



**Non-Financial Report pursuant to Sections 289b-289e, 315b and 315c of the German Commercial Code
(HGB)**

VARTA AG - Group

The following non-financial report applies to both VARTA AG and the VARTA AG Group.

It contains key information on aspects related to environmental, personnel and social matters, tackling corruption and bribery as well as protecting human rights.

Internal guidelines and definitions served as benchmarks for the following disclosures on individual aspects. No overarching framework was used, as this was deemed unnecessary given the internal guidelines, definitions and processes applied.

Information on our business model and on non-financial risks linked to the aspects outlined in this report can be found in the combined management report 2021.

More detailed information on our sponsoring and sustainability activities can be found at: [Sponsoring at VARTA AG](#) and [Sustainability at VARTA AG](#).

1. The Environment

The high quality of our products available on the global market must be matched by comprehensive policies governing quality control, the environment and energy. Regulated processes and procedures represent the prerequisite conditions for this to be effectively implemented and for compliance with legal and official administrative requirements. In this context, a holistic management system has been implemented.

The management documentation related to this forms a binding working basis for all executives and employees of the company. Actively implementing this basis ensures that organizational, technical and commercial activities, which have ramifications on product quality and the environment, are controlled and monitored.

The Executive Board and management strive to ensure that the policies governing quality control, the environment and energy are understood, realized and upheld across all levels of the organization.



We regard as essential manufacturing processes which seek to minimize environmental damage and conserve resources in addition to regulations governing the re-usability of products.

Our environmental targets include the following:

- Sustainable products: We assess the potential environmental impact of our products across the entire life cycle, starting with product development. We strive to conserve resources by using materials sparingly and ensuring that our products can be recycled or reused. Our aim is to continually reduce the use of hazardous substances with a high environmental impact, for example by way of substitution.
- Environmentally friendly production processes: Our focus is on cutting-edge production technologies with integrated environmental protection processes to conserve resources and reduce emissions.
- Expertise and protection of employees: The employees' sense of responsibility towards environmental protection is regularly encouraged and augmented by way of information, qualifications and motivation.
- Partnership based on trust: We impress upon our suppliers the importance of operating within equivalent environmental guidelines. Working closely with qualified waste management companies right up to the final waste disposal path is a duty which we take very seriously.

Our environmental management system is monitored by TÜV within the scope of audits in accordance with ISO 14001. Since 2006, waste has been consistently sorted and recovered in lieu of disposal. We comply with the legal requirements regarding emissions control. The groundwater remediation and monitoring measures implemented at the Ellwangen site have been consistently pursued since 1990.

Issues concerning the environment and energy are discussed and suitable measures defined in order to continuously improve the environmental management system during regular "Environment" and "Energy" management review meetings.

The consumption of resources (waste, water, treated wastewater) per delivered battery has also steadily fallen since 2015.



2. EU taxonomy

With the action plan for financing sustainable growth (Action Plan on Sustainable Finance), the European Commission essentially aims to make the economic and financial system across the European Union (EU) more sustainable and achieve climate neutrality by 2050. The core measure underpinning this action plan is the EU Taxonomy Regulation.

In the context of the EU Taxonomy Regulation, VARTA reports below on the share of taxonomy-eligible and non-taxonomy-eligible economic activities in its sales revenues, capital expenditure (CapEx) and operating expenditure (OpEx).

The criteria of EU Environmental Objective 1: "Climate Change Mitigation" are relevant to VARTA. VARTA's economic activities can be assigned in particular to criteria set 3.4 "Manufacture of batteries", which covers rechargeable battery solutions for transport, energy storage and other industrial applications. Other VARTA products do not meet the requirements of criteria set 3.4, but potentially have a significantly better product carbon footprint due to their high cycle stability and energy density compared with alternative products. These have been classified as taxonomy-eligible within the meaning of criteria set 3.6 "Manufacture of other low-carbon technologies". The analysis carried out did not identify any economic activities that make a significant contribution to Environmental Objective 2: "Climate Change Adaption".

Taxonomy-eligible economic activities at VARTA include battery solutions in the area of Power Pack Solutions, Energy Storage Systems and Large Cells.

Other VARTA products do not meet the requirements of criteria set 3.4, but potentially have a significantly better product carbon footprint compared with alternative products. In the VARTA portfolio, this includes product groups in the area of Coin Power and Coin Power Hearing. These were classified as taxonomy-eligible within the meaning of criteria set 3.6 "Manufacture of other low-carbon technologies".



This results in the following values:

	In absolute terms (€ m)	Taxonomy-eligible (%)	Non-taxonomy-eligible (%)
Sales revenues	902.9	40.8	59.2
CapEx	220.1	50.3	49.7
OpEx	43.2	36.3	60.7

Revenue is defined as net sales according to IFRS, as reported in the consolidated income statement, and therefore only relates to fully consolidated subsidiaries. Thus, companies accounted for using the equity method as held for sale or investment recognized directly in equity are not included. For further information on revenues, see page 44 of the Annual Report.

CapEx is calculated on a gross basis, i.e. excluding revaluations or scheduled/non-scheduled depreciation. CapEx comprises investments in non-current intangible or tangible assets, including assets acquired through asset or share deals, as shown in the consolidated balance sheet. For more information on CapEx, see pages 50 and 76 of the Annual Report. OpEx in the sense of taxonomy specifications includes non-capitalizable expenses recognized in the consolidated income statement, such as research and development, building refurbishment, short-term leasing, maintenance and upkeep as well as all other direct expenditure from maintaining property, plant and equipment to ensure the operational readiness of taxonomy-eligible assets.

For the 2022 financial year, VARTA will additionally have to report on the taxonomy conformity of taxonomy-eligible products. As things stand, all products classified as taxonomy-eligible under criteria set 3.4 will also be taxonomy-compliant. Further checks are still required for products that have been classified as taxonomy-eligible under criteria set 3.6.



3. Personnel

The successful development of the VARTA AG Group is founded upon the expertise and capabilities of its employees and represents an important non-financial indicator for the company. Around 4,700 employees worldwide contribute to the success of the company. Positive relationships based on mutual trust between employees and the company therefore represent something more than a mere ethical or legal claim:

In addition to training young people, in-house training and instruction ensure high levels of expertise among employees. The Group is interested in committed, motivated employees that enjoy working in strong teams to drive forward the company's innovation.

Our employees are distinguished by incredible commitment and dedication, in addition to motivation and loyalty.

This is, among other things, reflected in the comparatively low average staff turnover rate at all the Group companies in 2021 (VARTA AG-Group: 3.5%).

The Group places huge value on sustainable personnel policies with the aim of increasing both employee efficiency and satisfaction.

These aim to ensure that employees are bound to VARTA AG over the long term, enabling our staff to identify with the Company via common corporate goals and values. Employees tend to stay with the company for many years, allowing them to gain profound professional expertise within their respective area of responsibility. A balanced age profile furthermore promotes healthy knowledge transfer from generation to generation.

Generally speaking, the company is keen to monitor and maintain a balanced age profile of the staff complement. We aim to foster a working culture based on mutual respect and appreciation in which men and women alike are able to realize their professional goals.

The occupational health and safety of employees is a matter of great importance for the Group.

- Commitment to occupational health and safety: We are expressly committed to ensuring occupational health and safety and the wellbeing of our employees.
- We are working to eliminate hazards and minimize risks in compliance with our legal obligations and other requirements - as a minimum.



- **Management responsibility:** Management is responsible for ensuring that safe equipment, systems and tools are available and supplied in safe working order; it organizes training schemes with the aim of facilitating a safe working environment for all employees. All reported accidents are investigated and the health and safety precautions in place are regularly reviewed and assessed. The Health and Safety Officer reports to the management in regular review meetings.
- **Employee responsibility:** All employees are responsible for consistently implementing and upholding all processes linked to occupational health and safety. Employees are encouraged to identify weak points and support measures aimed at resolving these. They should assume responsibility for their own personal safety and that of their colleagues by always performing work duties safely and securely.

4. Social causes

The Group is involved in a variety of social causes. A detailed overview of corporate social responsibility activities can be found on our [Website](#).

Furthermore, we maintain contact with political decision-makers via the Zentralverband der Elektrotechnik und Elektroindustrie e.V. (ZVEI; German Electrical and Electronic Manufacturers' Association) and Deutsches Aktieninstitut (German Equities Institute).

5. Human rights

Maintaining a respectful and conscientious environment is the secret to the success of VARTA AG. Our actions are guided by our corporate values, the [Global Code of Conduct](#) and our [sustainable procurement policy](#). Furthermore, VARTA Microbattery GmbH has operated in accordance with the ZVEI Code of Conduct since 2017 and the VARTA AG Group has been a member of the amfori BSCI initiative since March 2020.



VARTA

6. Tackling corruption and bribery

The Group employs a Compliance Officer and has published a Code of Conduct. The Compliance Officer is tasked with reporting regularly to the CFO and Supervisory Board. While no critical compliance events were recorded in reporting year 2021, a Compliance Report is nonetheless published on our [Website](#).