

Separate Combined Non-financial Report

For 150 years, KSB has been committed to sustainable and responsible business practices. This approach has allowed the company to secure lasting success while respecting the rights of individuals and protecting the environment. Sustainability is an integral part of KSB's corporate strategy. This includes the responsible use of resources and the environment, as well as our responsibility to employees and corporate social commitment. These topics are covered 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 its business model, KSB aims to supply customers worldwide with high-quality pumps and valves, as well as related service. The company develops the vast majority of its products itself and manufactures them in factories on four continents. The products are sold via its own sales organisation, supported by dealer networks comprising selected partners. KSB's business model is presented in the group management report (see page 38).

By joining the UN Global Compact in 2010, KSB committed to aligning its business activities with ten universal principles. The Global Compact principles apply equally to managers and employees throughout the company, as well as to all suppliers and business partners.

Sustainability at KSB

KSB has formulated its own corporate sustainability principles via 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 sustainability issues and the implementation of Group-wide sustainability goals. 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.

The Sustainability Committee includes the CEO and management staff from 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.

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 2020. 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 pages 33–35.

In the areas of human rights, labour standards, the environment, anti-corruption and sustainability in the supply chain, 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. These were selected on the basis of their impact on aspects such as energy consumption and the number of employees. The 29 Group companies include all consolidated subsidiaries with production plants and two service companies with energy-intensive workshops.

Key sustainability topics for KSB



As part of its corporate responsibility strategy, KSB is also committed to supporting social initiatives. The company chooses to report on these activities on an entirely voluntary basis, as these do not have any significant or material impact on its business success.

Key issues

KSB communicates regularly with various stakeholders in order to identify their interests and expectations regarding the company. The core sustainability issues defined on this basis – see materiality matrix above – have been reviewed and confirmed by specialist departments and the Sustainability Committee, with oversight from Management. 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)

These issues are related at a fundamental level to manufacturing, products, business partners and employees. KSB's products also

Non-financial objectives up to 2025 and performance indicators

Topics	Objectives up to 2025	Performance indicators
Resource efficiency	More than half of newly developed products are subject to ecological assessment.	Number of development projects
Energy-efficient products	KSB's water pumps save an annual 850,000 tonnes of CO ₂ .	CO ₂ savings for KSB water pumps with variable speed drives
Emissions	KSB production plants reduce their CO ₂ emissions by 30 %. (Reference year: 2018)	CO ₂ emissions at production sites
Education and training	Each employee invests at least 30 hours per year in training and development.	Number of training hours per employee per year
Equal opportunities	At least 20 % of managers are women.	Proportion of women in management positions
Engagement	The employee satisfaction index is 80 %.	Engagement score according to employee survey
Occupational health and safety	The number of working days lost due to occupational accidents is reduced to fewer than 0.3 days per employee per year.	Number of days lost due to accidents (lost time accident rate)
Social commitment	KSB is involved in at least 25 social projects worldwide.	Number of CSR projects
Sustainability in the supply chain	The sustainability performance of 90 % of key regional and global suppliers is assessed.	Proportion of suppliers assessed

* The 17 Sustainable Development Goals of the United Nations take into account 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 conditions and economic growth (8), sustainable consumption and production (12) and climate action (13).

make a direct contribution to protecting the environment, for example, by saving energy or via their use in waste water treatment.

Risks related to non-financial factors

KSB does not see any material risks, as assessed based on the net risk method, associated with its own business and the business relations of the company or 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. The consequences of the COVID-19 pandemic led to challenges in

2020, but did not entail material risks. All other risks affecting our business activities are described in the group management report from page 57.

Goals for 2025

KSB supports the 17 Sustainable Development Goals set out by the United Nations. In 2019, the company developed nine specific sustainability objectives which are aligned with these Sustainable Development Goals and the key issues they address. The company aims to achieve them by 2025 at the latest.

Status as at 31 Dec. 2020	Objective by 2025	SDGs*
7 %	> 50 %	 
428,902 t CO ₂ **	850,000 t CO ₂	  
15.1 % reduction in CO ₂ emissions	30 %	
14.6 hours / year	30 hours / year	 
13 %	20 %	
No survey in 2020; result from 2019: 57 %	80 %	
0.27 days per employee / year	< 0.3	
25	25	    
> 50 %	90 %	 

** The basis for this calculation can be found on page 25 of this report.

The nine objectives 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. In addition, KSB is committed to doing even more to promote gender equality. The company also intends to gather more comprehensive information on how our suppliers deal with sustainability topics. KSB is dedicated to combating poverty and hunger as well as ensuring the availability of clean water and education through social projects. Developing the knowledge of employees is another binding goal. More information on the individual objectives

and progress towards their completion at the end of the year under review can be found in the overview above, and in the respective sections of this non-financial report.

In the year under review, management staff with specialist responsibility for Production, Product Management, Human Resources, Purchasing, Communications and Integrated Management developed plans for achieving the objectives by 2025. The respective departments have already reported the first measures to the Sustainability Committee. The Committee will continue to monitor the measures and review progress towards the completion of each objective twice a year.

Energy consumption

	Total	KSB SE & Co. KGaA	Europe**	Asia / Pacific	Americas	Middle East / Africa
Total energy consumption*	267,157 MWh	98,697 MWh	140,667 MWh	32,213 MWh	81,742 MWh	12,535 MWh
Total electricity ***	147,155 MWh	36,372 MWh	55,881 MWh	27,590 MWh	53,686 MWh	9,998 MWh
Electricity from renewables	54,042 MWh	18,597 MWh	23,985 MWh	8,599 MWh	18,893 MWh	2,565 MWh
CO ₂ emissions	86,342 t	22,181 t	30,066 t	21,414 t	27,517 t	7,345 t

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

** Including KSB SE & Co. KGaA

*** Total differs due to rounding

Environment

ENERGY CONSUMPTION, CO₂ EMISSIONS AND RESOURCE EFFICIENCY

Objectives:

As a manufacturing company, KSB attaches great importance to the responsible use of natural resources. For this reason, the company aims to reduce its consumption of energy and raw materials as far as possible. This helps lessen the impact on the environment while simultaneously increasing the profitability of the company. Furthermore, KSB avoids economic and legal risks which could potentially result from environmental damage and failure to comply with laws and regulations.

By 2025, KSB intends to assess the environmental impact of more than 50 % of its development projects in accordance with the international ISO 14040 standard. This concerns new product developments and significant design modifications to existing type series. Detailed information on the life cycle assessments of new products can thus be determined.

A further goal to be achieved by 2025 is a 30 % reduction in the global CO₂ emissions of the manufacturing plants (based on figures from 2018).

Organisation, processes and measures:

KSB follows the internationally recognised ISO 14001 environmental management system to continuously improve its environmental performance. To date, the company has implemented the environmental management system at 37 production and assembly locations (KSB SE & Co. KGaA: 3 locations); this represents 90 percent coverage.

KSB carries out regular energy audits – most recently in 2019 – at its major European locations to reduce energy consumption and CO₂ emissions. The resulting measures include the energy-efficient refurbishment of our buildings and foundries.

KSB regularly records and evaluates data on energy consumption and CO₂ emissions. In the year under review, energy consumption was 267,157 megawatt hours (KSB SE & Co. KGaA: 98,697 megawatt hours). This represents a year-on-year decrease of 27,569 megawatt hours (KSB SE & Co. KGaA: – 466 megawatt hours). 36.7 % of the energy consumed came from renewable sources (KSB SE & Co. KGaA: 51.1 %). Group-wide, this percentage rose by 2.3 compared with the previous year, making it the highest that the company has ever achieved. KSB calculates CO₂ emissions for Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. The Group's emissions in the year under review amounted to 86,342 tonnes of CO₂ (previous year: 99,047 tonnes of CO₂); for KSB SE & Co. KGaA, the figure was 21,181 tonnes of CO₂, (previous year: 21,142 tonnes of CO₂). Emissions of the climate-critical greenhouse gas were thus reduced by 12,705 tonnes across KSB compared with 2019.

Waste is a by-product of manufacturing. KSB therefore continuously modernises its factories to reduce the amount of hazardous substances used in the manufacturing processes. If environmental pollution is identified at a location, the company sets aside provisions to meet obligations for necessary remediation. Provisions totalling € 980 thousand have been recognised for KSB SE & Co. KGaA in the financial statements.

In 2020, KSB developed a life cycle assessment strategy in accordance with the ISO 14040 international standard to assess the environmental impact of new product developments and significant design changes to existing type series. In a pilot project, the company's product developers defined a suitable process to apply to further development projects.

Climate change is one of the greatest challenges facing humanity. KSB is therefore seeking to reduce greenhouse gas emissions. In the year under review, the company piloted a plan to achieve energy savings in manufacturing. Initial organisational measures in 2020 have already led to lower energy consumption. The knowledge gained will also be used for other locations.

In the year under review, KSB implemented various projects to reduce the consumption of resources. These include switching to reusable packaging in company restaurants, setting up a paperless library for employees in one department and switching to environmentally friendly water dispensers at some locations. The vehicle fleet at the Group's headquarters was augmented with an electric vehicle for business trips.

Results:

- Product developers introduced a process to perform life cycle assessments of our new products.
- In 2020, KSB production sites reduced carbon dioxide emissions by more than 15 % (compared with the base year 2018).
- KSB further increased the share of renewable energy in its electricity consumption. This increased from 34.4 % to 36.7 % in the Group compared with the previous year.

Products

Objectives:

Many of KSB's products and service offerings contribute to the efficient and responsible operation of customers' systems. The company therefore strives to maximise its range of products offering many years of operation characterised by reliability and low energy consumption.

Percentage of renewable energy in our power consumption:

36.7

(KSB SE & Co. KGaA: 51.1 %)

By 2025, KSB aims to reduce the CO₂ emissions generated through the operation of its water pumps by 850,000 tonnes per year in Europe alone by using variable speed drives.

Organisation, processes and measures:

To assess how much carbon dioxide our water pumps save during operation, KSB's Product Management in the year under review determined the number of these pump sets in use based on the production volume since 2004, and calculated their average annual energy consumption. This estimate assumes 7,000 operating hours and a typical load profile for these applications, as well as the average CO₂ equivalent for Europe of 343 g/kWh according to the German Association of the Automotive Industry (VDA) for 2019 for the European Union (EU28) electricity mix. As shown in the Energy Efficiency with Electric Drives study from the German Electrical and Electronic Manufacturers' Association (ZVEI), demand-oriented operation via the use of variable speed drives and high-efficiency motors allows energy savings averaging 30 % compared with conventional fixed-speed pump systems. Savings of 30 % can therefore also be assumed for KSB's standardised water pumps. The calculation will be continued.

KSB attaches great importance to the role of product quality and safety in preventing accidents and environmental pollution.

In production, the company complies with recognised standards such as CE and a well-established quality management system in accordance with the international ISO 9001 standard. This allows processes to be designed such that systematic errors during product manufacturing can be avoided. In addition, the company's own Made by KSB certification available at twelve locations designates a level of quality which exceeds the requirements of the international standard for quality management. The certification stands for quality, short delivery times, professional service and optimised manufacturing processes.

Results:

- With their variable speed drives, KSB's population of water pumps saved an estimated 428,902 tonnes of CO₂ in 2020.
- A total of 128 KSB locations are certified in accordance with the ISO 9001:2015 quality management standard

to ensure the reliability and safety of their products. In the year under review, TÜV Rheinland audited 15 locations worldwide. In addition, internal audits are carried out annually at all locations.

Compliance

Objectives:

For KSB, lawful conduct is an important and indispensable part of corporate social responsibility. Customers and business partners expect the company to act with integrity. That is why compliance with legal regulations and Group-wide directives is part of KSB's core values.

The aim is to train all relevant employees on anti-trust / cartel law and anti-corruption policies. Using a global matrix of requirements, KSB for example ensures that all personnel with customer or supplier contact are familiarised with these topics. Training is repeated every three years and was last performed Group-wide in 2019. Any interim training needs are covered twice a year.

Organisation, processes and measures:

Lawful conduct is an integral element of KSB's corporate social responsibility. A binding compliance management system supports the compliant conduct of employees. It ensures compliance with legal provisions and internal regulations, thereby

safeguarding the economic success of the company 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 and is 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.

KSB's Compliance Manual describes structures and processes designed to ensure compliant conduct, and specifies responsibilities and instruments.

A core element of the compliance system is the KSB Code of Conduct, which applies across the entire Group. It defines the key legal and business policy principles, providing employees with guidance for their actions. The Code also sets forth the corporate values which govern conduct in day-to-day work: honesty, responsibility, professionalism, trust and appreciation. On this basis, KSB has 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 proper 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. Plausible evidence indicating infringements is investigated.

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:

- 2020 saw 4,761 employees successfully complete compliance training e-learning modules.
- In China, KSB launched a campaign in the year under review to further improve the employees' awareness of compliance issues. At the heart of the initiative is regular communication between senior management and the workforce to ensure lawful conduct.
- Reports of suspected compliance violations submitted via the ombudsperson and the compliance organisation triggered a clearly defined three-stage procedure in each case to clarify the facts and initiate the necessary measures.

Human rights / sustainability in the supply chain

Objectives:

Respecting human rights is a core element of corporate social responsibility as practised by KSB. The company recognises the obligations this entails throughout the company and along the entire value creation chain. It is KSB's 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. KSB does not tolerate discrimination, harassment or reprisals of any kind in the working environment.

The company also refuses to accept human rights violations by its suppliers. KSB therefore aims to assess 90 % of its global and regional key suppliers in terms of their sustainability performance by 2025. This will focus on, but not be limited to, their safeguarding of human rights.

Organisation, processes and measures:

By signing the UN Global Compact, KSB has undertaken to protect and respect international human rights. The company also complies with the conventions of the International Labour

Organisation (ILO). All KSB companies respect the freedom of association and the right to collective bargaining. The company also observes government sanctions such as embargoes, and communicates internal directives on export control.

In the year under review, KSB published a Human Rights Policy Statement. It documents the company's commitment with respect to employees, business partners and the public. The policy statement defines human rights criteria which must be observed in everyday business.

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

In 2020, KSB reaffirmed its commitment to the UK Modern Slavery Act. This includes a commitment to ensure that all business conducted – including the supply chain – is free from all forms of forced labour, slavery or human trafficking.

KSB uses active supplier management to identify and avoid risks in the supply chain. For every order placed, the supplier declares that it complies with the rules in the KSB Code of Conduct, which corresponds with the human rights principles defined in the UN Global Compact. These measures were taken to minimise the risk of human rights violations in the supply chain. As a matter of principle, KSB does not work with companies that are known to violate human rights.

In 2020, Purchasing developed a plan for reassessing the risk of human rights violations with suppliers. Potentially critical countries can be identified by means of a process introduced throughout the Group. To date, KSB has assessed the purchasing volume for all main product groups with regard to country-specific risks. Appropriate measures have been derived from the findings, such as requiring self-disclosure from our suppliers via questionnaires.

KSB's employees can contact the compliance organisation or an ombudsperson regarding human rights issues, following the same procedure as for suspected compliance violations (see page 26).

Results:

- 2020 saw KSB publish a Human Rights Policy Statement, thereby supplementing guidelines already in place.
- Since 2017, KSB has assessed the sustainability performance of more than 50 % of its key global suppliers. This also includes the actions of business partners regarding human rights.

Employees**PEOPLE ARE THE FOUNDATION FOR SUCCESS****Objectives:**

Across the globe, more than 15,000 employees are committed to serving KSB's customers. A capable and motivated workforce forms the basis for this success. This is why the company is striving to increase its engagement score, which measures employee satisfaction, to 80 % by 2025.

Employee knowledge is a decisive factor, especially in the age of digitalisation. KSB therefore implements targeted training measures to continuously develop the skills of its workforce. By 2025, the company aims to increase the number of training hours per employee per year to 30 hours; in the year under review this figure was 14.6 hours.

KSB is committed to providing equal opportunities. Its goal is to increase the proportion of women in management positions to at least 20 % by 2025 (2020: 13 %).

Organisation, processes and measures:

Overall responsibility for human resources work at KSB 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 managers and employees.

When recruiting future employees, the company uses several channels. In addition to traditional job advertisements, contact with potential applicants is also established via online social networks. Due to the pandemic, opportunities to participate in recruitment fairs in 2020 were limited. The same applies to cooperations with universities and schools, another channel by which KSB establishes contact with potential candidates.

Number of training hours per employee:

14.6

(KSB SE & Co. KGaA: 18)

In order to ensure demand for skilled staff is met, the company continuously trains young people. Opportunities for trainees include completing part of their training with one of KSB's international companies. This improves their capacity for international cooperation and offers valuable experience gained in a different environment. As of the end of 2020, 247 trainees and students in dual work / degree programmes prepared for professional life at KSB's German locations. In 2020, KSB invested almost € 7.3 million in vocational training.

KSB continuously develops the skills and knowledge of its employees to prepare them for specialist and management positions. The company has developed a three-stage approach for this purpose. 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. Qualification measures cover engineering, business administration, information technology, social competence, communication and leadership. In 2020, employees completed an average of 14.6 hours of professional development activities (KSB SE & Co. KGaA: 18). Regional differences (see table on page 29) emerge above all due to varying qualification levels among new employees, meaning that more specialised training is required in some companies.

Workforce by gender

	Total	KSB SE & Co. KGaA	Europe*	Asia / Pacific	Americas	Middle East / Africa
Male employees	84 %	81 %	80 %	89 %	86 %	86 %
Female employees	16 %	19 %	20 %	11 %	14 %	14 %
Male managers	87 %	91 %	88 %	88 %	81 %	92 %
Female managers	13 %	9 %	12 %	12 %	19 %	8 %

Number of training hours

	Total	KSB SE & Co. KGaA	Europe*	Asia / Pacific	Americas	Middle East / Africa
Hours per employee	14.6	18	16	15	11	14

* Including KSB SE & Co. KGaA

In the year under review, KSB introduced a new HR tool to automate and standardise personnel processes. Managers use the web-based application to support the professional development of their employees. In addition, all users can update information on their knowledge and skills in their personal profile. This increases the visibility of knowledge available in our company.

In 2020, KSB employees made greater use than ever before of the company's Internet-based learning platform for virtual training. As a result of the pandemic, digital formats replaced most face-to-face training. In addition, training organised within the scope of four international projects covered increased demand for professional development. The implementation of our market-oriented organisational structure also led to new learning content. Almost 13,000 employees from 55 countries can now use the learning platform. In addition, 2020 saw KSB increase access for its employees to virtual training courses offered by external providers. The expansion of e-learning and webinars will continue to be pursued.

Diversity and equal opportunities are an important basis for economic success in a globalised world. KSB's binding human resources principles align with ILO agreements and apply to all Group companies. The company selects candidates for positions

exclusively on the basis of necessary professional requirements and the individual performance and potential of the applicant. Clear responsibilities were defined to support this process. Management works to ensure that the principles of equal opportunities and diversity are realised in company practice. Human Resources 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.

At KSB, women have the same opportunities as men. In 2020, the proportion of female managers in the Group was unchanged from the previous year at 13 % (KSB SE & Co KGaA: 9 %); women account for 16 % of the total workforce (KSB SE & Co KGaA: 19 %). In order to achieve a more balanced mix of men and women in management, several measures were implemented in the year under review. These included events with female young potentials in which members of Management also took part. In addition, KSB is increasingly seeking to appoint women to management positions if applicants are equally qualified.

Due to coronavirus-related challenges posed by school and day-care closures in the year under review, the company enabled its employees to work on a mobile basis from an early stage in order to ease the burden on parents. In addition, many employees used flexible working time models to care for their family members.

KSB understands the value of employees who are committed and passionate about the company's success. As an attractive employer, the company strives to create motivating working conditions for its employees. KSB regularly evaluates the satisfaction of its workforce by conducting an employee survey every three years; the next one will be carried out in 2022.

KSB has also implemented measures to further increase employee satisfaction under the more difficult conditions caused by the pandemic in 2020. Virtual events enabled the continuation of open exchanges between managers and employees. The company has introduced its own satisfaction brand to raise awareness within the workforce and support the internal communication of measures designed to boost engagement.

KSB promotes the active participation of employees in the company's activities in many areas. The year under review saw employees help shape the future of their work, for example by contributing their ideas on collaboration or future office design, in classic workshops and via our in-house ideas and innovation portal.

Pandemic restrictions during the year under review meant that group sports and leisure activities for employees could only be conducted via virtual channels.

Results:

- KSB is automating and standardising its HR processes with an HR tool introduced in 2020.
- In the year under review, the number of professional development measures recorded via the online learning platform increased significantly to 24,164 (2019: 13,889). 8,617 employees registered for training.
- A strategy for promoting opportunity for women was implemented.

OCCUPATIONAL HEALTH AND SAFETY

Objectives:

As the coronavirus pandemic clearly demonstrated: Employees' health and safety is a valuable asset that must be protected. The company's goal is to protect staff from risks at work and to keep the number of occupational accidents as low as possible. By 2025, KSB aims to permanently reduce the number of days lost due to accidents to fewer than 0.3 days per employee (2020: 0.27 days). In addition, employees have access to a range of health-focused services.

Organisation, processes and measures:

In response to the coronavirus pandemic, KSB set up an interdisciplinary task force in the year under review to respond quickly and flexibly to unfolding events. Contingency plans were established at all locations at the beginning of the pandemic. To reduce the risk of contagion, the company agreed remote working arrangements with employees wherever possible. In addition, locations introduced a range of measures and rules applying equally to employees and external parties depending on the local situation. These included general hygiene measures and avoiding business trips, face-to-face meetings as well as customer visits, and the implementation of mandatory requirements for wearing masks and keeping distance. The communication of appropriate hygiene measures and the distribution of protective masks were also part of the measures.

The focus of accident prevention in everyday work at KSB is in the production areas due to their increased risk. Appropriate training, instruction and other preventive measures are implemented regularly. In the year under review, 35 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.

89

In 2020, KSB contributed to more than
25 social projects and 64 charitable initiatives.

2020 saw KSB begin introducing the global Vision Zero concept developed by the International Social Security Association (ISSA) in its production departments in order to reduce the number of occupational accidents. This aims to increase involvement of management staff so as to raise awareness of improved occupational health and safety. Managers learn about suitable measures that they can apply individually to their production facilities. The concept was tested for the first time at six locations in the year under review and presented to staff responsible for Integrated Management worldwide. Its global implementation is scheduled for 2021.

In order to raise employee awareness of occupational health and safety issues while facilitating constructive dialogue on accident prevention, the year under review saw KSB implement measures from a special campaign launched in 2019 as part of the company's ideas management.

KSB maintains an active occupational health management system with a holistic approach. As well as fulfilling the company's legal occupational health and safety obligations, this framework

enables KSB to provide voluntary health-focused services such as flu vaccinations. Throughout 2020, the company offered a range of health initiatives on a continuous basis. These included stop-smoking courses and training on preventive measures for staying healthy.

Results:

- The number of accident-related days lost per employee and year in 2020 was slightly lower than in the previous year at 0.27 (lost time accident rate).
- The year under review saw KSB introduce the Vision Zero concept in Argentina, Brazil, Chile, Spain, South Africa and the USA to create even greater awareness of occupational health and safety issues.
- In Germany, 905 employees took advantage of the flu vaccination offered by the company medical service.

Society

Objectives:

As a global company, KSB bears responsibility not only for itself, but for broader society as a whole. The company is therefore committed to providing financial support for organisations engaged in social initiatives. With its charitable commitments, KSB seeks to contribute to the development of the common good. By 2025, the company intends to support 25 social projects.

Organisation, processes and measures:

KSB's binding Donation Directive sets out for which purposes and under which conditions the company 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. The company is also committed to helping the disadvantaged. In the event of disasters it provides assistance to both people and organisations.

Social engagement in the year under review was significantly shaped by the pandemic. Many locations donated protective masks to daycare facilities for children, schools, hospitals and government offices. During the lockdown period, KSB trainees in Frankenthal and Halle took care of shopping for former employees of retirement age and their colleagues working from home. Those who were particularly badly affected received food and financial aid. In France, development specialists succeeded in manufacturing a valve for use in ventilators to alleviate supply bottlenecks in hospitals.

The company's social engagement sees KSB making a contribution towards achieving the United Nations' 17 Sustainable Development Goals. As in the previous year, the company focused on health and well-being (goal 3), quality education (goal 4) and industry, innovation and infrastructure (goal 9).

The company supports aid projects in the vicinity of its locations to contribute towards a well-functioning community. It also regularly donates to projects around the world to provide people with clean drinking water.

Founded in 1942, the Geheimrat Dr. Jacob Klein-Unterstützungseinrichtung e.V. benevolent fund originally functioned to finance the KSB pension scheme. Since 1999, the charitable organisation has continued to support current and former employees of KSB SE & Co KGaA (including employees of the German Group companies) and their immediate families in cases of urgent financial need, for example, by providing grants for health care treatment and medical aids.

KSB will continue to support social initiatives in the future. Here, the company remains true to the words which its founder, Johannes Klein, had engraved onto the fountain he donated in 1910:

“Do not squander what you have earned through a life of work, instead let it benefit the common good.”

Results:

- In 2020, KSB participated in 25 social projects and 64 charitable initiatives worldwide.

More information on our social commitment is available at www.ksb.com/csr-en.

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 Reporting¹

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGB („Handels-gesetzbuch“: „German Commercial Code“) of KSB SE & Co. KGaA, Frankenthal (hereinafter the “Company”) for the period from 1 January to 31 December 2020 (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 Qualitätssicherungs-standard 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.

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

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the information in 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 1 January to 31 December 2020 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 and of the stakeholder engagement
- Inquiries of 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 1 January to 31 December 2020 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 am Main, 9 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

ppa. Meike Beenken