

2 Non-Financial Declaration

In accordance with Section 315b et seq. of the HGB, not subject to the statutory audit, the auditing company Ernst & Young GmbH carried out the audit of the Nemetschek Group's non-financial Group declaration to obtain a limited assurance engagement.

2.1 Principles

This section contains the Nemetschek Group's non-financial Group declaration based on the CSR Directive Implementation Act (CSR-RUG), which came into effect on January 1, 2017. The requirements set forth by Section 315c in conjunction with 289c to 289e of the German Commercial Code (Handelsgesetzbuch – HGB) prescribe that the company transparently describe in detail its key non-financial activities, at least those pertaining to the five areas specified by the directive: human rights, anti-corruption, employees, the environment, and social issues. The Nemetschek Group does not use an external framework for the preparation of the non-financial Group statement and instead, as in the previous year, uses existing structures for its reporting.

The business model of the Nemetschek Group is presented in chapter 1 titled "Group Principles."

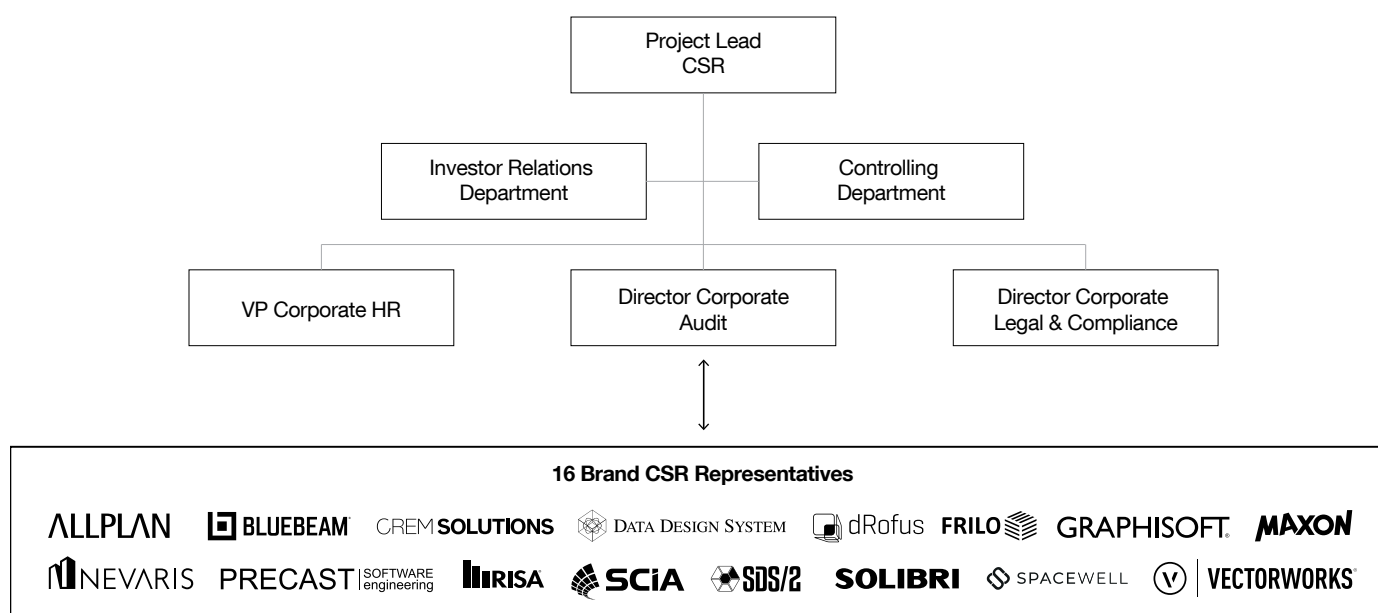
2.2 Corporate Social Responsibility (CSR) at the Nemetschek Group

The Nemetschek Group places considerable importance on good corporate governance and social and environmental responsibility. It aims to increase efficiency and productivity along the entire value chain of the construction industry through its software solutions. The Group maps the complete workflow in the lifecycle of a construction or infrastructure project – from the architects' first sketch, through construction, to building management and operation of the property. Architects, engineers of all disciplines, building contractors, property developers, general administrators and building managers can thus plan, build and manage buildings digitally once construction is complete, conserving resources.

In order to promote sustainable development beyond software solutions, the Nemetschek Group has defined standards for the way in which it conducts day-to-day business in its Code of Conduct. More specifically, the Code of Conduct states: "Each of us contributes to the public image of the Nemetschek Group through our appearance, conduct and actions. We are all jointly responsible for ensuring that we as a Group live up to our global social responsibility." The individually specified duties of all employees include the protection of natural resources, provisions for anti-corruption and the obligation to refrain from all forms of discrimination. The treatment of Group employees is also geared towards sustainability. The topic of employee responsibility plays an important role in the Nemetschek Group.

To implement CSR activities, a CSR officer has been appointed in the holding company who, together with a cross-departmental CSR core team, develops relevant concepts and coordinates the implementation of measures. Since the Nemetschek Group operates with 16 largely independent brands, non-financial issues are managed decentrally within the brands. Since 2017, a number of basic and Group-wide standards relating to key non-financial issues have been introduced as part of CSR activities. These are aimed at anchoring sustainability in all business practices of the Nemetschek Group.

CSR ORGANIZATION OF THE NEMETSCHEK GROUP



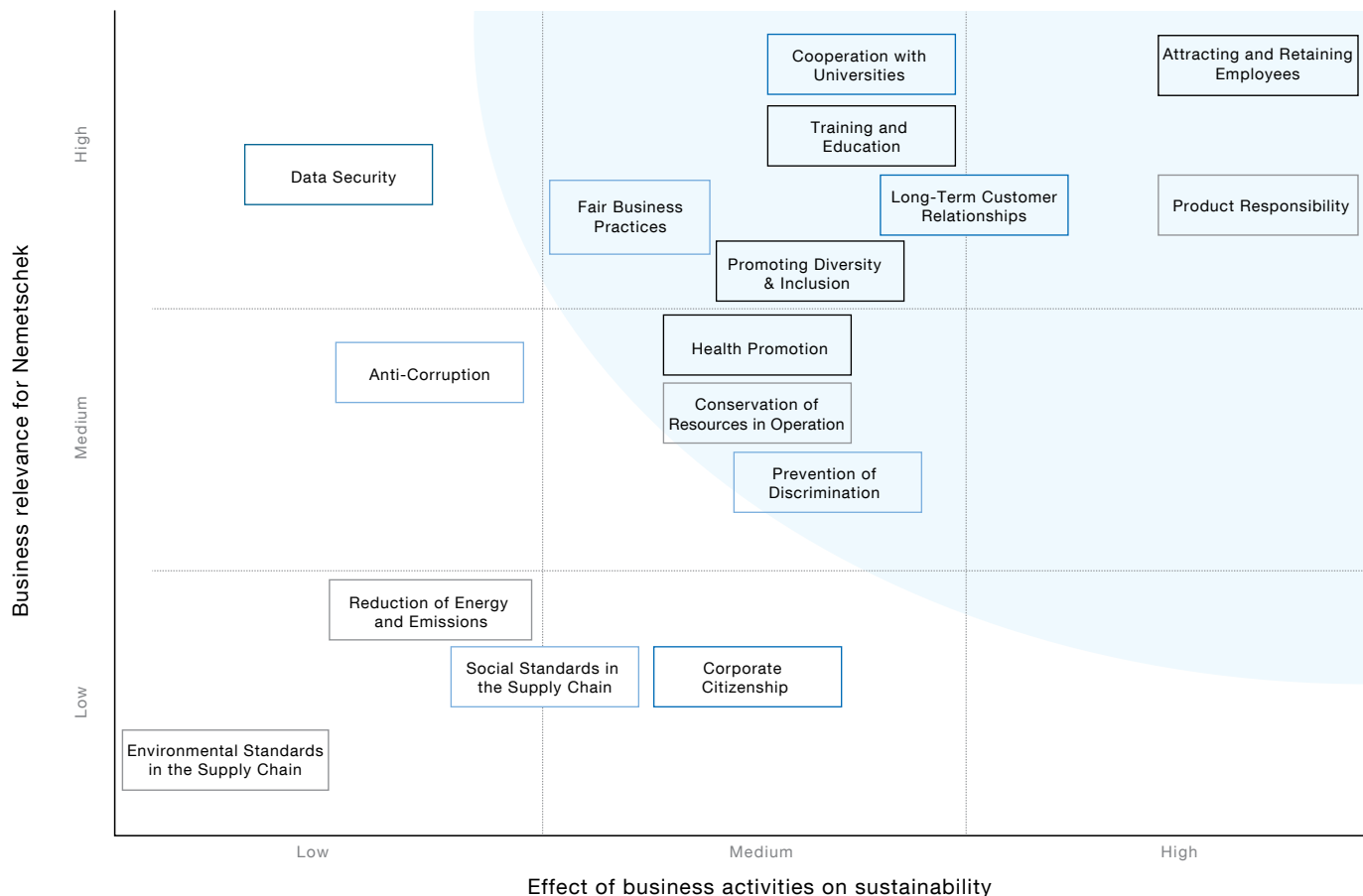
2.3 Key Non-Financial Issues

In order to ensure that the key non-financial issues are up to date, a materiality analysis was carried out again in 2019. The list of issues from the previous analysis of 2017 served as a basis for this. Using various external frameworks, additional issues were identified and their business relevance and impact on the environment, employees and society were analyzed. It was also examined whether issues should be dropped, added or combined with others. The revised list was validated by the CSR core team. To assess the business relevance of the issues, in-depth interviews were conducted with the Executive Board or the heads of the four segments and with a representative of the Works Council of Nemetschek SE. In a subsequent workshop, the CSR core team worked out various hypothetical effects related to these issues. The results of this analysis and their relevance to business were then presented in a matrix and approved by the CSR core team and the Executive Board member responsible for CSR.

2.4 Material Risks

For non-financial reporting, the Nemetschek Group considers not only the main risks for its business activities, but also risks that could have a significant negative impact on the areas defined for non-financial reporting (Section 315c in conjunction with Section 289c [3] Nos. 3 and 4 of the HGB). The risk assessment involves recording the gross risk values for the amount of loss and probability of occurrence as well as the net risk positions remaining after risk-reducing measures. No material risks were identified for the topics defined in the non-financial reporting that would very likely have serious negative effects. Consequently, there were no risks for 2019 which, on a net basis, meet the materiality criteria in accordance with Section 289c (3) Nos. 3 and 4 of the HGB.

MATERIALITY MATRIX OF THE NEMETSCHEK GROUP



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

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

Field of action (relevance in accordance with CSR-RUG)	Material topics at Nemetschek
Integrity and compliance (human rights and anti-corruption)	<ul style="list-style-type: none"> » Fair business practices » Prevention of discrimination
Environment (environment)	<ul style="list-style-type: none"> » Product responsibility » Conservation of operating resources
Customers and society (social issues)	<ul style="list-style-type: none"> » Product responsibility » Conservation of operating resources
Employee responsibility (employees)	<ul style="list-style-type: none"> » Gaining and retaining employees » Education and training » Promotion of health » Promotion of diversity and inclusion

In the following, the four fields of action with their overarching management approaches and the key issues identified are presented in detail.

2.5 The Key CSR Topics of the Nemetschek Group

Integrity and compliance

Actual or suspected violations of applicable laws, internal regulations or ethical standards could have negative financial consequences. They could also have a negative impact on the reputation of the Nemetschek Group. Therefore, the ultimate goal is to avoid critical compliance incidents. To achieve this, the Nemetschek Group takes a preventative compliance approach and fosters a corporate culture in which all employees are sensitized to the issue and receive appropriate training.

Overarching management approach

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

Compliance

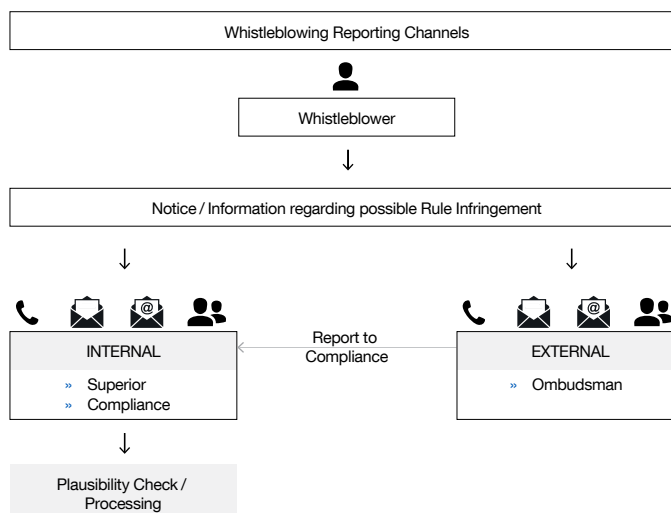
Training courses and individual refresher courses on compliance topics are made available via e-mail communication and online. The individual brands are required to take responsibility for passing on information, individually rolling out Group policies and conducting in-house training on compliance topics. Every new employee must complete an initial training course on compliance. In the future, it is planned to offer further classroom training courses on specific topics and to set up central e-learning structures to improve control and evaluation options.

The compliance management system is implemented in the subsidiaries by the compliance officers of the individual brands. Quarterly surveys of all brands are consolidated and reviewed by the Corporate Legal & Compliance department and reported directly to the Chief Financial and Operating Officer (CFOO) of the Nemetschek Group. Ad-hoc compliance reports are also prepared as part of an applied due diligence process as required. The Supervisory Board and the Executive Board are regularly informed about issues relevant to compliance.

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

consultants are called in. The Corporate Legal & Compliance department regularly reviews the whistleblowing process in terms of its effectiveness and amends it as necessary.

WHISTLEBLOWING PROCESS



No significant and substantiated compliance violations were reported during the reporting period. In the case of individual reported incidents, the review revealed no need for action. There were thus no cases of legal action.

Fair business practices

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

Prevention of discrimination

On the subject of discrimination, the Code of Conduct clearly states: *"All forms of discrimination are to be avoided. Above all, Nemetschek will not tolerate any form of discrimination or harassment within the Group, whether based on origin, gender, disability, religion, age, sexual orientation, political views or trade union activities."* Employees who are subjected to or observe any form of discrimination or inappropriate behavior are encouraged to report this through the reporting channels described.

All reported incidents of possible discrimination were reviewed during the reporting period. There were no incidents requiring disciplinary and/or legal action among them.

Environment

Intact ecosystems are the basis for healthy living and sustainable economic activity. As the construction industry is one of the most resource-intensive industries and the demand for housing is increasing, the construction industry is required to become more efficient and to produce in a more sustainable manner. As a company in the AEC industry, the Nemetschek Group is aware of its environmental responsibility and takes it seriously. The Group contributes to climate and environmental protection through its products that improve resource efficiency in the construction industry and enable the most sparing use of resources possible.

Overarching management approach

Environmental protection has always been a key topic for the company, one that is firmly anchored in the Code of Conduct. All employees are urged to conserve natural resources in their work and to consider environmental as well as economic concerns when selecting suppliers, advertising materials or other external services.

The objective of the Nemetschek Group is to make the AEC industry more sustainable with its products. To this end, the management of relevant projects, in particular through research and development, is the responsibility of the individual brands. Since 2018, work has been underway on a Group-wide concept for sustainable product responsibility that takes into account the entire product lifecycle. The development process included various workshops at holding and brand level and was supplemented by a digital survey of all brand managers.

Product responsibility

In developing a concept for sustainable product responsibility, the Nemetschek Group has identified two areas – sustainability concerns in the development of software and its use in the lifecycle of a building. The cornerstones of software development at the Nemetschek Group are the BIM digital working method and open standards (Open BIM).

The Nemetschek Group is characterized by its focus on the AEC industry and its ability to map all processes in the lifecycle of a construction or infrastructure project. This means that architects,

engineers of all disciplines, building contractors, general administrators and building managers can plan more proactively, share information more easily and collaborate more productively. This reduces the consumption of energy and resources during the entire construction process. In addition, seamless virtual documentation enables simple and targeted changes to the buildings or infrastructure, even years after their construction. The Nemetschek Group's technologies therefore contribute to the construction of more sustainable, safer and more convenient buildings and infrastructures. Precise planning allows much more accurate and economic calculation of excavation quantities or materials used.

In addition to the design and construction phase, Nemetschek Group solutions also optimize the managing phase. The EcoDesigner Star product from Graphisoft allows the energy balance, the anticipated energy requirement and thus the potential CO₂ emissions of a building to be determined using the virtual building model. This enables building owners to compare and optimize the various designs in terms of their energy behavior. The solution is integrated into the planning software and can therefore be used earlier and more often in the architectural planning process than in a conventional workflow where the energy analysis is only carried out once or twice in the implementation planning.

Conservation of operating resources

The topic of operational resource conservation was determined to be significant in the materiality analysis carried out in 2019. As key figures have not yet been recorded or managed centrally, the Nemetschek Group is currently identifying the measures necessary to do so. A Group-wide concept is to be developed in 2020.

The brands are at various stages of development in terms of resource conservation. Current measures of individual brands include various digitalization projects such as electronic invoicing, which saves up to 100,000 pages of paper per year at one subsidiary alone. In order to reduce resource consumption and avoid waste, there are approaches to replace disposable cups and plastic bottles with reusable glasses and glass bottles. One Nemetschek Group brand has set up an internal focus group on recycling and the environment to train employees.

Customers and society

Every company bears social responsibility beyond the purpose of its operating activities. A pure orientation towards economic key figures can increase risks in the long term. As a business partner and employer, the Nemetschek Group attaches particular importance to long-term customer relationships and intensive cooperation with the university sector. Common goals and topical priorities are therefore coordinated at the holding company level. When it comes to implementation, the individual brands are independent and can act in a more targeted and short-term manner.

Long-term customer relationships

Satisfaction is an important factor for long-term customer relationships. In order to be able to respond to specific customer needs in a targeted manner, this issue is managed decentrally. Most brands use defined indicators to measure customer satisfaction, such as the Customer Satisfaction Score (CSAT) and the Churn Rate. The Net Promoter Score (NPS) and "Things Gone Wrong" key figure are also used. Customers evaluate both the functionality of the product and the services provided by the brand.

Customer opinions are obtained via online surveys, by e-mail, direct customer contact or by telephone.

To achieve high customer satisfaction right from the start, the Nemetschek Group involves its customers in product development at an early stage. Measures designed to contribute to product quality and customer satisfaction include joint development projects, customer panels, product previews, beta testing, and workshops.

Cooperation with universities

The Nemetschek Group has its roots in the university environment. With this in mind, cooperation with educational institutions is particularly important to the Group. The aim is to support all relevant institutions in the core markets that offer architectural and construction training with software solutions. In this context, talented young people are approached at an early stage in order to be able to plan, construct and manage buildings and infrastructure projects sustainably.

The brands engage in networking activities for students and customers, e.g. through specially provided job platforms, various training formats such as the Bluebeam Apprentice Day, as guest speakers in lectures, at job fairs at universities or through cooperation with student associations and academic faculties.

A Letter of Commitment to Education was rolled out in the year under review. This sets minimum standards for cooperation with universities and other educational institutions. It also specifies that each brand must designate a contact person for these activities. In addition, the brands declare that at least 5% of their sales activities are devoted to cooperation with educational institutions. They are also encouraged to conduct at least one sponsoring activity per year. This can be their own or be an activity with a third party. The brands are to continuously increase the number of student licenses. The brands plan to sign the Letter of Commitment to Education by the end of the second quarter of 2020 and start implementing the minimum standards in the same year.

Employee responsibility

Attracting and retaining highly qualified and motivated employees is a key success factor for the entire software industry. This particularly applies to companies such as the Nemetschek Group, as the AEC market is characterized by a high speed of innovation

and the Group invests around a quarter of Group revenue in research and development. However, the general shortage of skilled personnel poses a challenge. This is all the more true as all Nemetschek brands are in competition with large software companies on the employment market.

Overarching management approach

In order to act quickly and agilely in the respective markets and regions, the individual brands manage HR affairs themselves. The Human Resources department of Nemetschek SE supports and advises the individual HR departments in this respect. The Vice President of Human Resources heads the Human Resources department of the holding company and reports to the CFOO. To this end, they are in regular close contact with the HR managers. In addition, the various expert and project committees are convened as required to deal specifically with individual topics.

With the new Letter of Commitment – which will be replacing the originally planned HR guideline and will be rolled out at the beginning of 2020 – the Group defines basic standards and minimum requirements on fundamental employee issues as well as on central topics of personnel recruitment, appraisal interviews and approaches to promoting health. However, the responsibility for gaining and retaining employees, diversity and inclusion, promotion of health, and education and training will continue to be discharged decentrally by the brands. The brands also remain free to define brand-specific standards and to develop their own HR guidelines that go beyond the minimum requirements or to regulate other topics.

Gaining and retaining employees

The search for skilled staff and talented young people remains a major challenge for the company. Software developers and IT experts in particular are rare all over the world. As a medium-sized company, the Nemetschek Group is in competition with large employers in the software industry such as Microsoft, Apple and Google. Attractive working conditions and a positive working environment are intended to help attract the best talent to the Nemetschek Group and retain them in the company. The Nemetschek Group currently still uses the development of the number of its employees as an indicator of the success of its measures. A benchmark that better reflects the development with regard to the goals set is currently being developed.

To attract employees, the brands offer flexible working models and other benefits. A Group-wide job portal has also been in place since 2018 and can be used by all brands. The majority of the 16 brands publishes their job advertisements on this portal. The portal was initially limited to the intranet, where it enabled an exchange of specialists within the Group as part of the transfer of knowledge. With the relaunch, the Group website was expanded to include a career page with links to the subsidiaries' job portals. By doing this, the Group intends to make it easier for skilled people to find the brand that best suits them.

As further measures for employee recruitment, the brands of the Nemetschek Group use social media platforms such as Xing and LinkedIn, as well as contact networks and recommendations from their own employees. Fourteen of the brands currently reward successful recommendations with a bonus.

In order to retain skilled employees in the long term, the Nemetschek Group is constantly working on strengthening its attractiveness as an employer. Flexible work time models, which are laid down as a standard in the Letter of Commitment, contribute to this. The structure of these work time models depends on the business model of the individual brand and local regulations. Other measures include individual training and the special promotion of talented young people. In addition, there are social offerings such as sports programs and team events.

In 2019, the number of employees in the Nemetschek Group – including through company acquisitions – increased by 288 or 11.1% compared with the previous year. The organic growth was 198 employees (+ 7.7%). As of December 31, 2019, the Group employed 2,875 people (previous year: 2,587).

Education and training

The Nemetschek Group is committed to ongoing education and training. As a company that uses and promotes digitalization, the Nemetschek Group also offers young people good long-term prospects. Early cooperation means that employees can be continuously encouraged and developed.

The need for training and corresponding measures is addressed within the respective brands. The basis for this at all brands is regular employee development meetings in which feedback is given and individual prospects and specific goals are discussed. This approach along with the minimum requirements for education and training are the subject of the above-mentioned Letter of Commitment. The education and training requirements are defined in the annual development meetings. In 2019, these development meetings took place at all brands.

Promotion of health

Active health management is important for all employees in the Nemetschek Group to be able to work creatively and efficiently. The company consistently adapts all health-related measures and initiatives to the changing requirements of the constantly shifting working environment.

In the Letter of Commitment, Nemetschek also defined minimum requirements for health management for all brands. The implementation of the measures will continue to be managed decentrally.

In the year under review, 15 of the 16 brands offered health-related measures for their employees. Alongside wellness programs, these measures included sports and fitness activities within the company and financial support for programs offered by external providers.

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

Promotion of diversity and inclusion

The topic of diversity is also a key part of the company's corporate culture. The cultures within the Nemetschek Group are very different, but this individuality is an important driver for the company's innovative strength and should therefore be promoted in a more targeted manner. This effort was newly identified as a high priority in 2019. The Group plans to develop an appropriate concept in 2020.