

## Separate Combined Non-financial Report

Sustainably successful companies act responsibly in the interests of future generations. KSB takes this principle to heart. Our business activities have always been determined by ecological and social criteria as well as economic factors. This means adopting a responsible approach to resources and the environment while embracing responsibility for our employees and our social commitments. We present these topics in this separate combined non-financial report pursuant to Sections 289b(3) and 315b(3) HGB [*Handelsgesetzbuch* – German Commercial Code]. The report fulfils the requirements of the CSR Directive Implementation Act [*CSR-Richtlinie-Umsetzungsgesetz*] and combines the statement at company level with the Group statement outside of the management report.

In accordance with our business model, we aim to supply customers worldwide with high-quality pumps and valves, as well as related service. The vast majority of our products are developed in-house and are manufactured in factories on four continents. Our products are sold via our own sales organisation, supported by dealer networks comprising selected partners. KSB's business model is presented in our combined management report on page 36.

By joining the UN Global Compact in 2010, we committed ourselves to aligning our business activities with ten universal principles. But it is not only our managers and employees who endorse the principles of the Global Compact – our suppliers and business partners also share these commitments.

### Our sustainability profile

We have formulated our own corporate sustainability principles in a Group-wide sustainability policy. These are binding for all locations and all companies within the KSB Group. A committee chaired by the CEO regularly reviews progress on topics related to sustainability. Management also receives a compliance report twice a year as well as an annual review of management issues relating to quality, the environment and occupational health and safety.

2019 has seen us boost commitment by increasing the number of members on our Sustainability Committee. In addition to the CEO, the committee also includes the heads of Human Resources, Legal & Compliance, Production, Product Management, Purchasing, Communications and Integrated Management.

KSB operates a global integrated management system in order to fulfil consistently high standards worldwide with regard to quality, risk, environment, occupational health and safety, and sustainability. It is process-oriented and complies with the requirements of the international ISO 9001, ISO 14001, ISO 26000 and ISO 45001 standards as well as the UN Global Compact. The management system governs organisational processes and workflows, responsibilities, procedures and processes at Group level and at our individual locations.

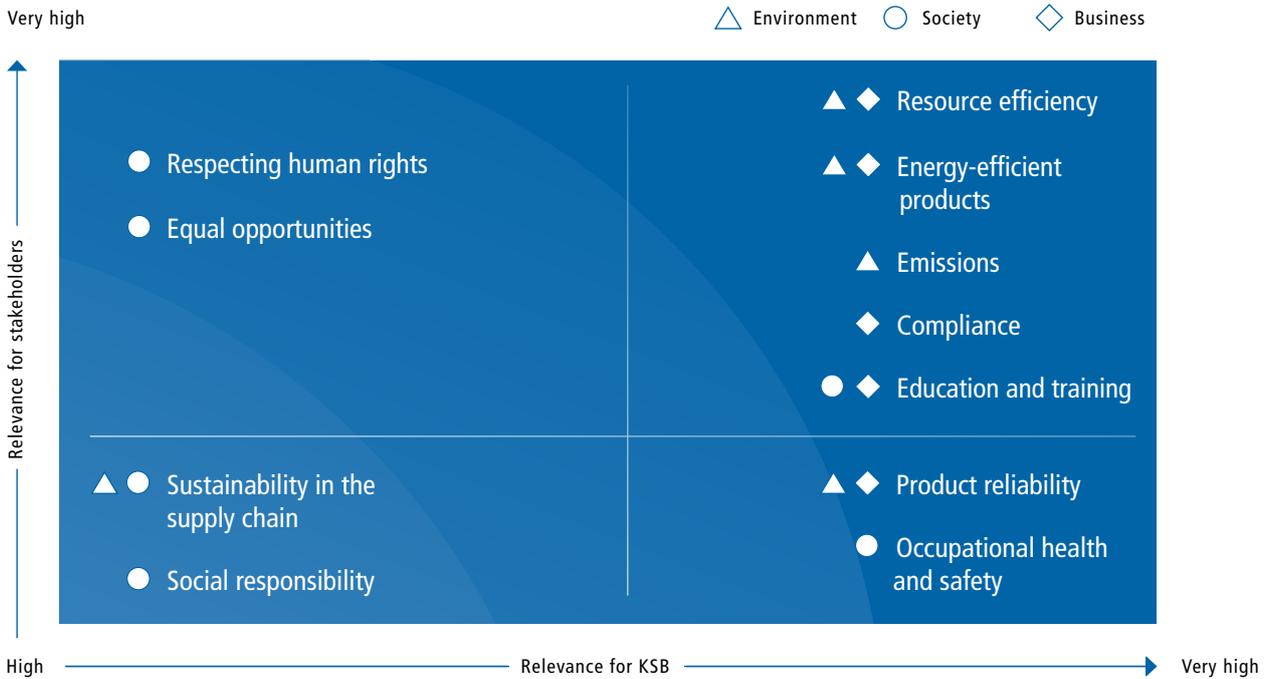
### Our sustainability reporting

The management concepts relating to key issues outlined here apply to both the Group and to KSB SE & Co. KGaA; any instances where this is not the case are duly indicated. All information in the non-financial report relates to KSB SE & Co. KGaA and the Group in 2019. References to information not included in the group management report in this section represent supplementary information and are not part of the separate non-financial report. PricewaterhouseCoopers GmbH performed a limited assurance engagement on the information in this report in accordance with ISAE 3000 (Revised) and issued an independent assurance report, see page 31.

In the areas of human rights, labour standards, the environment and anti-corruption, the concepts and activities set out in this report follow the principles of the UN Global Compact.

The non-financial report covers 29 material Group companies, unless otherwise stated. We have selected these on the basis of their impact on aspects such as energy consumption and number of employees.

Key sustainability topics for KSB



The 29 Group companies include all consolidated subsidiaries with production plants and two service companies with energy-intensive workshops.

KSB’s corporate responsibility includes our commitment to society. This section is an entirely voluntary report on our social engagement activities which do not have any direct or material impact on our business success.

Key issues

KSB engages in ongoing consultation with various stakeholders in order to determine their demands and expectations of our company. Since 2017, these consultations have served as the basis for determining KSB’s priorities in terms of sustainability, see materiality matrix on this page.

In the year under review, specialist departments and our Sustainability Committee worked together with Management to review and finalise the materiality matrix. The aspects and factors necessary for understanding the development and performance of the business and the position of the company as well as the impact of our activities on the following issues remain the same:

- Environment (resource efficiency, manufacturing of energy-efficient products, emissions and product safety)
- Combating corruption and bribery (compliance)
- Respecting human rights (sustainability in the supply chain)
- Employee concerns (training and development, equal opportunities, occupational health and safety)

### Non-financial objectives up to 2025 and performance indicators

Topics	Objectives up to 2025	Performance indicators	SDGs*
<b>Environment</b>			
Resource efficiency	We will report on the environmental impact of our new product developments.	Number of development projects	13
Energy-efficient products	Our water pumps will save an annual 850,000 tonnes of CO <sub>2</sub> .	CO <sub>2</sub> savings for KSB water pumps with variable speed drives	13
Emissions	We will reduce global CO <sub>2</sub> emissions from our production plants by 30 %.	CO <sub>2</sub> emissions at production sites	13
<b>Employees</b>			
Education	Each employee will undertake at least 30 hours of training and development per year.	Number of training hours per employee per year	8
Equal opportunities	At least 20 % of our managers will be women.	Proportion of women in management positions	5
Engagement	We will increase employee satisfaction to 80 %.	Engagement score according to employee survey	8
Occupational health and safety	We will reduce time lost due to occupational accidents to less than 0.3 days per employee per year.	Number of days lost due to accidents (lost time accidents)	3
<b>Society</b>			
Social commitment	We will support at least 25 social projects worldwide.	Number of CSR projects	1, 2, 3, 4, 6
<b>General issues</b>			
Sustainability in the supply chain	We will evaluate the sustainability performance of 90 % of our key suppliers.	Proportion of evaluated suppliers	8, 12

\* The United Nations' 17 Sustainable Development Goals encompass the three dimensions of sustainability: social, environmental and economic aspects. KSB's key sustainability topics relate to the goals addressing poverty (1), hunger (2), health and well-being (3), quality education (4), gender equality (5), clean water and sanitation (6), decent work and economic growth (8), sustainable consumption and production (12) and climate action (13).

These issues are directly related to our manufacturing activities, our products, our business partners and our employees. Our products also directly contribute towards protecting the environment, for example, by saving energy or through their use in waste water treatment applications.

### Risks related to non-financial factors

KSB does not see any material risks, as assessed based on the net evaluation method, associated with our own business or the business relations of the company, its products and services which have or could have a serious negative impact on non-

financial aspects, such as the environment, anti-corruption, human rights, employee concerns and social issues. All other risks affecting our business activities are described in the combined management report from page 54.

### Our goals for 2025

We are committed to the United Nations' 17 sustainable development goals. In the year under review, we derived nine concrete sustainability targets from these sustainable development goals and the issues most important to us. We are aiming to achieve each individual goal by 2025 at the latest.

The nine targets adopted by Management cover environmental, employee, social and supply chain sustainability topics. They focus on climate protection, the promotion of decent working conditions and sustainable economic growth, and health and well-being. We have also committed ourselves to making more progress on gender equality. Additionally, we intend to gather more comprehensive information on how our suppliers deal with sustainability topics. With our social projects we are dedicated to the fight against poverty and hunger, and the provision of clean water and education. We have also set ourselves the binding goal of supporting our employees' professional development. You can find out more about the individual objectives in the overview on page 22 and in the respective sections of this non-financial report.

The implementation of these initiatives in the current financial year is coordinated by the relevant specialist managers from Production, Product Management, Human Resources, Procurement, Communications and Integrated Management. The respective specialist departments are tasked with developing appropriate measures to achieve the targets by 2025. The Sustainability Committee will assess the status of these projects twice a year and monitor the agreed implementation steps.

## Environment

### ENERGY CONSUMPTION, CO<sub>2</sub> EMISSIONS AND RESOURCE EFFICIENCY

#### Targets

As a manufacturing company, we strive to be responsible in our use of natural resources. For this reason, we aim to reduce our consumption of energy and raw materials as far as possible. This allows us to reduce our impact on the environment while increasing the profitability of our company. Furthermore, we avoid economic and legal risks which could potentially result from environmental damage and failure to comply with laws and regulations.

By 2025, we intend to assess the environmental impact of more than 50 % of our development projects in accordance with the international ISO 14040 standard. This concerns new product developments and significant design modifications to existing type series. This process will yield detailed information regarding the life cycle assessments of our new products.

We have also set ourselves the goal of reducing the global CO<sub>2</sub> emissions of our manufacturing plants by 30 % (based on 2018) by 2025.

#### Organisation, processes and measures

KSB follows the internationally recognised ISO 14001 environmental management system to continuously improve its environmental performance. We have so far established the

#### Energy consumption

	Total	KSB SE & Co.				Middle East / Africa
		KGaA	Europe**	Asia / Pacific	Americas	
Total energy consumption*	294,726 MWh***	99,163 MWh	147,518 MWh	38,931 MWh	94,489 MWh	13,789 MWh
Total electricity	157,467 MWh***	37,112 MWh	58,066 MWh	30,309 MWh	58,323 MWh	10,770 MWh
Electricity from renewables	54,208 MWh	20,919 MWh	26,604 MWh	5,292 MWh	19,773 MWh	2,535 MWh
CO <sub>2</sub> emissions	99,047 t	21,142 t	30,121 t	29,413 t	31,269 t	8,244 t

\* Electricity, gas, fuel oil, district heating, wood, etc.

\*\* Including KSB SE & Co. KGaA

\*\*\* Total deviates due to rounding

### Percentage of renewable energy in our power consumption:

# 34.4

(KSB SE & Co. KGaA: 56.4 %)

environmental management system at 37 production and assembly locations (KSB SE & Co. KGaA: 3 locations); this means 90 percent of our locations are covered.

We carry out regular energy audits at our major European locations to reduce energy consumption and CO<sub>2</sub> emissions. The resulting measures include the energy-efficient refurbishment of our buildings and foundries.

We regularly record and evaluate energy consumption and CO<sub>2</sub> emissions. In the year under review, our energy consumption was 294,726 megawatt hours (KSB SE & Co. KGaA: 99,163 megawatt hours). 34.4 % (KSB SE & Co. KGaA: 56.4 %) of the energy we consumed came from renewable sources. This percentage rose by 2.6 compared with the previous year across the Group due to the sharp increase at KSB SE & Co. KGaA (+ 5.1 %). We calculate the CO<sub>2</sub> emissions in accordance with Scope 1 and Scope 2 of the GHG protocol.

The Group's emissions in the year under review amounted to 99,047 tonnes of CO<sub>2</sub> (previous year: 101,339 tonnes of CO<sub>2</sub> / KSB SE & Co. KGaA: 21,142 tonnes of CO<sub>2</sub>, previous year: 21,215 tonnes of CO<sub>2</sub>). This means that emissions of this climate-critical greenhouse gas decreased compared with 2018.

By gradually modernising our systems, we are reducing the amount of hazardous substances used in our manufacturing processes. If we discover any environmental contamination at our locations, we set aside provisions to meet the liabilities for the necessary clean-up work. Provisions totalling € 921 thousand have therefore been recognised in the financial statements for KSB SE & Co. KGaA.

Digitalisation enables us to save valuable raw materials in many company processes. This includes the use of paper, for example.

The digital factory – which we have already implemented in a pilot plant – operates without paper, as do several spare parts warehouses in Europe and Asia. In the year under review, we began equipping our trainees in Germany with tablets so that they can access teaching content online.

### Results

- In 2019, several follow-up audits were carried out at German locations in accordance with the German Energy Services Act [*Energiedienstleistungsgesetz*]. The auditors reviewed the measures resulting from the initial audit in 2015. KSB also agreed on further measures to save even more energy.
- At the Frankenthal location, KSB converted the heating systems of about one third of the factory buildings for approx. € 1.6 million. Changing from air heaters to hot water radiant ceiling panels in production halls achieved energy savings of around 30 percent. Further energy-related measures were also implemented at other locations in the year under review.
- KSB has increased the share of renewable energy it uses, increasing this from 31.8 % to 34.4 % in the Group compared with the previous year.

### PRODUCTS

#### Targets

Many of our products and service offerings contribute to the efficient and responsible operation of our customers' systems. We therefore strive to offer as many products as possible that consume little energy and offer many years of reliable operation.

By 2025, we aim to reduce the CO<sub>2</sub> emissions generated through the operation of our water pumps by 850,000 tonnes per year in Europe alone by using variable speed drives.

### Organisation, processes and measures

We attach great importance to the quality and safety of our products in order to prevent accidents and environmental pollution. In production, we comply with recognised standards such as CE and implement an established quality management system in accordance with the international ISO 9001 standard. We are therefore able to design processes such that systematic errors during product manufacturing can be avoided. Furthermore, we have introduced the internal “Made by KSB” certification process. It ensures an equally high standard of quality at 13 locations which exceeds the requirements of the international quality management standard. Our internal certification stands for quality, short delivery times, professional service and optimised manufacturing processes.

Our specialists adopt an integrated approach to optimising energy consumption in our customers’ plants, analysing the entire hydraulic system and the complete life cycle of the plant. In the year under review, KSB trained several employees so that this service can be offered more widely outside Europe.

### Results

- The year under review saw KSB introduce multiple highly efficient products that reduce systems’ energy consumption. These include pressure booster systems for use in buildings and industry as well as a new generation of circulators for heating, ventilation and air-conditioning systems. KSB has developed a special pump for cleaning exhaust gases on ships; the scrubbing of exhaust gases is intended to curb global marine and air pollution.
- To ensure the safety of our products, a total of 129 KSB locations are certified to the ISO 9001:2015 quality management standard. During the year under review, TÜV Rheinland audited 17 locations worldwide. In addition, internal audits are carried out annually at all locations.

## Compliance

### Targets

For KSB, lawful conduct is an important and indispensable part of corporate responsibility. Our customers and business partners expect KSB to act with integrity. That is why compliance with legal regulations and Group-wide directives is part of our core values.

Our goal is to train all relevant employees in cartel / anti-trust law and the prevention of corruption. Using a global matrix of requirements, we ensure for example that all personnel with customer or supplier contact are familiarised with these topics. The training is repeated every three years; in the year under review it was conducted throughout the Group. Any interim needs for training are covered twice a year.

### Organisation, processes and measures

Aiming to support employee compliance, we have developed a binding compliance management system. It ensures that legal requirements and internal KSB rules are adhered to, securing the success of our business in the long term. The compliance system is designed to ensure that KSB and its employees always act in line with applicable laws and directives.

Group Management is responsible for organising compliance, monitored by the Supervisory Board’s Audit Committee. A Group Compliance Officer is responsible for compliance management and reports to Group Management on relevant topics every six months. Support is provided by a Group Compliance Committee, consisting of top-level managers from the company.

Our Compliance Manual describes structures and processes designed to ensure compliant conduct, as well as setting out responsibilities and instruments.

A core element of our compliance system is the KSB Code of Conduct, which applies across the entire Group. It describes the key legal and business policy principles, providing our employees with guidance for their actions. The Code also sets forth the corporate values which govern our conduct in our day-to-day work: honesty, responsibility, professionalism, trust and appreciation. On this basis, we have formulated and communicated specific principles and rules of conduct.

In order to avoid risks resulting from a loss of reputation and legal repercussions, KSB issued two binding corporate directives, one covering compliance with cartel / anti-trust law and one dealing with the prevention of corruption. Both of these directives help to prevent potential violations. Employees receive appropriate training in recognising potential risks and practical guidance to ensure impeccable conduct.

In the event that employees become aware of violations or are unsure whether their actions are compliant, they refer the matter to the compliance organisation, and specifically to the designated Compliance Officer. If necessary, reports will be treated anonymously. In addition, any circumstances that give rise to legal or anti-trust concerns can be reported directly to an independent ombudsperson, who can process potential cases without naming informants. If reliable evidence is presented, then this is pursued.

KSB does not tolerate any violations of compliance by its employees. If investigations reveal sufficient evidence of a violation, this will have consequences for the individual concerned. Depending on the severity, sanctions range from a disciplinary warning to immediate termination of employment; law enforcement agencies may also be involved.

#### Results

- 2019 saw 3,780 employees successfully complete compliance training e-learning modules.
- In 2019, the ombudsperson received one notification of suspected compliance violation. However, a review revealed that this case did not constitute a compliance violation. In 2019, our Group Compliance Office also received five reports of suspected compliance violations. As a consequence, the responsible employees initiated the necessary steps and measures for clarifying the situation following a precisely defined three-stage procedure.

## Human rights

#### Targets

KSB does not tolerate human rights violations. It is our declared goal to prevent all forms of discrimination on the basis of individual characteristics such as age, origin, religion, appearance, gender, sexual orientation, disability or marital status. We do not tolerate discrimination, harassment or reprisals of any kind in the working environment. We have also pledged not to in-

directly tolerate violations of human rights, for example when it comes to selecting our suppliers.

#### Organisation, processes and measures

KSB respects and supports the protection of international human rights. To underline our commitment, we joined the UN Global Compact. As a company, we comply with the conventions of the International Labour Organisation (ILO). We furthermore respect the freedom of association and the right to collective bargaining in our companies. We also observe government sanctions such as embargoes and issue internal export control directives.

Basic conduct requirements among the workforce and with business partners are governed by the KSB Code of Conduct.

In 2019, KSB committed itself for the third time to abide by the UK Modern Slavery Act. We are thus committed to conducting our entire business – including our supply chain – free from all forms of forced labour, slavery or human trafficking.

In order to identify and avoid risks in the supply chain, we practice active supplier management. For every order we place, the supplier declares that it complies with the rules in our Code of Conduct, which corresponds with the human rights principles defined in the UN Global Compact. This enables us, for example, to ensure we avoid purchasing raw materials from areas of conflict where violations of human rights may have been involved in their production. We do not cooperate with companies that are known to have committed human rights violations.

Our employees can contact the compliance organisation or an ombudsperson regarding human rights issues, following the same procedure as for suspected compliance violations (see above).

#### Results

- In 2019 there were no reports of possible human rights violations at KSB.

## Employees

### A MOTIVATED AND CAPABLE WORKFORCE

#### Targets

Our more than 15,000 employees form the basis for sustainable economic success at KSB. This is why we need motivated and capable people who are committed to our customers. It is therefore our aim to increase the engagement score with which we measure the satisfaction of our employees to 80 % by 2025.

As an attractive employer, we want to retain our employees and attract new talent. We implement targeted professional development measures to continuously improve the skills of our workforce. By 2025, we intend to increase the number of training hours per employee per year to 30 hours (2019: 13.6 hours).

KSB is committed to providing equal opportunities. Our goal is to increase the proportion of women in management positions to at least 20 % by 2025 (2019: 13 %).

#### Organisation, processes and measures

Overall responsibility for our human resources work lies with the head of Human Resources, who reports directly to the

CEO and coordinates Group-wide HR issues. Individual locations' human resources departments look after their local employees.

We use several channels when selecting our future employees. These include contacting potential applicants via online social networks. We also participate in recruiting fairs. A further channel for finding potential candidates is cooperation with universities and schools.

We continuously train young people in order to meet demand for specialist staff. At our German locations, 240 trainees and students participating in the country's dual work / degree programmes prepared for professional life. Training staff are particularly focused on qualifying young people for the digitalised world of work. In 2019, we invested almost € 7.2 million in vocational training.

KSB develops the skills and knowledge of its employees to prepare them for specialist and management positions. For this purpose, we have developed a three-stage concept. It distinguishes between Group-wide, departmental and individual professional training measures. Training requirements are agreed between line managers and employees at annual performance evaluation interviews. We offer training measures covering engineering, business administration, information technology, communication and leadership.

#### Workforce by gender

	Total	KSB SE & Co.				Middle East /
		KGaA	Europe*	Asia / Pacific	Americas	Africa
Male employees	84 %	81 %	81 %	89 %	86 %	86 %
Female employees	16 %	19 %	19 %	11 %	14 %	14 %
Male managers	87 %	91 %	87 %	87 %	81 %	93 %
Female managers	13 %	9 %	13 %	13 %	19 %	7 %

#### Number of training hours

	Total	KSB SE & Co.				Middle East /
		KGaA	Europe*	Asia / Pacific	Americas	Africa
Hours per employee	13.6	12	13	9	18	16

\* Including KSB SE & Co. KGaA

In 2019, each of our employees completed an average of 13.6 hours of professional development activities (KSB SE & Co. KGaA: 12). Regional differences (see table on page 27) emerge above all due to varying qualification levels among new employees, meaning that more specialised training is required in some of our companies.

Our Internet-based learning platform launched in 2018 offers our employees the complete KSB training portfolio. In addition to greater use of e-learning, this platform also enables the direct exchange of knowledge and experience among users and thus supports mutual learning.

Diversity and equal opportunities form the basis upon which the people at KSB work together. Our binding human resources principles harmonise with the conventions of the ILO and apply to all KSB companies. In keeping with these principles, when recruiting we focus solely on the professional requirements of the role to be filled and the individual performance and potential of the candidate. Clear responsibilities have been established to ensure this. Management works to ensure that the principles of equal opportunities and diversity are realised in company practice. Our Human Resources department communicates these principles within the Group and adapts them where required. HR also fosters an awareness of this important topic and offers corresponding training and advice.

KSB offers women the same opportunities as men. We have been recording the proportion of female managers since 2017. In the year under review, this figure rose from 11 % to 13 % compared with 2018. Women account for 16 % of the total workforce. In order to support our female staff, we are strengthening the measures taken by KSB to reconcile the commitments of family and work. Such measures include offering childcare during the school holidays. We also offer advice on caring for family members, and both male and female staff can benefit from our flexible working time models. In order to increase the proportion of women in management positions, we will agree further measures in the current reporting year.

Number of training hours per employee:

# 13.6

(KSB SE & Co. KGaA: 9)

KSB is making great efforts to strengthen its position in a highly competitive market environment and to achieve profitable growth. This is only possible with employees who drive the company forward with commitment and passion. Employee satisfaction has a significant influence on the success of the company. We therefore measure the satisfaction of our staff by means of a survey conducted every three years. In the year under review, we were able to carry out these surveys in almost all Group companies for the first time. Compared with the 2016 survey, employee satisfaction increased by 12 percentage points. Managers discussed the results with their teams and collaborated on the development of measures to further improve the score.

Aiming to further increase satisfaction, we emphasise open exchange with our employees. The active engagement of staff contributes to KSB's ongoing development. Employees have the opportunity to participate in regular round-table discussions with members of Management.

Our efforts to balance work and private life include supporting sports and leisure activities that our employees undertake together. This not only motivates participants, but also promotes identification with KSB.

## Results

- 13,889 professional development activities were conducted via our online learning platform in 2019.
- Employee performance evaluation was standardised throughout Europe.
- 14,966 employees were invited to take part in the employee engagement survey, meaning it was accessible to almost all employees worldwide. The response rate was 80 %. Participants evaluated the company, the Management, talent management, collaboration, training and professional development – and for the first time the leadership of their line managers. KSB has improved significantly in all areas evaluated compared with the 2016 survey. Line managers discussed the results with their staff and together developed new measures to achieve further improvements.

## OCCUPATIONAL HEALTH AND SAFETY

### Targets

KSB takes care of the health and safety of its employees. It is our goal to protect our employees from risks at work and to keep the number of occupational accidents as low as possible. By 2025, we aim to permanently reduce the number of days lost due to accidents to less than 0.3 days per employee (2019: 0.3 days). The measures we are undertaking to achieve this include the global “Vision Zero” concept from the International Social Security Association. In addition, we strive to offer our employees opportunities to support healthy living.

### Organisation, processes and measures

Our efforts to prevent accidents in everyday working life are focused on production areas due to their increased risk. Appropriate training, instruction and other preventive measures are implemented regularly. In the year under review, 35 of our production and assembly sites (including all factories of KSB SE & Co. KGaA) were certified according to the ISO 45001 international occupational health and safety standard. This represents 85 % of our locations.

KSB adopts a transparent approach to accident awareness and prevention. We provide daily updates on key occupational health and safety figures in our locations’ entrance areas and production halls in order to raise employee awareness and

facilitate constructive dialogue on the subject of accident prevention.

Health awareness at work is also an important topic for our administrative departments. We therefore offer training including an annual e-learning course on safety in the office.

We invest in the health and well-being of our employees. KSB takes a holistic approach to actively implementing its company health management system. This sees us fulfilling not only our company’s legal requirements in terms of occupational health, but also offering voluntary health care services such as colon cancer screening, skin cancer screening and flu vaccinations.

## Results

- The number of accident-related days lost per employee and year was 0.3 in 2019 (lost time accident rate).
- 523 employees participated in colon cancer screening. 61 employees received a positive test result revealing abnormalities. They were advised to consult their family doctor and have the findings examined.

## Society

### Targets

KSB has traditionally linked economic success with working for the common good, which also includes providing financial assistance to socially active organisations. Through our philanthropic efforts, we aim to contribute to social development that is characterised by a desire to systematically shape the future, ensure social justice and achieve a high quality of life. By 2025, we intend to support 25 social projects.

### Organisation, processes and measures

Our binding donation directive sets out for which purposes and under which conditions we may make financial or material commitments. In this context, we focus on supporting organisations and projects dedicated to the education, social support and protection of children and young people. We are also committed to supporting the disadvantaged. In the event of disasters we provide assistance to both people and organisations.

# 116

In 2019, KSB contributed to more than 100 charitable initiatives and projects.

In 2019, we actively participated in 65 social initiatives in the areas around our locations. These included blood donation campaigns by our employees and material donations for those in need. In addition, we donated more than € 5,000 each to 51 projects whose aims include fighting poverty, promoting healthy living, providing education, clean water and sanitation, and eliminating inequalities.

With our social commitment we contribute to achieving the 17 goals for sustainable development set out by the United Nations. We have focused on the sustainable development goals of good health and well-being (goal 3), quality education (goal 4) and industry, innovation and infrastructure (goal 9).

The provision of financial support for aid projects has a long tradition at KSB. This includes ongoing support for social developments in the areas around our locations. We also make regular donations to projects seeking to supply people with clean drinking water, for which we also provide non-cash support such as pumps.

## Results

- 2019 saw KSB contribute to 44 health projects. These included blood donation campaigns by our employees, preventative measures such as colon cancer screening and donations to hospitals.
- 40 activities focused on promoting quality education. For example, we supported schools with donations of equipment and financial aid.
- With a view to promoting industry, innovation culture and infrastructure, we lent our support to 32 projects. In 2019, for example, we modernised buildings of non-profit organisations that directly benefit people.

More information on our social commitment is available at [www.ksb.com/csr](http://www.ksb.com/csr)

# Limited Assurance Report on the Combined Non-financial Report

To KSB SE & Co. KGaA, Frankenthal

## Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting<sup>1</sup>

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ 289b Abs. 3 und 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of KSB SE & Co. KGaA, Frankenthal, (hereinafter the "Company") for the period from January 1, to December 31, 2019 (hereinafter the "Non-financial Report").

### RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

### INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

<sup>1</sup> PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

### PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our 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, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from from January 1, to December 31, 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization
- Inquiries of management and relevant personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- Identification of the likely risks of material misstatement of the Non-financial Report
- Analytical evaluation of selected disclosures in the Non-financial Report
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the combined group management report
- Evaluation of the presentation of the non-financial information

### ASSURANCE CONCLUSION

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from January 1, to December 31, 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

**INTENDED USE OF THE ASSURANCE REPORT**

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt a. Main, 12 March 2020

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Barbara Wieler