand on the unshakable foundation of a comprehensive ethics and compliance program. As the basis for all business activities and a core element of our Group culture, it protects our senior management and employees, the company, and its reputation, as well as HENSOLDT's customers, through an uncompromising strict tolerance approach. The aim is to ensure legally and ethically correct action on all levels of our business and systematically prevent violations of laws and regulations. In 2021, the HENSOLDT compliance programme still focuses on the same six core areas.

## The HENSOLDT Compliance Programme

### 1. Anti-Corruption

HENSOLDT has analysed 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 strict 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 achieved through HENSOLDT's anti-corruption guidelines 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 foregoing (new) business opportunities. 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 Partner Review Directive (“PRD”) 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. The PRD is regarded as the successor to the previous Counterparty Due Diligence (“CDD”) and was instituted in June 2021.

As part of the partner review process, the Compliance department conducts a risk assessment of the planned transaction, which forms the basis for the decision, to be taken by the business units responsible up to executive management, whether or not the transaction will be pursued. To ensure adherence with all compliance requirements and regulations, including the PRD, HENSOLDT has expanded its internal Compliance Team substantially in recent years and provided it with the necessary resources.

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), requires 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 PRD, 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. Antitrust 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 business partners that they comply with the global HENSOLDT standards. To this end, a new Supplier Code of Conduct came into effect in 2021 among other measures. For more information, please refer to the chapter 3 “Responsible Procurement”.

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.”

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. As one of its main tenets, the HENSOLDT Code of Conduct challenges all employees to communicate openly. In addition to reporting potentially 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 notifications are reported to the Management Board and the Executive Committee.**

All employees regularly receive information and mandatory training as to the content and requirements of the Code of Conduct and other compliance regulations. The Compliance department carries out regular training sessions, both face to face and virtually (sometimes via digital platforms). As the partner review process was modified in the year under review, this was a key topic of compliance training. In the year under review, the Compliance department also introduced a general communication platform, the “Q&A Sessions.” Alongside questions about the modified partner review process, the biweekly Q&A Sessions were also used to present and discuss the various compliance-related topics in terms of their practical relevance. One key aspect is to strengthen the individual responsibility of each employee and heighten their awareness so that they can better recognize risks. Executives are involved in all facets of our compliance programme and are called on to actively communicate the significance of the programme to their subordinates. This also encompasses the communication of updates to the compliance programme, such as those that took place in 2021, for example, with the PRD.



## 2.2 Human Rights

### Our Approach: Day-to-Day Practice

**HENSOLDT places a high priority on complying with our international obligations to protect human rights. As a generally applicable policy, the Code of Conduct asserts HENSOLDT's commitment to upholding human rights – both within and outside the company. The values and practices to which HENSOLDT is committed correspond to internationally recognized 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 ILO Declaration on Fundamental Principles and Rights at Work.**

### Outlook

As a reflection of the importance of the topic, HENSOLDT has also taken the decision to develop its own approach to a human rights program. Responsibilities and processes are set out and organized in a human rights policy<sup>1,2</sup>.

In addition, the Supplier Code of Conduct, in accordance with the principles of the International Forum on Business Ethical Conduct (“IFBEC”), and the PRD are intended to ensure that international standards are met in dealings with business partners. IntegrityNext, a cloud-based digital platform for reviewing and managing suppliers, is already in use (see chapter 3 Responsible Procurement).

<sup>1</sup> The UK Modern Slavery Act Statement of HENSOLDT AG can be found at [www.hensoldt.net](http://www.hensoldt.net)

<sup>2</sup> The HENSOLDT Human Rights Policy can be found at [www.hensoldt.net](http://www.hensoldt.net)

## 2.3 Digitalization, Data, and Security

### Our Approach: Keeping Data Secure

**Data and IT infrastructure play an ever-increasing, and in many sectors decisive, role in HENSOLDT's numerous digitalization measures. Data leaks are prevented, and the risk of attacks minimized, through our global governance of digitalization and IT, as well as through a robust IT architecture. At the same time, sustainability is a central component of the digitalization strategy and makes a substantial contribution to minimizing HENSOLDT's environmental footprint.**

Within a framework of legal obligations, national and international guidelines, and conventions, data security has a high priority. 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.

### Significant Measures and Results of Data Protection Management in 2021

- **Data Protection Organizational Structure:** In order to fulfil the objectives of the data protection organization that has now been established, data protection processes have been set up on the basis of the management processes, e.g., by issuing work instructions, guidelines, and process manuals that meet the expanded documentation and verification requirements.
- **Data Protection at Companies Worldwide:** The enactment of the Group Data Protection Guidelines sets out a fundamental global data protection policy and defines responsibilities at national, European, and international level. As part of the establishment of the data protection organizational structure within the context of GDPR-compliant data protection management, the various roles were also defined, with some of these roles requiring a local point of contact (Data Protection Officer abroad, Data Protection Coordinator) who supports the Group Data Protection Officer.
- **Record of Processing Activities:** New and existing processes were recorded and reviewed in a GDPR-compliant manner using the methods of the management system. New processes were reported and evaluated. The record is at the desired level of 95 percent target attainment.

■ **2022 Data Protection Planning:** Ongoing improvement and implementation will follow the previously employed risk-based approach in terms of further development of the management system geared toward data protection. Employee awareness will continue to be raised in relation to the responsible handling of data and new challenges associated with data-based business models within the context of continued digitalization.

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

**Through advancing digitalization and networking, new business models and digitalization concepts are constantly emerging at HENSOLDT. Data enables new products, product applications, and innovative services as well as changed modes of working. 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 minimize 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 Management 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.

## Digitalization and Sustainability

**Digital technologies present new opportunities for sustainable living and business. Under the leadership of the Chief Information Officer, HENSOLDT is constantly working to promote digital sustainability initiatives.**

These initiatives include the optimization of remote working during the pandemic, which is now incorporated within day-to-day operations, as well as new solutions for remote maintenance and customer service and for customer training and presentations. They not only enhance customer service and customer care, but also significantly reduce travel and thereby contribute to lowering CO<sub>2</sub> emissions.

With the 2021 revision of the IT and digitalization strategy “GRIP”, HENSOLDT has paved the way in terms of embedding ESG in company-wide digitalization initiatives. The digitalization of business processes not only helps HENSOLDT to minimize its environmental footprint, but also boosts employee satisfaction, efficiency, and productivity. The introduction of Robotic Process Automation (“RPA”) bots, for instance, relieves our employees of monotonous and repetitive tasks. The focus on secure processes and a global IT architecture, which enables seamless cooperation in highly sensitive areas, supports all employees in the conservation of resources and the risk-free handling of complex projects.

In 2021, the company also switched to the eco-friendly and sustainable search engine Ecosia, with the IM Cyber Security department giving the green light following an extensive test phase. Now employees plant trees every time they enter a search query – a small step that makes a large contribution to sustainability.

To keep employees aware of issues around IT system security, the cyber security awareness campaign launched in 2020 was continued in 2021.

As part of a new regular series, key digitalization-related topics such as “remote maintenance with augmented reality” and “digital accident management” are presented.

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.

Secure, protected information technology together in conjunction with the responsible behaviour of all employees form the basis for a HENSOLDT future that is both digital and sustainable. The principle of “keeping data secure” creates scope for added value – to the benefit of our employees, our customers, the company, and the environment.



**HENSOLDT also relies on the possibilities of digitalization in training and further education. In 2021, HENSOLDT's customer service in Immenstaad supported a customer training course with virtual reality for the first time. During the training on the maintenance of a system for the Eurofighter, the participants were able to learn the maintenance procedures virtually with the help of VR glasses before they were subsequently trained in practice on the device.**





# 3. Responsible Procurement

## Our Approach: Security across the Entire 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. The Supplier Code of Conduct, newly introduced in 2021, is an integral component of supply chain management, helping to further enhance the supply chain and make it even more sustainable. In the year under review, there were no known cases of suppliers being excluded.

## Our New Regulations

### Our Foundation: The HENSOLDT Supplier Code of Conduct

The new Supplier Code of Conduct, which came into force in 2021, contains the applicable laws and regulations of the countries in which the supplier in question operates, handles goods, and/or provides services. Compliance with this Code of Conduct is mandatory for business relations with HENSOLDT. The Code of Conduct also outlines what HENSOLDT expects of its suppliers and the entire supply chain. While recognizing differences in culture and legal requirements – irrespective of where the supplier is located – all business must be conducted in a way that is reconcilable with the Code. The provisions of the Code are based on the Supplier Code of Conduct of the International Forum on Business Ethical Conduct for the Aerospace and Defence Industry (IFBEC).

### Supplier Self-Assessment

In addition to the obligation to comply with the HENSOLDT Supplier Code of Conduct, all suppliers are required to provide an extensive self-assessment. This was expanded in 2021 and migrated to the IntegrityNext cloud-based digital supplier platform. Here, the self-assessment can be completed via a detailed survey comprising up to 25 subject-specific questionnaires. The core topics of environmental protection, human and labour rights, occupational health and safety, anti-corruption and anti-bribery, and supply chain responsibility are always at the forefront. What's more, all suppliers are obligated to upload the necessary certificates to the platform on a regular basis, with the final risk assessment carried out using this data.

### Results of the 2021 Supplier Qualification Process and Risk Assessment

Some of the results of the enhanced supplier qualification process and the resulting ESG risk assessment are as follows.

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\* The Modern Slavery Act Statement of HENSOLDT AG can be found under [www.hensoldt.net](http://www.hensoldt.net)

## Risk Assessment

- Technology partner IntegrityNext was selected and contracted. IntegrityNext boasts extensive experience in the field of ESG analysis and actively supports customers and suppliers alike with implementation through its success management.
- 1,270 existing suppliers (95 percent in Europe, 3 percent in North America, and the remaining 2 percent in Oceania) were scanned via IntegrityNext for adverse media information for the first time. Although six news items were examined more closely, no critical information was identified.
- 269 (of the 1,270) existing suppliers were also asked to comply with a review of their ESG profile by means of self-assessment. The provisional response rate is over 90 percent.
- In the first stage, suppliers with high turnover and importance were examined. Geographic distribution was not a factor in the prioritization and is therefore a reflection of the HENSOLDT procurement context in the high-tech defence and security industry.
- The adverse media review will be continued in 2022, the aim being to include all relevant existing suppliers in the continuous monitoring process.
- With a view to implementing the German Act on Corporate Due Diligence in Supply Chains (LkSG), additional questions on environmental protection (conventions: Minamata, POP, Basel) were included in the ESG profile.

## Qualification Process

- The supplier self-assessment was modified and should be available digitally for all new suppliers via IntegrityNext.
- The criteria for supplier classification and the risk-based selection of topics in the ESG self-assessment were redefined. In this regard, the fixed core topics are occupational health and safety, human and workers' rights, anti-corruption and anti-bribery, and responsibility in the supply chain.
- Country ratings safeguard risk-based procurement transactions in undesired countries.
- The supplier input and pre-qualification procedures were modified in order to ensure that the ESG review takes place at an early stage in the preparation of new business relations.
- The measures for handling adverse media warnings were determined.
- The embedding of formal criteria strengthened the importance of ESG risks in supplier selection, supplier evaluation and supplier self-assessment.

## Even More Security in 2022

In 2022, the intention is to once again continuously develop responsible procurement at the HENSOLDT Group on the basis of tried-and-true technologies. Alongside the implementation of IntegrityNext and the corresponding processes in the entire HENSOLDT Group, with the UK and France as priorities, there will also be a modification to the IT-assisted supplier evaluation and the master data. Moreover, analyses of ESG profiles and warnings are to be expanded further with the aim of automating, at least in part, the method of creating GRI reports directly from the database. To this end, ESG questions will also be directly incorporated into the supplier development meetings.

In conjunction with the global standards of the HENSOLDT Group, this gives rise to an extensive and verifiable responsibility that covers the entire supply chain worldwide.





## 4. Human Potential

### 4.1 Employment

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

HENSOLDT can strategically serve its growing customer base from more than 40 locations worldwide. Outside of Germany, HENSOLDT is mainly active in France, South Africa, and the UK.

As of December 31, 2021, the company employed 6,316 people. Just over 72 percent of our employees work at sites in Germany, followed by just under 13 percent in South Africa, approx. 10 percent in France, and just under 3 percent in the UK.

Women account for roughly 23 percent of employees. At management level in the leadership team, this proportion is 15 percent (and 8 percent on the Executive Committee.)

The age distribution of employees is very balanced and is as follows: Approx. 27 percent of employees are under 35 years of age, approx. 25 percent are aged 35 to 44 and about 24 percent are between 45 and 54 years and over 55 years of age respectively.

These figures relate to HENSOLDT AG, including all consolidated entities.

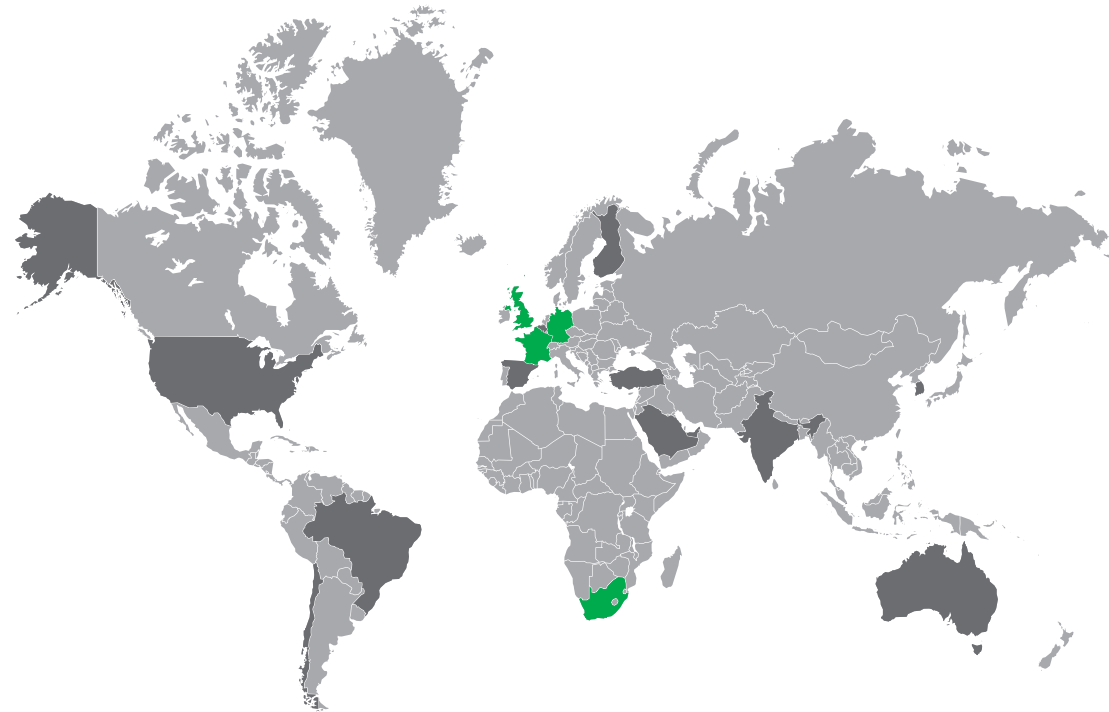
The facts and figures in the following sections on “Training, Development, and Talent Promotion” and on “Diversity and Equal Opportunities” relate to all consolidated entities with the exception of the sales offices. As such, totals may differ from those stated in the Management Report.

## 4.2 Training, Development, and Talent Promotion

### Management Approach

The ongoing training, development, and 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 programs aim to ensure the continual development of the capabilities and competences of all employees within the company. 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. We continually refine the quality of our educational offerings to ensure success and guarantee the transfer of the learned skills to practice. For existing educational offerings, participants are asked to give feedback, which is analysed and used to adjust the programme to ensure that the formats are continuously improved. Internal experts are also involved in the development of new educational offerings in order to tailor the formats to the needs of employees. There are regular reports on the assessment rate and the return rate in audits and to the Supervisory Board.



- **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

We emphatically support the freedom of association and the right to collective bargaining. We respect the right of our employees to join or establish a trade union. Moreover, we promote active participation in dialogue and engage intensively with such bodies. Insofar as legally permissible, we regard collective bargaining agreements as the basis for our working conditions and contracts. In particular, this encompasses bonus payments secured by co-determination for all employees, as well as pension programs for all employees.

In 2021, HENSOLDT also successfully launched a stock option programme for all employees under the name of ECHO. This provides an opportunity to acquire one of five different share packages in the company, each of which is subsidized at 50 percent by HENSOLDT. 65 percent of all eligible employees (3,755 employees) have taken up the offer. The high acceptance rate underscores the strong corporate culture and the trust shown by the workforce in HENSOLDT's strategy.



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 realizing hidden potential. At the same time, this heightens the attractiveness of HENSOLDT 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 recognizes 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 breathtaking speed – accelerated further by the COVID-19 pandemic. Despite this exceptional situation, more than 5,000 employees in Germany took part in a variety of training and development formats in the form of face-to-face events, virtual live training via Microsoft Teams, or e-learning last year. More than 90,000 training hours were accumulated through virtual courses. 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 program, 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 programs concurrently with their studies receive special coaching, can get to know multiple sites, and are closely integrated in existing teams. In order to find new talent, all Talent Relationship Management (“TRM”) activities have been pooled within the new myveeta TRM platform.**

On their subsequent path to executive management at HENSOLDT, the talents, like all other managers, have the opportunity to take part in the internal cross-hierarchic and cross-functional iLEAD@HENSOLDT leadership program. This programme enables agile, constructive communities of managers to emerge.

**Further expansion of partnerships with universities and research institutions is planned for 2022.**

## Utilizing the Opportunities of Digitalization

**Digital networking is now a regular part of everyone's workday, and it has also been used extensively at HENSOLDT for talent development and training for many years. 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, a total of 90 percent of all training and continuing education offerings were held virtually in 2021.

## HENSOLDT Development Programs to Be Continued:

**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. With tailor-made solutions for all career and life phases, from students to managers, HENSOLDT offers appropriate training and development programs for all employees. Because at HENSOLDT, satisfied, healthy, committed, and motivated employees form the capital for our future. We will be continuing with the following programmes which have already been successfully established in recent years:**

|                                     |                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Students Pioneer Club</b>        | This development program, 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.                                                                             |
| <b>HENSOLDT Connect</b>             | 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. |
| <b>iLEAD@HENSOLDT</b>               | This cross-hierarchic, cross-functional 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.                                                                 |
| <b>Executive Education Programs</b> | 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.                                               |

# 4.3 Diversity and Equal Opportunities

**iDARE** This program, offered in cooperation with the TUM Technology and Entrepreneurship Centre, 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.

**Skills2Manage** This management development programme equips new executives with management skills in key areas such as finance, business and strategy, procurement, quality, legal basics, compliance, data protection, HR, and many more. On the basis of the expertise available in-house, internal trainers teach the necessary basic knowledge. An internal platform supports knowledge transfer and the building up of networks.

**iLEAD Development Group** This group, which comprises dedicated “iLEADers,” actively transports the HENSOLDT spirit of innovation into the company through innovative and self-developed activities, thereby contributing to a strong corporate culture by means of visibly practiced values.

## Outlook:

An additional **mentoring programme** in 2022 will seek to further strengthen the ongoing development of talents, particularly in the context of management succession planning. With the continuation of the current **People & Leadership** program, additional e-learning offerings, and the expansion of all offerings to include more countries, ongoing training and talent promotion will be continuously expanded at HENSOLDT.

In order to strengthen the corporate culture in a period of transformation, HENSOLDT developed a new initiative in 2021 in tandem with the **Energy Factory led by Professor Bruch**, with the focus on transformational leadership. The first workshops were held in fall 2021, with additional measures to be developed on an ongoing basis.

## Management Approach

HENSOLDT continues to understand diversity management as a comprehensive, corporate strategic task. The aim is to establish structures and practices that ensure true equality of opportunity, which will enable us to maximize the advantages of diversity irrespective of gender, nationality, sexual orientation, religion, and 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.

To further promote diversity and equity, HENSOLDT is also a member of the UN Global Compact and of the Initiative “CHEFSACHE” network; it also takes part in the UN’s “Target Gender Equality” programme.

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 job interviews to increase the diversity in the 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, 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 certain actions is reviewed regularly based on defined performance indicators, adapted as necessary, and taken into account in management remuneration. Pursuant to the global goal of increasing the share of women in senior positions in the leadership team to 30 percent by 2026, this indicator, as well as the global share of women in all management positions, is measured on a regular basis. As reported in the chapter on “Sustainability Management,” all Management Board members are entitled to a multiyear performance-related remuneration component (the “LTI bonus”) (see Remuneration Report). Success parameters for the LTI programme not only include financial targets and the strong focus on the share price, but also ESG targets from the areas of environmental, social, and corporate governance. In the current employment contracts for members of the Management Board, these ESG targets are “Diversity” – which is centred around the achievement of specific quotas of women at various levels of the company – and “Climate Impact.” These ESG targets represent an LTI bonus component and each of them is weighted at 15 percent when measuring the LTI bonus.

Equal Opportunities and Talent Promotion

As an international enterprise, HENSOLDT has always promoted diversity and equal opportunity for its employees as a matter of course.

HENSOLDT promotes talent – regardless of age, ethnic and social origin, nationality, religion, ideology, gender/gender identity, or sexual orientation – through numerous initiatives worldwide. Focused measures target on specific 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 program. And as a member of the industry-wide initiative Women in Defence, HENSOLDT supports women engineering students as prospective hires.

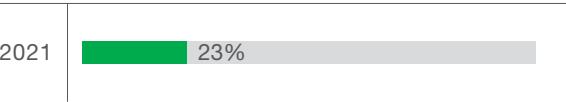
The “Elevate” initiative also seeks to further bolster the culture of diversity and equal opportunities, particularly by increasing the share of women in leadership positions. “Elevate” is the in-house diversity and inclusion program. It takes the form of a company-wide community in which all employees can share their ideas and experiences in respect of equal opportunities, diversity, and an inclusive corporate culture.

More Women for Our Future

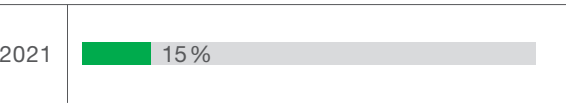
Women are underrepresented in executive positions, particularly in the traditionally male-dominated defence industry. At HENSOLDT, just under a quarter of all employees are female, and women occupy a total of 15 percent of executive positions. The “Elevate” programme, launched and overseen by the Management 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 recognize 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 notions of the roles of men and women.

SHARE OF FEMALE EMPLOYEES

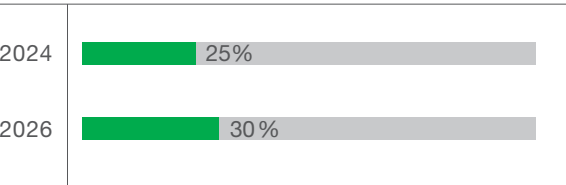


SHARE OF FEMALE EMPLOYEES IN LEADERSHIP TEAM\*



\* Definition (also retroactive 2020): Entire HENSOLDT Group Leadership Team (incl. Leadership Team, Executive Leadership Team, Executive Committee, and Management Board)

TARGET SHARE OF FEMALE EMPLOYEES IN LEADERSHIP TEAM



## Diversity of Thought and Action – Now and in the Future

The **“Unconscious Bias Learning Journey” programme, newly launched in 2021** as part of “Elevate”, helps executives to become aware of and challenge their own unconscious biases. Already mandatory for the entire leadership team, it is set to be continued in 2022, expanded through new units of learning, and rolled out to all employees. Particularly noteworthy aspects include an “Elevate” event with more than one thousand participants and quarterly events on topics such as leadership, diversity, and mindset.

Under the banner “everyone different together,” the new “HENSOLDT Ability Journey” was also launched in the year under review. With the aim of achieving greater inclusion in the workplace, employees from different levels in the hierarchy meet regularly to identify topics and implement measures. As a counterpoint to disability, the programme puts ability at the forefront and encompasses important areas such as infrastructure, recruitment, mindset and culture, networking, support provision, processes and procedures, visibility, and communication.

Both of these new programmes help HENSOLDT in challenging biases in management and the workforce, thereby opening up new avenues toward a more inclusive future.

## We Want Even More in 2022

With a view to fostering diversity and equal opportunities, HENSOLDT will further strengthen its activities in the future, expand existing programmes, and add new components. This includes additional mentoring programmes for all employees, as well as a new “buddy system,” which involves HENSOLDT reaching out to female college students at an early stage and giving them the support of a “buddy.” Further projects at schools and universities will endeavour to spark the interest of women in technology and defence at an early stage.

The Elevate initiative is also moving into the next phase. It will not only be expanded in terms of events and networking get-togethers, but also in respect of the unconscious bias training series.

HENSOLDT will also continue to engage with the international Target Gender Equality programme of the UN Global Compact and widen its social media activities on the topics of diversity and unconscious bias as part of the “Initiative CHEFSACHE,” using the #eswirdechtZeit (“itishightime”).

With the associated strengthening of awareness for a diverse and inclusive corporate culture, along with the fostering of equal opportunities for all employees, HENSOLDT aims to be a role model of an integrative European company.

## Monitoring of Results

In addition to new KPIs on diversity and the proportion of women in the company, which are continually monitored by HR, HENSOLDT conducted an audit of the integration of employees with physical disabilities, for example, at its subsidiary NEXEYA in France in 2021. Despite satisfactory results, several improvement measures were instituted. These include, for example, new partnerships with subcontractors that employ people with physical disabilities.

At NEXEYA in France, a service was also set up to facilitate the recycling of surgical masks, which are frequently used in the pandemic. All employees involved in this service either have a physical disability or are currently undergoing the reintegration process.



# 5. 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 Management Board members and the Executive Committee.**

The aim of our occupational health management system is to implement and strengthen a healthy corporate culture at our HENSOLDT sites in Germany so that our employees stay fit and healthy until they reach the age threshold. Last year, one special focus here was 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 such as a gym, stress reduction courses, and health check-ups provide additional incentives. HENSOLDT aims to expand a culture of health management in the future. This comprises not only safety and ergonomics in the workplace, but also offers health campaigns and addresses dealing with mental stress. In the year under review, strategic goals and a handbook for occupational health management were developed for the first time.

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 minimized. With this in mind, HENSOLDT takes measures such as flu jabs and, in 2021, COVID-19 vaccinations, mental health risk assessments, and psychosomatic consultations.

The target attainment level of all HSE programmes is regularly determined and monitored in internal audits at business unit level, as well as through external certification audits. HSE Management System Officers report to Management Board members and the Executive Committee. 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 audit in June 2021). The audit report describes strengths and improvement potential, which leads for instance to extensions of the HSE programme or actions to heighten employee awareness. Employees must also undergo annual HSE training.

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

## Health and Safety

**At HENSOLDT, our employees' health and safety has always had a high priority – in line with the company motto, “Detect and Protect.” But during the pandemic, no other area was nearly as critical. And even if not all planned measures could be performed as usual in 2021, virtual substitutes were found for many of them. Measures implemented virtually for the first time include “exercise breaks” and “eating and sleeping radars” (individual consultations to analyse eating and sleeping issues). Due to the coronavirus restrictions, the skin screening was unable to go ahead.**

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, organized across the entire Group, have always applied in all divisions. Regular health check-ups and comprehensive fitness and sport programmes are standard practice.

## Milestones in 2021

**Confirmation of the comprehensive offerings in the area of health came in the form of the **Corporate Health Award**, which the German sites of HENSOLDT Sensors & Optronics GmbH won in the excellence class this year. HENSOLDT scored 83 of 100 percent in the evaluation, putting it among the companies with Germany's best occupational health management systems.**

In 2021, HENSOLDT Sensors GmbH successfully achieved **recertification in the ISO 14001 and 45001 standards**, with no deviations. HENSOLDT Optronics GmbH received successful first-time certification in accordance with ISO 45001.

## Unique Challenges

### Require Unique Responses

**In light of the global pandemic situation, HENSOLDT immediately adapted and intensified its health-related efforts back in 2020 to protect the health of our employees and business partners. On account of the ongoing situation, these measures and the COVID-19 Task Force were kept in place in 2021, with the mobile working regulations extended until March 31, 2022.**

In addition to health protection solutions, and with a view to continuing business operations, the extensive system includes alongside mandatory hygiene measures for instance, clear framework conditions for everyday working, an extension of mobile working, and innovative approaches for the multitude of challenges, whether in terms of product approvals, service, or supporting partner companies. Flexible solutions, such as a two-shift model, were also introduced in production in order to ease the strain on employees and provide them with additional protection. Clear, continuous communication with employees, e.g., through COVID-19 info updates, has been a key component of crisis management at HENSOLDT from the outset. The measures were regularly modified to reflect the current situation, as mutual support and protection is more important than ever during times of crisis at HENSOLDT.

In order to actively support the fight against the pandemic, coronavirus vaccinations were offered to all employees. From June to August 2021, vaccination drives were staged at the sites in Ulm, Taufkirchen, Oberkochen, Wetzlar, and Immenstaad. In October 2021, all employees were also offered the opportunity to get a flu jab.



## Safety in the Workplace

HENSOLDT has always emphasized health and safety, not only during crises. A comprehensive occupational safety programme helps to ensure the well-being of our employees at all times. Occupational health and safety measures form the fundamental prerequisite for employees feeling safe and well at work. In terms of general well-being, numerous measures were also offered as part of health management, with the HSE Notice Laws and Regulations forming 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 0.86\*). 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.

| Country      | Number of work-related injuries | Fatalities resulting from work-related injuries | Number of reportable work-related ill health cases | Lost Time Injury Frequency Rate (LTIFR) |
|--------------|---------------------------------|-------------------------------------------------|----------------------------------------------------|-----------------------------------------|
| Global       | 74                              | 0                                               | 2                                                  | 0.86                                    |
| Germany      | 48                              | 0                                               | 2                                                  | 0.99                                    |
| UK           | 4                               | 0                                               | 0                                                  | 0.00                                    |
| France       | 14                              | 0                                               | 0                                                  | 1.64                                    |
| South Africa | 8                               | 0                                               | 0                                                  | 0.00                                    |

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

## Fit and Healthy at All Times

Regular exercise is one of the keystones of a healthy lifestyle. It is often neglected, especially in periods of remote working and during the pandemic. At the Ulm site, for example, HENSOLDT has a company-internal gym, which boasts just under 300 active members; other sites have partnership agreements with various regional gyms. “Exercise breaks” continue to be held, the aim being to foster mobility, strength, stretching, and relaxation. Due to the ongoing pandemic, many health and fitness offerings once again moved to digital formats in 2021. Additionally, HENSOLDT is promoting healthy posture of employees at their desks with its “Ergonomics in the Workplace” project.

Regular talks on such topics as “seeing in digital times,” “modern addictions and addictive behaviour,” as well as on “living wills and lasting medical powers of attorney” are being continued. Annual surveys on health in the workplace reveal weak points. In addition to the ongoing health check-ups performed by the company doctor, free back and diabetes check-ups help to identify problems at an early stage.

In order to target the ever-present issue of stress, talks and courses on stress management were complemented for the first time in 2021 by a pilot course entitled “Mindfulness-Based Stress Reduction,” which was offered free of charge at all German sites. By virtue of the positive response, more attention will be devoted to the topic in 2022, including via new formats on healthy leadership.

At its sites in the United Kingdom, HENSOLDT introduced an online health survey in 2021. Based on the results of this survey, there are plans to implement various measures to improve workplace health and well-being in 2022. The “Health Check International” concept has been earmarked for further rollout in 2022. The idea is that health surveys should also be carried out in South Africa, France, and Germany in order to identify factors contributing to psychological stress at work. Moreover, the development of new offerings on the topic of nutrition is planned for all sites.

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



# 6. Community Relations

## Our Approach: Being a Good Neighbour

As an internationally active enterprise, HENSOLDT takes the associated social responsibility extremely seriously. HENSOLDT takes pride in acting as a good neighbour on the local and regional level and is 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. For HENSOLDT, it has been a matter of course for many years.

## Local, Regional, and Sustainable

HENSOLDT focuses on supporting local and regional initiatives. As a consequence, a broad portfolio of individual initiatives has emerged over recent years with the aid of and in close cooperation with non-profit and charitable organizations and public institutions. Alongside acute relief missions, there are also long-standing and friendly partnerships that have been maintained for many years. 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.

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.



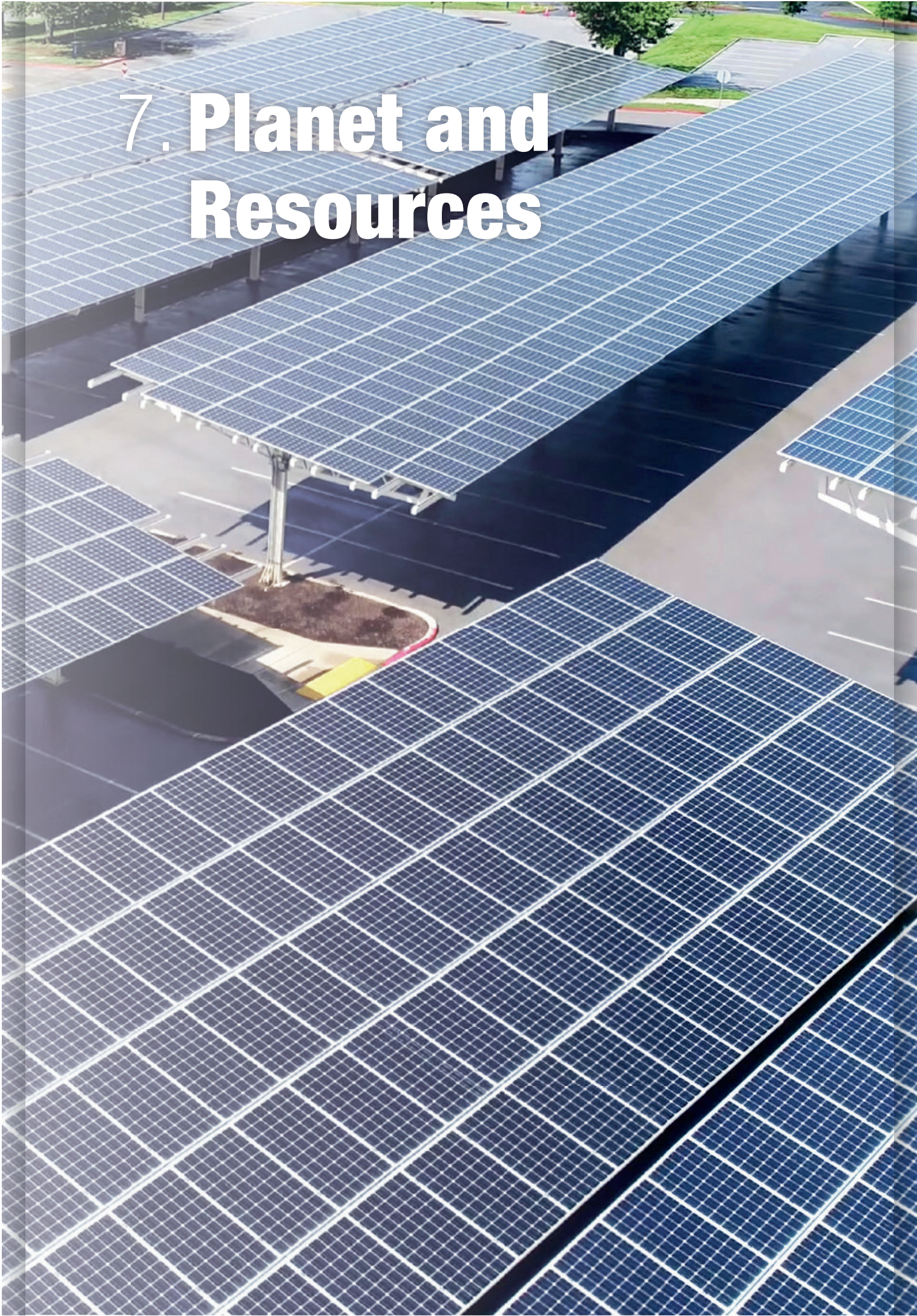
# Our Measures in 2021

- 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. At its 2021 open day, HENSOLDT invited the local population to the site and introduced them to the company. What's more, employees raised money on Armed Forces Day by taking part in the Bridges Challenge in London.
- In France, HENSOLDT company NEXEYA also gives school students an opportunity to learn more about careers at the company. What's more, an employee fundraising campaign was launched that enabled the employees to donate up to €10 from their salary to one of four projects supported by the company: freeing the seas from plastic, a business start-up initiative, providing food to disadvantaged people, and the fight against cancer. NEXEYA doubled each of the employee donations.
- Education also represents a special focus in South Africa. Here, HENSOLDT awards scholarships to women interested in pursuing a degree in electronics and computer science. We give local engineers and young adults a long-term perspective in their home country – including job and career opportunities with HENSOLDT – by providing career training and continuing education. Support is also provided to schools for the disadvantaged, healthcare facilities, and programmes that support young people; in 2021, for example, the local Mahube Valley School was assisted with a Wi-Fi infrastructure project. Donations in the social sector – for instance for children in need or to fund school sports facilities – help the often less privileged youngest members of society.
- In Germany, actions include local offers of assistance – to organizations such as fire services, hospices, and (children's) hospitals – as well as 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 2021 targeted donations were also made to the victims of the catastrophic flooding in Germany: to schools in the affected regions and to multiple smaller initiatives focusing on children and people with disabilities.

- A biologist's otter mapping project was supported with a sponsorship. As part of this research project, searches were conducted for otter traces along the river Amper in the district of Fürstenfeldbruck.
- As part of the Heidenheim laptop donation project, 100 computers and 220 laptops, all of them fully functional and only about three years old, which had been exchanged as part of a routine process at the Oberkochen and Wetzlar sites, were made available to local aid organizations. These organizations then donated the laptops to people who would otherwise be unable to afford them.
- At the initiative of an employee, the Light Individual Adult Mover (“LIAM”) project was launched to develop a wheelchair with new and improved capabilities. As part of the project, which is supported by “Lernwerkstatt” in Ulm, an engineering competition is planned between the Rosenheim Technical University of Applied Sciences and the Hamburg University of Applied Sciences, the aim being to develop a new mobility system for people with disabilities.
- 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. HENSOLDT supports exceptional students who contribute socially at the University of Applied Sciences Neu-Ulm and future managers at TU Munich.

All our initiatives follow the goal of nurturing society and communities around HENSOLDT sites all over the world. As a good neighbour does.





# 7. Planet and Resources

## 7.1 Environmental Management

### Management Approach

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 and the HSE policies of the GmbHs set out mandatory guidelines for all employees for fulfilling all relevant obligations in the areas of environmental protection, occupational safety, and energy. The sites translate the content of the Group Policy, as well as the targets of the GmbHs, into HSE guidelines and local targets, as well as specific measures for reaching these targets. At HENSOLDT, environment, health protection, and occupational safety are strategically controlled and centrally coordinated on the Group level and implemented operationally by local HSE teams worldwide. The Head of HSE (see chapter 5 Health and Safety) reports directly to the Management Board and the Executive Committee on attainment of the HSE targets and compliance with the policies. HENSOLDT's corporate activities aim for consistent improvement with respect to environmental impacts, protecting natural resources, product-related environmental aspects, and the overarching sustainability strategy. These are key indicators in terms of sustainably generating profitable and long-term growth in harmony with the environment.

As reported in the chapter on "Sustainability Management" (see chapter 1 Sustainability Management), all Management Board members are entitled to a multiyear performance-related remuneration component (the "LTI bonus") (see Remuneration Report). Success parameters for the LTI programme not only include financial targets and the strong focus on the share price, but also ESG targets from the areas of environmental, social, and corporate governance. In the current employment contracts for members of the Management Board, these ESG targets are "Diversity" and "Climate Impact" – which is pursued by increasing the share of renewable energy in the energy consumed by the HENSOLDT Group, reducing CO<sub>2</sub> emissions, and lowering the usage of volatile organic compounds ("VOCs").

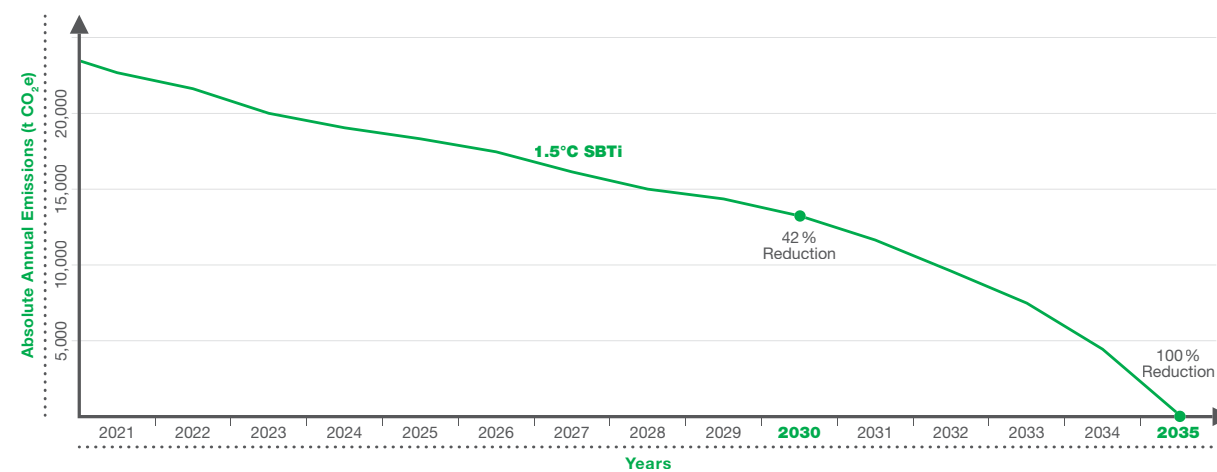


This chapter will outline the progress and measures achieved in 2021 (e.g., the use of green electricity and solar installations).

In Germany, HENSOLDT has committed itself to increasing the proportion of renewable energy to 70 percent by 2024 and reducing CO<sub>2</sub> emissions and the use of VOCs by at least 20 percent each compared to 2019. The company aims to be carbon-neutral by 2035.

To this end, HENSOLDT took the decision in 2021 to base its targets in respect of the Group-wide reduction of greenhouse gases on the standard of the **Science Based Targets Initiative (SBTi)**. As an internationally recognized standard, this partnership between CDP, the UN Global Compact, WRI, and WWF supports companies in reducing emissions in order to minimize the impacts of climate change. Drawing on science-based CO<sub>2</sub> reduction targets, HENSOLDT will devise an action plan that aims to form the future framework for HENSOLDT emission targets. The SBTi will therefore be a core part of HENSOLDT's ESG strategy and, at the same time, will also form part of the overarching corporate strategy.

Group CO<sub>2</sub> Targets



Beyond that, the requirements of our HSE Group Policy apply, which was aligned more globally in 2021. This defines the HSE governance at the top level of company leadership and, among other things, commits to:

- Complying with the applicable legal requirements to which our organization 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 by increasing the proportion of renewable energy, optimizing 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.

A key contribution is made in this regard by regional and local HSE processes and procedures, such as the revised HSE Handbook for HENSOLDT Germany, which is valid for the German companies. It sets out occupational, environmental, and energy management procedures based on international management standards (ISO 14001, 45001, and 50001) in all divisions. On top of that, HENSOLDT will further expand its HSE programme in 2022, such as by:

- Creating a consistent Group-wide HSE approach (ONE HENSOLDT).
- Verifying legal compliance by means of audits, compliance checks, and ongoing improvements.
- Identifying potential optimizations in occupational, environmental, and health protection, and harmonizing existing HSE structures across sites.
- Defining and implementing Group-wide HSE standards and requirements, including reporting to senior management

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.

# 7.2 Resource Protection

## Less Is More

**Climate change is one of the greatest challenges of our time and has major consequences worldwide. 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. Detailed concepts and innovative ideas lead to numerous individual actions.**

Numerous measures have already been implemented in Germany, with more planned; for instance, all German sites, with one exception, already use green electricity. In the future, we want this to be the case for the entire company. All employees are encouraged to use public transport and receive transport fare subsidies. Computers are largely switched off centrally at night. The transition to electric vehicles is promoted by a mobility concept that includes the entire fleet. Through the provision of electric charging stations at the locations in Ulm, Taufkirchen, and Immenstaad that are available for employees' private vehicles, a further incentive has been created. When new company cars are purchased in future, the choice of hybrid or electric vehicles will be encouraged. Further expansion of LED lighting, a carpooling app for employees and our own photovoltaic systems at our sites will all reduce our CO<sub>2</sub> footprint further. In 2021, the security lighting, the corridor lighting, and the lighting of the food counter at the canteen at the Ulm site was switched to LED technology, along with the lighting at a warehouse in Kiel. In Taufkirchen, the switch to LED technology is being planned.

Hydrogen technology developed by NEXEYA – which has been part of HENSOLDT since 2019 – and enhanced with know-how from MAHYTEC –

which joined HENSOLDT in 2021 – will contribute to this in future. Thanks to the acquisition of MAHYTEC, HENSOLDT now has access to hydrogen tank technology. These tanks are required to store energy in the form of hydrogen and retrieve it when required. This technology is deployed, for example, at the site in Kiel. This is a fundamental technology. With hydrogen technology, renewable energy is converted into hydrogen gas, stored and, when required, used to generate electricity. As part of a pilot project, the Kiel site will be supplied completely with solar and hydrogen electricity for the first time in 2022. A rollout to other sites is planned.

HENSOLDT has also committed to reducing CO<sub>2</sub> emissions in the United Kingdom. Business travel is to be avoided wherever possible, with videoconferencing to be used instead. Local suppliers are to be preferred to reduce delivery traffic. The installation of LED lighting, increased use of electric vehicles, and the transition to hybrid working have led to CO<sub>2</sub> savings.

The requirement to minimize business travel and flights as much as possible applies in France as well. This, combined with reduced energy consumption in 2019, has lowered greenhouse gas emissions. At the same time, HENSOLDT France is acting as a role model for the use of green electricity from hydrogen with the technologies of NEXEYA and MAHYTEC (see ESG Report 2020, p. 121). The first buildings there are already carbon-neutral and operated fully autonomously: Their power needs are covered entirely with locally installed photovoltaic systems; any surplus power can be converted to hydrogen for interim storage and used when needed – including for charging electric vehicles. Further sites (e.g., Kiel) are set to follow suit in 2022.

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 machines, which only use 175 litres per wash cycle instead of 450 litres per cycle. The demolition of the plastic metallization plant in 2021 resulted in a further reduction in water consumption.

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



# 7.3 Further Environmental Activities

## 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.**

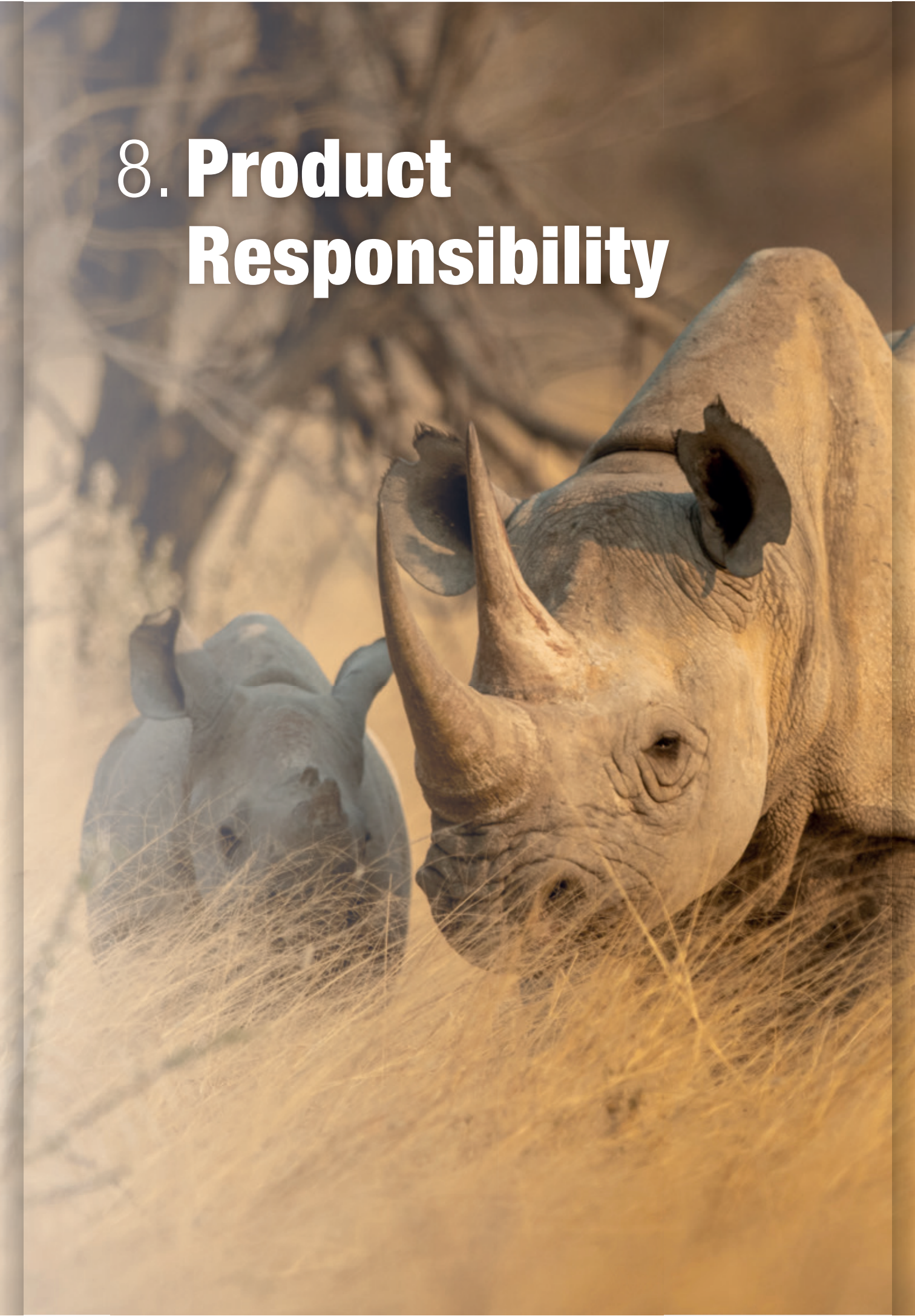
HENSOLDT regards the protection of our environment as a self-evident obligation to future generations and an act of entrepreneurial reason, without which long-term business is not possible. In addition to mandatory directives and requirements for all business units and employees, HENSOLDT currently considers 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 antennae with environmentally friendly variants. Optimized 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 lighting realize additional energy-saving potential.

At our German sites, a comprehensive consumption analysis led to further optimizations in 2021. At the Ulm site, for instance, amplifiers and cooling units were replaced with new and considerably more efficient alternatives for environmental testing. Further purchases of more cutting-edge and environmentally friendly replacement systems, planned roof renovations, insulation measures, and a new lighting system are expected to enable further savings.

HENSOLDT's UK sites have also set themselves challenging environmental targets. HENSOLDT UK aims to make an active contribution to environmental protection 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 the same. And with enormous commitment on the part of all our employees.



# 8. Product Responsibility

## Management Approach

**As a supplier of high-quality electronic sensors and solutions in the defence and security sector, HENSOLDT takes its responsibility extremely seriously. Product development is guided profoundly by HENSOLDT's understanding of sustainability and the commitment to minimizing negative impacts (see chapter 1 Sustainability Management). HENSOLDT is aware of the risks posed using its products.**

Product responsibility is a component of the ESG Strategy 2026, as explained in the chapter on “Sustainability Management” (see chapter 1 Sustainability Management). The aim is to promote new technologies and innovations, develop action guidelines for responsibly handling artificial intelligence, and identify opportunities to increase the reach of projects to protect biodiversity and wild animals. In addition, HENSOLDT wants to enhance its product portfolio continuously, even though low output numbers and the careful use of commodities and energy are already putting the focus on sustainable business activities. As a company in the defence and security industry, HENSOLDT is bound by strict material requirements and properties. Nevertheless, close consultation has been initiated between HENSOLDT's technology, product, and portfolio managers to allow for strategic planning of how products can be more closely aligned with ESG aspects in the future. Another approach, for instance, is to increase research and development expenses or expand cooperation with universities and research institutions.

By means of internal guidelines, processes, and an in-house export control unit, HENSOLDT ensures that its products are always exported in accordance with applicable national, European, and international export regulations. End-user certificates are designed to ensure that HENSOLDT products only pass into the hands of the recipients approved by the relevant authorities.

Governed by our understanding that our business success depends primarily on the superior quality of our products, we use advanced technologies. We continually review and adapt our product portfolio with a focus on customer requirements. The compliance of each and every product with product safety requirements is monitored and reviewed throughout the entire development process. Product safety aspects are approved by the divisional head. 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.

The product development process is subjected to regular hazard analysis and risk assessment. Moreover, a System Safety & Product Environmental Compliance Framework has been established that determines the necessary process steps and documents, along with roles and responsibilities.

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



## Protecting People, Animals, and Nature

**HENSOLDT develops its products and solutions according to the requirement that they comply with all applicable laws and regulations. Products developed by HENSOLDT for the purposes of intelligence and security can also be actively used to protect nature and develop society.**

Requirements with regard to product safety are increasing throughout our society. The acceptance of potential risks is steadily declining – particularly in air transport. HENSOLDT is continually responding to these trends through ongoing employee training and by making the appropriate adjustments to all related processes in the company – from development through production down to feedback from customers during the normally extended product lifetimes.

## Product Security and Beyond

**One prerequisite is the continuous monitoring of products and their manufacturing processes/chemical substances in terms of their potential impacts on people and the environment. A dedicated competence team has been established in the company to make sure that sustainable compliance with environmentally relevant legal requirements can be guaranteed for HENSOLDT products – a process known as Product Environmental Compliance (“PEC”)<sup>3</sup>. This team tracks the development of global legislation and supports HENSOLDT employees with its knowledge of environmentally relevant issues. Measures and processes to enable the feasible implementation of resulting regulatory requirements continue to be devised and rolled out within the company.**

One of the key measures was to set up a body of specialists from different departments at HENSOLDT Sensors GmbH, which is known as the PEC Impact Evaluation Group.

It is their job to continuously analyse products and production processes in order to identify the presence of chemical substances that are harmful to the environment and health, communicate any resulting legal obligations to the departments concerned for implementation, and promote the introduction of non-hazardous technologies.

At the same time, initiatives such as the PEC Impact Evaluation serve as best practices for rollouts at other HENSOLDT entities.

Supplementary to this, the specialist area of System Safety & PEC was reorganized at HENSOLDT Sensors GmbH to ensure a holistic and systematic approach to meeting product-related requirements beyond the scope of environmental issues.

## Lighter Is Better for the Environment

**Innovations are essential to enable HENSOLDT to operate sustainably. Investments in key technology play a vital role here. This also means lightweight structures. The use of lightweight technologies facilitates more sustainable and more climate-friendly products.**

Here, less truly is more. Lightweight technologies make it possible to save resources when manufacturing products and fabricating materials, and in subsequent use and recycling. In addition to resource savings, lightweight technologies also represent enhanced value for HENSOLDT’s customers.

For this reason, HENSOLDT will gradually integrate lightweight technology – using for example virtual design, new lightweight materials, and collaboration with research institutions – into the development process right from the start so that it can offer lighter and therefore more sustainable products. One focus here lies in new 3D printing processes for metal, plastics, composite materials, and electronic components. Functional integrations (e.g., combining housing and plugs or the integration of cooling structures in printed circuit boards) also result in substantial weight savings.

In a study, the systematic use of lightweight system construction already reduced the weight of a flight computer by more than 50 percent, while also significantly optimizing individual radar antennae.

<sup>3</sup> This includes the monitoring and implementation of applicable pieces of legislation, e.g., Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Directive 2011/65/EU on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), and Regulation (EU) No 528/2012 Concerning the Making Available on the Market and Use of Biocidal Products.

## HENSOLDT Products Safeguard Nature and Animals

**HENSOLDT not only takes responsibility for people and the environment with its “regular” products – for a number of years, its technologies have also helped protect endangered species. Products developed for intelligence and security can also be used in the field of wildlife protection, with a new line of business opened up as a result. Here are some selected projects:**

### Sanctuary for Rhinos

The illegal trade in wild animals is increasing dramatically; this is a threat to species all over the world, including rhinos. But not at the Buffalo Dream Ranch in South Africa, which is protected by state-of-the art HENSOLDT sensor systems. HENSOLDT has been preventing poaching here for four years with its systems, allowing the population to recover. In 2021, the population exceeded the number of 2,000 for the first time, with the birth of 219 new white rhinos.

HENSOLDT also actively supports further private reserves, NGOs, and national parks in South Africa. Species are protected and saved from extinction using advanced technologies such as intelligent sensors and artificial intelligence. As such, the right technological solutions are playing a vital role in wildlife conservation.

### Protecting the Invisible

The blue economy encompasses all sectors and industries connected with oceans, seas, and coastlines. HENSOLDT regards this as a key concept for improving the way “blue” resources are used and actively campaigns for the protection of this invisible part of nature. Since 2021, HENSOLDT has been aiding the Table Mountain National Park in its efforts to stop the illegal exploitation of marine resources and protect this world natural heritage and the new natural world wonders of the Cape Peninsula. Strategically placed HENSOLDT technology, originally developed for security applications, acts as an early-warning system, and enhances coastal surveillance.

### No Chance for Poachers

Overfishing and pirate fishing are two major global challenges that urgently need to be solved. HENSOLDT radar systems, originally developed for border security, are already playing a crucial role in the protection of marine habitats. They are used to guard mussel farms and national parks in Costa Rica, where they safeguard biodiversity and functioning ecosystems. And they have made the Hangklip Conservancy, one of the most diverse coastlines in South Africa, safe from poachers. The legal harvesting of abalones, a mollusk that is highly prized as a delicacy, is under targeted monitoring and poachers are detected long before they can do any damage.

### 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 the Polar Bear Warning Radar (“PoWR”), which uses radar, day-vision, and thermal-imaging cameras, and tested the system in cooperation with Polar Bears International (“PBI”), an NGO based in Canada. Using the PoWR, polar bears can be located at a distance of several kilometres and distinguished from other objects by means of artificial intelligence. Thanks to an integrated SMS solution, the residents of Arctic settlements can be warned of approaching bears at an early stage, meaning that encounters can be avoided. Following the pilot phase in Canada, the system is now being modified for Arctic conditions, with bear-friendly countermeasures also under development. This protects both polar bears and people.

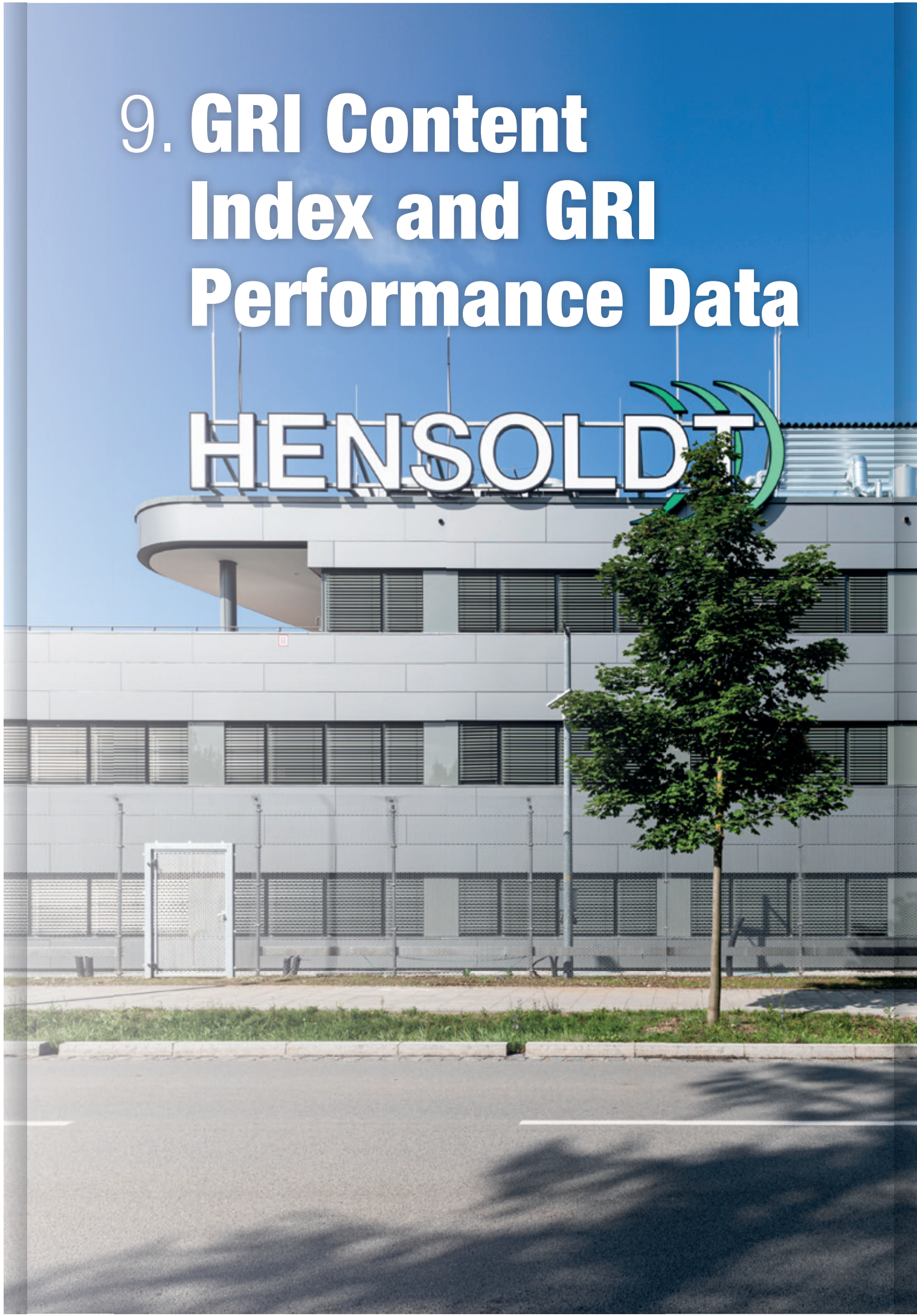
### Protecting Birds around the World

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 systems detect flocks of birds, which are then driven off using deterrent devices. This prevents the birds from landing on the oily surfaces and dying a horrible death in the tailing ponds. Even climate-friendly technologies such as wind farms can pose a threat to birds and bats. Here, 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. After all, endangered species require special protection.

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



# 9. GRI Content Index and GRI Performance Data



## 9.1 GRI Content Index

| GRI Indicator                       | GRI Standard                                                 | Page Number/URL/Explanation                                                                                                                                                                                     |
|-------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GRI 101 (2016): Foundation          |                                                              |                                                                                                                                                                                                                 |
| GRI 102 (2016): General Disclosures |                                                              |                                                                                                                                                                                                                 |
| Organizational Profile              |                                                              |                                                                                                                                                                                                                 |
| GRI 102-1                           | Name of the organization                                     | Hensoldt AG                                                                                                                                                                                                     |
| GRI 102-2                           | Activities, brands, products, and services                   | Combined management report (2021) I.1.                                                                                                                                                                          |
| 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                                       | Combined management report (2021) I. 2.1-2.2, and Notes to the consolidated financial statements (2021) II.6.                                                                                                   |
| GRI 102-5                           | Ownership and legal form                                     | Combined management report (2021) I.2.1, and Notes to the consolidated financial statements (2021) II.6.                                                                                                        |
| GRI 102-6                           | Markets served                                               | Combined management report (2021) I. 3.2                                                                                                                                                                        |
| GRI 102-7                           | Scale of the organization                                    | Combined management report (2021) I.2.3<br>Details of the results of operations and financial position can be found in the Combined management report (2021) II.3.                                              |
| GRI 102-8                           | Information on employees and other workers                   | Sustainability Report (2021) pp. 39 and Combined management report (2021) I.2.2                                                                                                                                 |
| GRI 102-9                           | Supply chain                                                 | Sustainability Report (2021) pp.34                                                                                                                                                                              |
| GRI 102-10                          | Significant changes to the organization and its supply chain | Information on business performance can be found in the Combined management report (2021) II. 3. Information on the legal structure: Combined management report (2021) I. 2.1                                   |
| GRI 102-11                          | Precautionary principle or approach                          | The management of opportunities and risks is integrated into all business processes, see Combined management report (2021) IV.                                                                                  |
| GRI 102-12                          | External initiatives                                         | Sustainability Report (2021) pp. 56                                                                                                                                                                             |
| 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 being involved in other associations and interest groups. |
| Strategy                            |                                                              |                                                                                                                                                                                                                 |
| GRI 102-14                          | Statement from senior decision-maker                         | Sustainability Report (2021) pp. 8                                                                                                                                                                              |
| GRI 102-15                          | Key impacts, risks and opportunities                         | Sustainability Report (2021) pp. 16. The risk and opportunity report can be found in the Combined management report (2021) IV.                                                                                  |
| Ethics and Integrity                |                                                              |                                                                                                                                                                                                                 |
| GRI 102-16                          | Values, principles, standards, and norms of behavior         | Sustainability Report (2021) pp. 12                                                                                                                                                                             |
| Governance                          |                                                              |                                                                                                                                                                                                                 |
| GRI 102-18                          | Governance structure                                         | Annual Report (2021) VIII.                                                                                                                                                                                      |
| GRI 102-19 - GRI 102-39             | Corporate governance disclosures                             | Information on corporate governance is provided in the Sustainability Report (2021) p 12                                                                                                                        |
| Stakeholder Engagement              |                                                              |                                                                                                                                                                                                                 |
| GRI 102-40                          | List of stakeholder groups                                   | Sustainability Report (2021) p. 11 and pp. 17                                                                                                                                                                   |
| GRI 102-41                          | Collective bargaining agreements                             | In most countries (where applicable), we have joined collective bargaining agreements or similar arrangements.                                                                                                  |
| GRI 102-42                          | Identifying and selecting stakeholders                       | Sustainability Report (2021) pp. 16                                                                                                                                                                             |
| GRI 102-43                          | Approach to stakeholder engagement                           | Sustainability Report (2021) pp. 16                                                                                                                                                                             |
| GRI 102-44                          | Key topics and concerns raised                               | Sustainability Report (2021) pp. 16                                                                                                                                                                             |



| GRI Indicator             | GRI Standard                                               | Page Number/URL/Explanation                                                                               |
|---------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Reporting Practice</b> |                                                            |                                                                                                           |
| GRI 102-45                | Entities included in the consolidated financial statements | Combined management report (2021) I. 2.1, and Notes to the consolidated financial statements (2021) II.6. |
| GRI 102-46                | Defining report content and topic boundaries               | Sustainability Report (2021) pp. 16                                                                       |
| GRI 102-47                | List of material topics                                    | Sustainability Report (2021) p. 18                                                                        |
| GRI 102-48                | Restatements of information                                | n/a                                                                                                       |
| GRI 102-49                | Changes in reporting                                       | n/a                                                                                                       |
| GRI 102-50                | Reporting period                                           | Sustainability Report (2021) p. 11                                                                        |
| GRI 102-51                | Date of most recent report                                 | 01 April 2021                                                                                             |
| GRI 102-52                | Reporting cycle                                            | Sustainability Report (2021) p. 11                                                                        |
| 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 (2021) p. 11                                                                        |
| GRI 102-55                | GRI content index                                          | Sustainability Report (2021), Annex                                                                       |
| GRI 102-56                | External assurance                                         | Sustainability Report (2021) p. 11 and pp. 82                                                             |

| MATERIAL TOPICS                            |                                                                          |                                                                                                                            |
|--------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Anti-Corruption                            |                                                                          |                                                                                                                            |
| <b>GRI 103: Management Approach</b>        |                                                                          |                                                                                                                            |
| GRI 103-1                                  | Explanation of the material topic and its boundary                       | Procedures and processes regarding compliance and anti-corruption are described in the Sustainability Report (2021) pp. 27 |
| GRI 103-2                                  | The management approach and its components                               |                                                                                                                            |
| GRI 103-3                                  | Evaluation of the management approach                                    |                                                                                                                            |
| <b>GRI 205 (2016): Fighting corruption</b> |                                                                          |                                                                                                                            |
| GRI 205-1                                  | Operations assessed for risks related to corruption                      | Sustainability Report (2021) pp. 27 We include our operating sites in our compliance and anti-corruption approach.         |
| GRI 205-2                                  | Communication and training about anti-corruption policies and procedures | Sustainability Report (2021) pp. 27                                                                                        |
| GRI 205-3                                  | Confirmed incidents of corruption and actions taken                      | Sustainability Report (2021) p. 29. In the reporting period, no major cases were identified.                               |

| Energy                              |                                                    |                                                                                                                          |
|-------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 103: Management Approach</b> |                                                    |                                                                                                                          |
| GRI 103-1                           | Explanation of the material topic and its boundary | The management approach - resources and environmental protection is described in the Sustainability Report (2021) pp. 61 |
| GRI 103-2                           | The management approach and its components         |                                                                                                                          |
| GRI 103-3                           | Evaluation of the management approach              |                                                                                                                          |
| <b>GRI 302 (2016): Energy</b>       |                                                    |                                                                                                                          |
| GRI 302-1                           | Energy consumption within the organization         | Sustainability Report (2021) pp. 64, GRI performance data                                                                |
| GRI 302-4                           | Reduction of energy consumption                    | GRI performance data                                                                                                     |

| GRI Indicator                       | GRI Standard                                       | Page Number/URL/Explanation                                                                                                                                                                                                                                                                                                          |
|-------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Emissions</b>                    |                                                    |                                                                                                                                                                                                                                                                                                                                      |
| <b>GRI 103: Management Approach</b> |                                                    |                                                                                                                                                                                                                                                                                                                                      |
| GRI 103-1                           | Explanation of the material topic and its boundary | The management approach - resources and environmental protection is described in the Sustainability Report (2021) pp. 61. A comprehensive analysis of Scope 1 and Scope 2 emissions was conducted in the reporting year. Prospect: An analysis of Scope 3 emissions and fields of action will be initiated and reported accordingly. |
| GRI 103-2                           | The management approach and its components         |                                                                                                                                                                                                                                                                                                                                      |
| GRI 103-3                           | Evaluation of the management approach              |                                                                                                                                                                                                                                                                                                                                      |
| <b>GRI 305 (2016): Emissions</b>    |                                                    |                                                                                                                                                                                                                                                                                                                                      |
| GRI 305-1                           | Direct (Scope 1) GHG emissions                     | Sustainability Report (2021) pp. 66, 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                                                                                                                                                                                                                                                                                                                 |

| Employment                          |                                                                                                    |                                                                                                                                                 |
|-------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>GRI 103: Management Approach</b> |                                                                                                    |                                                                                                                                                 |
| GRI 103-1                           | Explanation of the material topic and its boundary                                                 | Sustainability Report (2021) pp. 39                                                                                                             |
| GRI 103-2                           | The management approach and its components                                                         |                                                                                                                                                 |
| 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 (2021) pp. 39, GRI performance data                                                                                       |
| GRI 401-2                           | Benefits provided to full-time employees that are not provided to temporary or part-time employees | We stick to collective bargain agreements and have no distinction identified between benefits for full-time, temporary, or part-time employees. |
| GRI 401-3                           | Parental leave                                                                                     | GRI performance data                                                                                                                            |



| GRI Indicator                                  | GRI Standard                                                                                                  | Page Number/URL/Explanation                               |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| Occupational Health and Safety                 |                                                                                                               |                                                           |
| GRI 103: Management Approach                   |                                                                                                               |                                                           |
| GRI 103-1                                      | Explanation of the material topic and its boundary                                                            |                                                           |
| GRI 103-2                                      | The management approach and its components                                                                    | Sustainability Report (2021) pp. 51                       |
| GRI 103-3                                      | Evaluation of the management approach                                                                         |                                                           |
| GRI 403 (2018): Occupational Health and Safety |                                                                                                               |                                                           |
| GRI 403-1                                      | Occupational health and management system                                                                     | Sustainability Report (2021) pp. 51                       |
| GRI 403-2                                      | Hazard identification, risk assessment, and incident investigation                                            | Sustainability Report (2021) pp. 52                       |
| GRI 403-3                                      | Occupational health services                                                                                  | Sustainability Report (2021) p. 55                        |
| GRI 403-4                                      | Worker participation, consultation, and communication on occupational health and safety                       | Sustainability Report (2021) pp. 51                       |
| GRI 403-5                                      | Worker training on occupational health and safety                                                             | Sustainability Report (2021) pp. 52                       |
| GRI 403-6                                      | Promotion of worker health                                                                                    | Sustainability Report (2021) pp. 52                       |
| GRI 403-7                                      | Avoidance and mitigation of occupational health and safety impacts directly related to business relationships | Sustainability Report (2021), pp. 35 and pp. 51           |
| GRI 403-8                                      | Workers covered by a management system for occupational health and safety                                     | Sustainability Report (2021), p. 51                       |
| GRI 403-9                                      | Work-related injuries                                                                                         | Sustainability Report (2021), p. 54, GRI performance data |
| GRI 403-10                                     | Work-related ill health                                                                                       | Sustainability Report (2021), p. 54, GRI performance data |
| Training and Education                         |                                                                                                               |                                                           |
| GRI 103: Management Approach                   |                                                                                                               |                                                           |
| GRI 103-1                                      | Explanation of the material topic and its boundary                                                            |                                                           |
| GRI 103-2                                      | The management approach and its components                                                                    | Sustainability Report (2021) pp. 41                       |
| GRI 103-3                                      | Evaluation of the management approach                                                                         |                                                           |
| GRI 404 (2016): Training and Education         |                                                                                                               |                                                           |
| GRI 404-1                                      | Average hours of training per year per employee                                                               | Sustainability Report (2021) pp. 41, GRI performance data |
| GRI 404-2                                      | Programs to improve the competences of employees and to provide transitional assistance                       | Sustainability Report (2021), pp. 42                      |
| GRI 404-3                                      | Percentage of employees receiving regular performance and career development reviews                          | GRI performance data                                      |

| GRI Indicator                                    | GRI Standard                                           | Page Number/URL/Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Diversity and Equal Opportunities                |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| GRI 103: Management Approach                     |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| GRI 103-1                                        | Explanation of the material topic and its boundary     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| GRI 103-2                                        | The management approach and its components             | Sustainability Report (2021) pp. 45                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| GRI 103-3                                        | Evaluation of the management approach                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| GRI 405 (2016): Diversity and Equal Opportunitiy |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| GRI 405-1                                        | Diversity of governance bodies and employees           | Sustainability Report (2021) pp .45, 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 compensaton 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 analysis of compensation is carried out both at company level and holistically. |
| Further Topics                                   |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                  | Community Relations                                    | Sustainability Report (2021) pp. 56                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                  | Product Responsibility                                 | Sustainability Report (2021) pp. 68                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                  | Responsible Procurement                                | Sustainability Report (2021) pp. 34                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

# 9.2 GRI Performance Data 2021

| GRI Standards |       | Indicator                                                                                  | Performance 2021 | Performance 2020         |
|---------------|-------|--------------------------------------------------------------------------------------------|------------------|--------------------------|
| Environment   |       |                                                                                            |                  |                          |
| Energy        | 302-1 | Energy consumption within the organization                                                 |                  |                          |
|               |       | Scope 1 Emissions <sup>1)</sup>                                                            |                  |                          |
|               |       | Diesel [kWh]                                                                               | 216,934          | 100,695                  |
|               |       | Fuel oil [kWh]                                                                             | 45,660           | 68,988                   |
|               |       | Natural gas [kWh]                                                                          | 463,712          | 450,888                  |
|               |       | Scope 2 Emissions                                                                          |                  |                          |
|               |       | Electricity (non-renewable energies) [kWh]                                                 | 8,482,518        | 8,329,921 <sup>2)</sup>  |
| Water         | 303-5 | Electricity (renewable energies) [kWh]                                                     | 27,932,158       | 26,956,388 <sup>2)</sup> |
|               |       | District heating [kWh]                                                                     | 28,977,091       | 28,220,534 <sup>2)</sup> |
|               |       | Water consumption [m³]                                                                     | 86,479           | 81,571                   |
| Emissions     | 305-1 | Direct GHG-Emissions (Scope 1, market-based approach) [tCO <sub>2</sub> e] <sup>1,2)</sup> | 8,149            | 11,162                   |
|               | 305-2 | Direct GHG-Emissions (Scope 2, market-based approach) [tCO <sub>2</sub> e] <sup>1,2)</sup> | 10,016           | 11,610                   |
|               | 305-6 | Emissions of ozone-depleting substances (ODS) [kg]                                         | 414.7            | 382.4 <sup>3)</sup>      |
|               |       | Volatile organic compounds (VOC) [kg]                                                      | 3,239            | 5,168                    |
| Waste         | 306-2 | Waste                                                                                      |                  |                          |
|               |       | Non-hazardous waste [metric tons]                                                          | 1,119            | 1,135                    |
|               |       | Hazardous waste [metric tons]                                                              | 79               | 113                      |

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

|                               |            |                                                                                      |                    |        |
|-------------------------------|------------|--------------------------------------------------------------------------------------|--------------------|--------|
| Social                        |            |                                                                                      |                    |        |
| Employment                    | GRI 401-1  | New employee hires and employee turnover                                             |                    |        |
|                               |            | New hires                                                                            | 715                | 502    |
|                               |            | Voluntary turnover                                                                   | 222                | 147    |
|                               |            | Non-voluntary turnover <sup>4)</sup>                                                 | 125                | 152    |
|                               |            | Active workforce by contract type                                                    |                    |        |
|                               |            | Permanent                                                                            | 5,428              | 5,115  |
|                               |            | Temporary                                                                            | 193                | 112    |
|                               |            | Percentage of part-time employees                                                    | 6%                 | 6%     |
|                               |            | Employees by geographical area                                                       |                    |        |
|                               |            | Hensoldt total                                                                       | 5,621              | 5,227  |
|                               |            | Germany                                                                              | 4,073              | 3,842  |
|                               |            | France                                                                               | 576                | 578    |
|                               |            | South Africa                                                                         | 799                | 624    |
|                               |            | UK                                                                                   | 173                | 183    |
|                               | GRI 401-3  | Paternity/maternity leave taken in the reporting period                              | 370                | 214    |
|                               |            | Total female paternity/maternity leave taken                                         | 144                | 87     |
|                               |            | Total male paternity/maternity leave taken                                           | 226                | 127    |
| Occupational Health & Safety  | GRI 403-9  | Number of work-related injuries                                                      | 74 <sup>5)</sup>   | 34     |
|                               |            | Lost Time Injury Frequency Rate (LTIFR)                                              | 0.86 <sup>5)</sup> | 0.49   |
|                               |            | Fatalities                                                                           | 0                  | 0      |
|                               |            | Number of reportable work-related ill health cases                                   | 2                  | 1      |
| Training & Education          | GRI 403-10 | Number of training hours                                                             | 97,387             | 47,868 |
|                               |            |                                                                                      |                    |        |
|                               | GRI 404-3  | Training provided by Hensoldt Academy (compared to external providers)               | 91%                | 90%    |
|                               |            |                                                                                      |                    |        |
| Diversity & Equal Opportunity | GRI 404-3  | Percentage of employees receiving regular performance and career development reviews | 95%                | 94%    |
|                               |            |                                                                                      |                    |        |
|                               | GRI 405-1  | Diversity in governance bodies and among employees                                   |                    |        |
|                               |            |                                                                                      |                    |        |
|                               |            | Percentage of women in the active workforce                                          | 23%                | 22%    |
|                               |            | Percentage of women in management positions (senior manager positions)               | 10%                | 10%    |
|                               |            | Percentage of women in management positions (executive positions)                    | 10%                | 13%    |
|                               |            | Percentage of women in the Leadership Team <sup>6)</sup>                             | 15%                | 14%    |
|                               |            | Percentage of women in the Executive Committee (incl. Management Board)              | 8%                 | 22%    |

Perimeter: HENSOLDT, consolidated companies (sales representations excluded) incl. Cyber GmbH, excl. interns and working students

<sup>1)</sup> As of reporting period 2021: Adaption of allocation of scope 1 sub-indicators (also retrospectively for 2020 reporting period, incl. impact on GHG emissions)  
<sup>2)</sup> Corrected values after verification with landlord, incl. impact on GHG emissions  
<sup>3)</sup> Corrected value due to downstream consumption analysis  
<sup>4)</sup> Including pension, end of partial retirement, mutual agreement, early termination, end of fixed-term contract, death cases  
<sup>5)</sup> Increase due to Corona cases in the workforce (which are reported as work-related injuries)  
<sup>6)</sup> Definition (also retroactive 2020): entire HENSOLDT Group Leadership Team (incl. Leadership Team, Executive Leadership Team, Executive Committee, and Management Board)  
Retroactive adjustments to consumption data are not part of KPMG's 2021 audit scope.

## Peter Fieser

Chief Human Resources Officer of HENSOLDT AG  
and Chairman of the ESG Committee

„We look back on a successful year 2021, in which we were able to establish a strong sustainability management at HENSOLDT. With our ESG Strategy 2026 and our ambitious goals, the topic will continue to be a clear focus for HENSOLDT in the future. Sustainability is currently widely discussed - what is important now is action. Every single HENSOLDTIAN contributes to the achievement of the sustainability goals every day, and we are very proud of that.“





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 of HENSOLDT AG, Taufkirchen (further the “Company”), as well as the sections of the combined management report that are qualified as part of it through cross references, “Business model” and “Organization and Infrastructure”, for the period from January 1 to December 31, 2021.

It was not part of our engagement to review references to external websites and information sources.

Management’s Responsibility

The legal representatives of the Company are responsible for the preparation of the separate non-financial group report in accordance with §§ 315b, 315c in conjunction with §§ 289c to 289e HGB and with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (further „EU Taxonomy Regulation“) and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the Company as disclosed in Section “EU Taxonomy” of the separate non-financial group report.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the separate non-financial group 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 separate non-financial group report that is free of – intended or unintended – material misstatements.

The EU Taxonomy Regulation and the supplementing Delegated Acts contain wordings and terms that are still subject to substantial uncertainties regarding their interpretation and for which not all clarifications have been published yet. Therefore, the legal representatives have included a description of their interpretation in Section “EU Taxonomy” of the separate non-financial group report. They are responsible for its tenability. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations is subject to uncertainty.

Practitioner’s Responsibility

It is our responsibility to express a conclusion on the separate non-financial group 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 separate non-financial group report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section “EU Taxonomy” of the separate non-financial group report. 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.

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 AG’s sustainability performance in the reporting period
- 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 sites in Oberkochen/Germany via videoconference

- Assessment of the overall presentation of the disclosures
- Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy
- Evaluation of the process for the identification of taxonomy-eligible economic activities and the corresponding disclosures in the separate non-financial group report

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

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).

<sup>1</sup> Our engagement applied to the German version of the separate non-financial group report 2021.  
This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

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, 2021 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section “EU Taxonomy” of the separate non-financial group report.

Restriction of Use/General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board 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.

Munich, March 15, 2022

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Leistner  
Wirtschaftsprüfer  
[German Public Auditor]

Brokof  
Wirtschaftsprüferin  
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pp. 6/7/8/10/26/36/50/74/81 – **Joachim Schranzhofer**

p. 33   **HENSOLDT**

p. 34   **HENSOLDT**

p. 56   **Kevin Dalferth, Wells for Zoë.**

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