

**Non-Financial Report in accordance with Sections 289b-289e, 315b and 315c of the
German Commercial Code
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 2018.

More detailed information on our corporate social governance activities can be found at: <http://www.varta-ag.com/corporate-social-responsibility/>.

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 comply 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 disposal 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.

Over the past few years, VARTA AG has been successful in its efforts to continually reduce energy and water consumption.

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

2. 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 2,000 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, dedication and loyalty. This is, among other things, reflected in the comparatively low staff turnover rate at the core companies in 2018 (VARTA AG: 0%; VARTA Microbattery GmbH 3.8 %). The Group places huge value on sustainable personnel policies with the aim of increasing both employee efficiency and satisfaction. For this reason, a new working hours model was developed last year in reaction to increased production demand.

It should ensure that employees are bound to VARTA AG over the long term and enable them to identify with the company via common corporate goals. Employees stay with the company for many years on average, 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 comply with all legal requirements in terms of occupational health and safety.
- Management responsibility: Management is responsible for ensuring that safe equipment, systems and tools are available and supplied in safe working order; they organize 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.

3. 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 under: <http://www.varta-ag.com/corporate-social-responsibility/>.

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).

4. Human rights

The Group has published a Code of Conduct. This can be found at: <http://www.varta-ag.com/compliance/>. Furthermore, VARTA Microbattery GmbH has operated in accordance with the ZVEI Code of Conduct since 2015.

5. 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 2018, a Compliance Report is nonetheless available under: <http://www.varta-ag.com/compliance/>.