

REPORT ON SUSTAINABILITY

Content

Group Non-Financial Report of Wirecard AG

2018 **2**

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|----|-----------------------------------|---|
| 1. | Basis for reporting | 2 |
| 2. | Non-financial topics of the Group | 4 |

Group Non-Financial Report of Wirecard AG 2018

1. Basis for reporting

1.1 Regulatory requirements and auditing

With this Group Non-Financial Report prepared in accordance with Section 315b of the German Commercial Code (HGB), we comply with our reporting obligation according to the CSR Transparency Directive Implementation Act (CSR-RUG). The basis for reporting are the following aspects stated in Section 315c (2) and Section 289b (2) of the HGB: environmental aspects, employee aspects, social aspects, respect for human rights and combating corruption and bribery. The company has dispensed with the option of using a framework in order to provide targeted information for readers of the report.

Unless otherwise indicated, the information and figures in this declaration refer to the Group and the 2018 fiscal year (1 January to 31 December).

Ernst & Young GmbH was commissioned to complete an audit with limited assurance of the Group Non-Financial Report of Wirecard AG 2018 for the period from 1 January 2018 to 31 December 2018. In the following explanations, a reference will be used to indicate whether the information relates to the Group as a whole (also described below as "Wirecard" or the "Group"), to Wirecard AG as a single company ("Wirecard AG"), to Wirecard Bank AG ("Wirecard Bank") or to a single location.

1.2 Process for selecting material topics and conducting a risk assessment

The material topics for the Group Non-Financial Report were identified at Wirecard in the 2018 fiscal year by a cross-departmental working group consisting of representatives from all key areas of the Group. During a workshop held to carry out the materiality analysis, all of the topics relevant to the Group were compiled and prepared while taking sustainability aspects into account (environmental aspects, employee aspects, social aspects, respect for human rights and combating corruption and bribery). A topic was considered material in the sense

of the CSR-RUG if it is relevant to understanding the business performance, results and position of the Group and if the business activities of the Group related to this topic also have a significant impact on sustainability aspects. The results were entered in a materiality matrix.

The six material topics for the Group determined using this method are anti-corruption, data protection, preventing money laundering and the financing of terrorism, diversity and equal opportunities, employer attractiveness and further training. The range of relevant topics and also the scope of this report was thus expanded in comparison to the previous year (in which anti-corruption, data protection and employee recruitment were identified as material topics). Employee recruitment was included in this reporting year under the topic of employer attractiveness.

An analysis of the non-financial risks for all material topics according to the CSR Transparency Directive Implementation Act was carried out by Risk Management which is responsible for the whole Group. This process examined whether the business activities and actions of the Group posed any material risks relating to the obligatory reporting aspects of environment and society, employee aspects, human rights and anti-corruption in accordance with Section 315b and Section 289c (2) of the HGB. This examination took into account the probability of occurrence and the extent of any potential negative impacts on these aspects. In the fiscal year and as of the reporting date, no material risks were identified using the risk management process of the Group (net method) that have or will have a very likely serious negative impact on these aspects. The handling of these topics within Group-wide Risk Management is regularly examined and updated.

1.3 Description of the business model and organisation Business model

Wirecard is a global technology group that supports its customers and partners in accepting electronic payments from all sales channels and also in the issuing of payment

instruments. As a leading international independent supplier, Wirecard offers outsourcing and white label solutions for electronic payments. International payment acceptances and methods with supplementary fraud prevention solutions, as well as card issuing, can be provided via a global platform.

The acquiring and issuing services are linked with one another via the integrated platform and are made accessible via Internet technology (APIs). With regard to issuing own payment instruments in the form of cards or mobile payment solutions, Wirecard provides companies with an end-to-end infrastructure, including the requisite licences for card and account products. The uniform platform approach and seamlessly integrated value added services such as data analytics, customer loyalty programmes and digital banking services support customers and partners of Wirecard to successfully master the challenges of digitalisation.

Global presence

Wirecard provides its international and globally active customers and partners with local support via its regional sites for technology, services and sales due to its global presence. Wirecard's global presence covers Europe, the Asia-Pacific region, Latin America, North America, and the Middle East/ Africa. The core European markets are Germany, France, Great Britain, Ireland, Austria and Romania. The global presence of Wirecard is structured around five key locations, to which smaller locations in other countries are assigned. These are the Group headquarters in Aschheim for Europe, Singapore for the Asia-Pacific region, São Paulo for Latin America, Conshohocken (Philadelphia) for North America and Dubai for the Middle East / Africa.

Organisation, management and supervision

The Group parent company Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility for Strategic Corporate Planning and the central tasks of Human Resources, Legal, Treasury, Controlling, Accounting, Group Audit and Group Compliance, M&A, Strategic Alliances and Business Development, Risk Management, Corporate Communications and Investor Relations, as well as Facility Management. The holding company also manages the acquisition and management of participating interests. The Management Board of Wirecard AG is responsible for the management of the Group, while it is monitored by the Supervisory Board. As a subsidiary within the Group structure, Wirecard Bank AG, Aschheim, processes, in particular, the payment transactions concluded via the retailer accounts that it manages.

2. Non-financial topics of the Group

The following section will report on the topics of anti-corruption, data protection, preventing money laundering and the financing of terrorism, diversity and equal opportunities, employer attractiveness and further training that were identified as obligatory non-financial reporting topics.

Compliance Management System of the Group

Compliance management at the Group acts as the basis for the company's business activities in relation to, amongst other things, the non-financial topics of anti-corruption and data protection and will be explained in more detail below.

The Group Compliance Office is responsible for the processes and systems that ensure compliance with the requirements and monitors how they are set up and operationally implemented across the Group. The Head of Group Compliance Office reports to the Chief Compliance Counsel and where necessary directly to the Chief Financial Officer (CFO).

In order to explain Wirecard's clearly defined awareness and understanding of compliance to all managers and employees, the Management Board has laid down its values in a Code of Conduct that define the social and ethical self-image of the Group and which represent the main frame of reference for guiding our business activities. The Code of Conduct is implemented by all Group companies, is a binding document for all employees and the latest version can be viewed on the Intranet at all times.

We also expect our business partners to fulfil the same requirements that we place on our own activities. Therefore, the compliance requirements defined in our Code of Conduct are also imposed contractually on our business partners by integrating compliance clauses into our IT procurement conditions.

The values laid down in our Code of Conduct are put into practice in various internal company policies, which focus, in particular, on anti-corruption and data protection issues. The policies are designed to help employees during their

daily work and support them in integrating the issues of anti-corruption and data protection as well as other issues into their everyday working lives.

2.1 Anti-corruption

Avoiding and combating corruption has a material impact on the business activities of Wirecard because we are also active in countries that are classified as high risk for corruption according to Transparency International. Cases of corruption could have serious repercussions for Wirecard. These include heavy fines, imprisonment, exclusion from public procurement contracts, so-called blacklisting and a loss of reputation, as well as the termination of collaborations with strategic customers and a drop in business with new customers. Therefore, combating corruption is a fixed component of our compliance activities.

Our commitment to transparency, independence and a sense of responsibility mean that we must avoid even the impression of exerting any undue influence in any situation. The legal regulations relating to corruption for the entire Group are applicable in all countries in which Wirecard is active. Alongside country-specific laws, this includes globally applicable regulations such as e.g. the American Foreign Corrupt Practices Act (FCPA) or the UK Bribery Act.

Anti-corruption policy

As part of compliance management, the Group places special focus on avoiding and combating corruption and has implemented a special Group-wide policy in this area since 2017. Alongside rules for the general handling of gifts, this policy also includes a special duty of transparency when dealing with gifts and invitations that must be strictly observed by employees. It obligates employees to notify their superiors about any expensive or unusual gifts or invitations. The superior or – depending on the type and scope of the gift or invitation – the Group Compliance Office will decide whether it can be accepted in each individual case. Approval from the Group Compliance Office or the Management Board is required for invitations from public officials, comparable persons or for unusual gifts.

In the case of gifts and invitations granted by employees of Wirecard, our employees are obligated to comply with the Anti-corruption policy.

In addition, there are preventative measures such as the decentralised monitoring of event expenditure and travel costs in each department or subsidiary. Expenditure limits are defined in the travel cost guidelines. Furthermore, a strict dual control principle applies – as it does in general – for the approval of invoices.

Whistleblowing

We also offer our employees the opportunity to report breaches of compliance or misconduct in the Group either by giving their own name or fully anonymously. For this purpose, an Internet-based whistleblower system has been set up that is accessible worldwide 24 hours a day, seven days a week and enables secure communication with the whistleblower. The system is operated by an external service provider that specialises in the secure handling of data. Our whistleblowing system enables our employees to report issues relevant to corruption, such as weaknesses in internal processes or suspected cases – anonymously if necessary.

Measures taken in the reporting period on the theme of anti-corruption

In order to prevent there being any form of influence, we initiated a series of measures in the reporting period. Our IT suppliers will thus be contractually bound to observe the values laid down in the Wirecard Code of Conduct. Alongside the already implemented Anti-corruption policy, a policy for handling conflicts of interest was developed, which instructs employees on how to prevent and handle conflicts of interest. This covers, amongst other things, the following themes: 1) the employment of related parties at Wirecard, 2) the employment of related parties at customers, suppliers, competitors or partners, 3) ancillary activities, 4) board activities, 5) financial investments in other companies and 6) using the funds and assets of Wirecard for own benefit.

Training courses

A training concept was developed that is valid globally and was implemented using an online training tool purchased from an internationally renowned training provider. The

tool includes training courses on anti-corruption and other compliance-relevant issues. Using the online training tool, courses on the theme of anti-corruption will be provided to all employees on a regular basis in future, which are also available as self-study courses. As part of the Group-wide training concept, face-to-face training courses for management on the theme of anti-corruption were also offered at the location in Aschheim. There are plans for the Compliance Officers to gradually introduce face-to-face training courses at the subsidiaries and to repeat these courses on a regular basis.

Anti-corruption at business partners

As part of the continuous development of the measures for avoiding corruption, the introduction of an online tool for examining and monitoring compliance with anti-corruption guidelines at business partners is planned in 2019. Various providers have already been tested, although a final decision on which tool to purchase has not yet been made.

Investigating violations with the goal of avoiding corruption

If material violations of legal or internal company regulations are suspected, we carry out an event-based audit. Depending on the type and scope of the suspected case, we complete the audit ourselves or commission external auditors. In the event that a violation relating to the avoidance of corruption has actually occurred, measures for identifying the risks and avoiding any damage are implemented on an individual basis. At the same time, measures to largely exclude the possibility of the same violation being repeated are implemented.

Cases of corruption in the reporting period

No cases of corruption were confirmed in the 2018 reporting period. Nor did a compliance investigation conducted by an external law firm in Singapore in the year under review reveal any evidence of corruption in the course of the investigation.

2.2 Data protection

As a leader for innovation in the digitalisation of payment processes, we are aware of the data protection and data security risks associated with advancing digitalisation. The processing and protection of personal data are integral components of the business model of Wirecard and its subsidiaries.

Our employees, third party employees, customers, end consumers, partners and suppliers (hereinafter jointly described as stakeholders) must be able to rely on the fact that their data is secure with us and that we process this data in compliance with the relevant laws. Therefore, IT security and data protection are of vital importance to us. We have implemented numerous measures to guarantee that the fundamental rights of our stakeholders are protected when we process their data.

In order to establish reliable work processes, it is thus essential to always understand our own data flows and processing steps for the handling of personal data and to design them based on the applicable laws and other rules so that any actual risks and legal risks can be identified at an early stage.

Integration of data protection into processes and products

Our aim is to protect personal data within the area of responsibility of Wirecard in the best way possible. This is based on the responsible handling of personal data, as well as the implementation of commonly used and state-of-the-art data protection measures.

Wirecard is currently working on the further effective and efficient design of the relevant business and compliance processes. The focus in 2018 was placed on the implementation of the regulations in the General Data Protection Regulation (EU GDPR). The Group Compliance Office oversaw the implementation of the required measures and worked together closely with our external Data Protection Officers. This project was supported by strengthening data protection skills through internal training courses and the involvement of other external IT experts. The Global Data Protection Governance Structure was agreed in the reporting year to highlight the strict compliance with data protection regulations and the lines of reporting and responsibility in the Group. The Global Data Protection Governance Structure describes the organisational measures that have been taken by the Group to ensure the best possible protection of data.

To accompany the implementation of the EU GDPR, Wirecard carried out a project in 2018 to record and categorise all IT systems.

Alongside the Global Data Protection Governance Structure, other internal guidelines on the theme of data protection, such as the Global Data Protection Impact Assessment Policy or the Incident Management Policy, were implemented or updated in 2018 as part of the implementation of the EU GDPR.

Another element of the implementation of the EU GDPR was the development of new standard contracts for order processing at the Group in compliance with the EU GDPR regulations, for the company's role as both a contractor and also a client. Both standard documents (for Wirecard in its role as a contractor or as a client) include technical and organisational measures for maintaining an appropriate level of security for the processing of data. In addition, new guidelines were developed for the Wirecard product range to take into account the amended regulations in the EU GDPR.

Achievement of reliable data protection

The achievement of our data protection goals is supported by, amongst other things, checks and monitoring during the introduction of new processes or amendments to processes and to the associated IT environment.

Data protection impact assessments in the sense of Article 35 of the GDPR were initiated, in particular, by the project managers and – in the case of Wirecard Bank – by the “new products” process. Depending on the risk in each case, data protection impact assessments were carried out as a result.

If a notification is received or there is an incident, so-called event-based audits are also carried out. Such event-based audits, as well as checks and monitoring of processes, are carried out by the external Data Protection Officer and in coordination with the Group Compliance Office or Group Audit.

General audits of business processes, in which compliance with the applicable data protection guidelines is also audited, are carried out regularly within the framework of the normal audit procedures within the Group. Such audits are carried out regularly at Wirecard Bank.

As a company subject to financial regulation from a legal perspective, Wirecard Bank regularly undergoes PCI-DSS audits to check compliance with corresponding regulations in the payment card industry. As Wirecard Bank uses Wirecard Technologies GmbH as a technical service provider for compliance with the regulations in the payment card industry, the PCI-DSS audit is in fact carried out at Wirecard Technologies GmbH. PCI-DSS audits are carried out on an annual basis and include checks on network and system security, the protection of the card holder's data, the use of a Vulnerability Management System, the implementation of access controls, regular inspections and testing of the networks and the Information Security Policy.

In addition, the Data Protection Authority of Bavaria for the Private Sector started a supervisory audit of Wirecard Bank in accordance with data protection law in October 2018. This audit was not based on any specific event. Wirecard Bank was requested to complete a questionnaire consisting of 50 questions and to submit corresponding documentation, which was completed within the legal deadline with the aid of the external Data Protection Officer. The on-site audit by the authority has not yet been completed at the time of this report.

These measures are accompanied by an IT project to record and maintain the Group-wide data flows. This is designed to greatly simplify the allocation of the existing data(bases) and the inflows and outflows of data. The project includes an assessment of the data processing measures in accordance with data protection law and supports the revision of the processing directories of the Group companies. Based on the evaluation of the project, the aim is to develop at least a semi-automated process for handling enquires from data subjects in the long term. The evaluation of the project is currently still in progress.

To protect personal data against misuse, we use, amongst other things, the following measures as part of the due diligence process for suppliers and also in the event of acquisitions:

We require our suppliers to sign an order processing agreement, as well as to implement technological and organisational measures to provide a suitable level of data protection.

Furthermore, we attach great importance to the protection of personal data by observing a “need-to-know principle (only transferring information to knowledge holders who are directly relevant to the project), as well as by carefully separating data and systematically restricting IT access. For example, our external data protection consultants only receive access to our internal databases used as part of the IT project to the extent necessary to fulfil their tasks. Other parts of the database remain blocked. In addition, we emphasise the principle of data minimisation to our employees. As part of the due diligence process, access

is limited to the information that is actually required. If necessary, random samples from the data sets are made available.

All of our employees at our European sites are required to participate in a training course on the subject of data protection. Training is provided in the form of e-learning courses. We have also implemented a comparable training concept for our employees in the Asia-Pacific region. Until this training concept has been integrated across the Group, our employees in other regions (e.g. USA, Latin America) use already existing services in their companies. Alongside the training measures, we also use other measures to raise awareness amongst employees. This is achieved by, amongst other things, email newsletters (Security Newsletter), making data protection factsheets available and providing information/training to multipliers (especially management personnel).

Data protection in the reporting period

The external Data Protection Officer and the Group Compliance Office are not aware of any legal or official judgments made against the Group in the area of data protection law in the reporting period. The Group did not make any notifications in accordance with Articles 33 and 34 of the GDPR.

2.3 Prevention of money laundering and the financing of terrorism

Integrating the prevention of money laundering and fraud into the Group

We believe that we have a corporate responsibility to prevent the misuse of the financial system through the concealment and transfer of assets from illegal origins and to prevent the financing of terrorism. Due to our global business activities and the processing of payment transactions across borders together with the resulting opportunities and challenges, it is essential for the Group to develop effective security concepts to prevent money laundering and to implement them accordingly via the Central Department for the Prevention of Money Laundering and Fraud as the responsible specialist department.

The existing Anti-Money Laundering concept (AML concept) is valid for the activities of Wirecard Bank AG. In order to implement a Group-wide concept for the prevention of money laundering and the financing of terrorism, work has begun at a Group level to establish a central department to manage Group activities for the prevention of money laundering and the financing of terrorism. Specific steps are planned for 2019.

Therefore, the following information refers to Wirecard Bank.

The Central Department for the Prevention of Money Laundering and Fraud comes under the organisation of Wirecard Bank. The currently valid laws and also the regulatory requirements stipulated by BaFin act as the regulatory framework for determining the tasks and responsibilities of the Central Department for the Prevention of Money Laundering and Fraud.

Accordingly, the Central Department for the Prevention of Money Laundering and Fraud has set itself the goals of:

- formulating appropriate rules and implementing measures to protect the financial and payment processing services offered by Wirecard Bank against misuse for the purposes of money laundering, financing terrorism, evading sanctions or other criminal activities;
- providing assistance for all questions relating to money laundering and fraud, especially in the development of new markets and products;
- raising awareness for and offering employees of the Group comprehensive training in the area of money laundering, fraud and the financing of terrorism so that they can play an effective role in protecting against them;
- rigorously investigating indications of money laundering, fraud and the financing of terrorism in order to identify and close security loopholes at an early stage.

The prevention of money laundering and the financing of terrorism, as well as the observance of sanctioning regulations, are critically important for the entire Group. It is for this reason that the Central Department for the Prevention of Money Laundering and Fraud, represented by the Money Laundering Officer, reports directly to the Management Board of Wirecard and has comprehensive powers to introduce and implement a range of measures in its area of responsibility. The Money Laundering Officer is authorised, for example, to issue internal instructions on all matters relating to the prevention of money laundering, other criminal offences and the financing of terrorism to all employees. In addition, the Money Laundering Officer has the power to represent the Group externally in all matters relating to combating and preventing money laundering.

As part of regular communication measures, there is a constant exchange of information with other departments at Wirecard Bank about the latest themes and developments relevant to money laundering and fraud. The Money Laundering Officer provides the Management Board of Wirecard Bank with a report on his/her work at least once a year, although more frequently if required.

Tasks of the Central Department for the Prevention of Money Laundering and Fraud

The main tasks of the Central Department for the Prevention of Money Laundering and Fraud (hereinafter called the “Central Department”) are structured as follows:

1. Creation of a risk analysis according to Section 5 of the GWG

A risk analysis according to Section 5 of the Money Laundering Law (GwG) is carried out internally at the bank acts as the main starting point for defining the individual risk situation and the development of a system for preventing money laundering, the financing of terrorism and other criminal offences. Targeted security measures can be derived from a comprehensive examination of the status quo in order to minimise the risks identified.

2. Creation of internal company guidelines for preventing money laundering and other criminal offences

The Central Department has created guidelines for the prevention of money laundering and other criminal offences and regularly updates it with the aim of providing all affected employees at the Group with information on the latest legal situation with respect to the prevention of money laundering and fraud and to ensure the implementation of and compliance with legal regulations. Affected employees include those with Group-wide responsibilities for the sale of products offered by Wirecard Bank or those who take on outsourced tasks that are relevant to money laundering.

These guidelines act as the basis for the bank-specific implementation of legal regulations, which are adapted to the individual requirements of the range of products and services. The focus is placed here on the inspection obligations and processes for accepting customers, including obtaining and evaluating information on the type and purpose of the potential business relationship, the contractual partners, the representatives, economic beneficiaries and verifying this information on the basis of supporting documentation and processes. It must also be ensured that the names of the company and its representatives are not found on sanction or terrorism lists. Furthermore, the guidelines stipulate that customer relationships must be examined to assess the risk of them being misused for the purposes of money laundering or the financing of terrorism. If a risk evaluation of an interested party indicates an increased level of risk, further details on the potential customer and the planned use of products are obtained and verified using comprehensive measures. The business relationship may only be established when all information has been examined, it is found to be plausible and it creates an overall consistent picture.

3. Monitoring transactions

The Central Department continuously analyses business transactions either using automated monitoring systems or based on indications derived from already known money laundering typologies or general or institution-specific anomalies/ criteria. In this process, unusual or conspicuous transactions and/ or business relationships are filtered out and then investigated for indications of money laundering or fraud. The aim is to identify indications at an early stage and implement appropriate countermeasures.

4. Obligation to report suspicions in accordance with Section 43 of the GwG

Wirecard Bank works together closely with investigating authorities in its efforts to prevent illegal and fraudulent activities. If facts come to light that indicate that an asset has been derived from a criminal offence that could predicate money laundering or be related to the financing of terrorism, the Central Department is obligated to report this immediately to the German Financial Intelligence Unit.

5. Compliance with terrorism and embargo regulations

Wirecard Bank accepts its responsibility in the fight against international financial streams with a terrorist background. For this reason, Wirecard Bank has implemented monitoring measures as part of its compliance with terrorism and embargo regulations that enable the examination of cross-border financial transactions. Unusual transfers are stopped if found to be suspicious and the responsible authorities are informed immediately.

6. Training employees

An effective first line of defence in the fight against money laundering, fraud and the financing of terrorism can be developed using specifically trained employees. Therefore, the Central Department has developed a comprehensive training concept to regularly raise the awareness of Group employees, depending on their field of activity, about themes relevant to money laundering and inform them about any new developments. The training courses cover the obligations in relevant laws, the methods and techniques used in money laundering, current developments and resulting internal security and defence measures.

7. Reliability testing

It is essential that the Group can call on suitably reliable employees to ensure that the necessary requirements are fulfilled with respect to the goal of complying with applicable laws and in the implementation of defined internal measures. In particular, this group of employees must carefully observe the obligations stipulated in the German Money Laundering Act and those defined internally and also follow the strategies, controls and processes introduced to prevent money laundering and the financing of terrorism. They must neither actively or passively participate in any dubious transaction or business relationship. For this purpose, a concept has been developed in cooperation with the Human Resources department that is designed to ensure the reliability of employees.

8. Whistleblower system

In order to effectively and comprehensively carry out its role, the Central Department is reliant on external and also internal support. Many suspicious events arise in daily business with customers, banks, investigative and supervisory authorities. Yet our own employees are also an important source of information. For this reason, the Central Department has developed a whistleblower system in cooperation with the Group Compliance Office which enables employees to report abnormalities within Wirecard AG either anonymously or by giving their name. The evidence provided is always handled confidentially and carefully investigated and evaluated.

Results in the reporting period

The concepts and measures presented above are designed to successfully meet the challenges of fighting money laundering, fraud and the financing of terrorism in a targeted manner.

In the 2018 reporting year, Wirecard Bank did not have to pay any fines relating to criminal or administrative proceedings.

Nor did a compliance investigation carried out by an external law firm in Singapore in the year under review reveal any facts which would have given rise to sufficient suspicion of a money laundering case.

2.4 Diversity and equal opportunities

As Wirecard has many locations distributed across the world, it can offer its employees an international and intercultural corporate environment in which creativity, team spirit, diversity and equal opportunities are promoted.

Anchoring diversity and equal opportunities in the Group It is of great importance to us that diversity and equal opportunities are put into practice responsibly in all areas of the Group and across all hierarchical levels, genders, religious beliefs and nationalities by all employees and the management and supervisory bodies. There is no formal Group-wide concept in place but the theme of diversity is taken into account at all managerial levels, especially at the management and supervisory level.

The goal of enabling every employee to discover their full potential and ensure that they are treated equally and enjoy a sense of well-being can be achieved on the basis of showing trust and respect for one another. To this end, all employees including the Management Board are required to observe the principles and values in the Group-wide Code of Conduct that is valid for Wirecard globally. The Code of Conduct that was developed by the Legal Department at the Group stipulates that all employees must be given the same opportunities. We recruit employees on the basis of their skills and promote their development in a targeted manner. Age, gender, ethnic background, physical or mental disabilities, sexual orientation and identity, religion and ideology play no role in this process.

We also aim to create an organisational and structural framework that allows our employees to carry out their tasks at Wirecard as flexibly as possible while maintaining equal opportunities. At the site in Aschheim, for example, we generally employ a “trust flexi-time” system and offer child care provision to working parents so that they can reconcile their professional and private lives.

Diversity concept for the Management Board and Supervisory Board

As it is also necessary to guarantee diversity and equal opportunities at a management and supervisory level, a diversity concept was developed for the composition of the Management Board and Supervisory Board of the Group.

Diversity has also been made a factor in decision-making for long-term succession planning and the composition of the Management Board. This is understood by the Supervisory Board to mean, in particular, different and mutually complementary profiles and professional and personal experience, also in the international arena, an appropriate representation of women and an appropriate mix of ages.

In accordance with the diversity concept, importance is also placed on diversity in the composition of the Supervisory Board so that it is able to call on the broadest possible range of personalities, experience and specialist knowledge.

Results in the reporting period

All of the targets for the composition of the Management Board have been achieved and, following the appointment of Susanne Steidl as a member of the Management Board and Chief Product Officer (CPO) from 1 January 2018, the target for the proportion of women on the Management Board of one woman by the deadline of 30 June 2022 was also achieved.

All of the targets for the composition of the Supervisory Board have been achieved and, with 50% of the six members being women, the target of two women on the Supervisory Board by the deadline of 30 June 2022 was also achieved.

2.5 Employer attractiveness

Integrating Human Resources into the Group

Wirecard AG, headquartered in Aschheim near Munich, assumes responsibility centrally for strategic corporate planning as the Group parent company. This includes the area of Human Resources (HR) which is the responsibility of the Chief Financial Officer. In the area of employer branding and employee recruitment, the Human Resources department works closely together with Internal Communications which is under the control of the Chief Executive Officer.

The following information exclusively refers to employee issues at the site in Aschheim. Projects to develop a Group-wide standard and to harmonise Group-wide HR management tasks, employer branding measures and other HR activities are at the planning stage, the aim being to create uniform, international structures and processes for the entire area of Human Resources. In the 2018 reporting year, for example, a project to select a Group-wide Human Capital Management System for the central management and standardisation of Group-wide HR activities was started. Amongst others, the software should include the following modules: Human Capital Management, Recruiting, Performance, HR Controlling and Payroll.

During the reporting period, the implementation of our human resources activities at our German sites was shaped by our HR Guidelines which define, amongst other things, important operational steps for taking on new employees, such as recruitment, onboarding, personal development, payroll and offboarding. The guidelines were updated in the reporting year.

Employer attractiveness as a prerequisite for recruiting and retaining employees

As an international and rapidly growing technology company, we are constantly searching for committed talent and personalities who want to work with us to successfully push forward the digitalisation of payment processes for our customers. Wirecard wants to position itself as an attractive employer in order to recruit the right employees and retain them within the Group over the long term by developing a strong and attractive employer brand.

Employee recruitment

In our activities to recruit employees, we aim to secure employees with suitable personal and professional skills for the Wirecard Group against the background of our strong corporate growth. We believe that a strong and attractive employer brand is the prerequisite for achieving this, which we communicate via internal and external channels using targeted human resources marketing measures. As a young, dynamic technology company with the spirit of a high growth start-up and a position as a global DAX30 company, we want to reach, inspire and motivate the best talent to become part of our international team.

In order to reach talented people outside of our regional sites, we also use social media, especially our Twitter account @WirecardCareers. Due to their supra-regional scope and large number of members, online career platforms such as LinkedIn and job portals offer an opportunity to advertise Wirecard as an employer, including any job vacancies.

An important tool for recruiting personnel is our careers page which is continuously updated. The range of information available on the career's website will be expanded further in future to focus even more strongly on important target groups for the Wirecard Group, especially with respect to international job advertisements at our global sites.

Some of our newly recruited employees are the result of recommendations made by our existing employees. If a new employee has been motivated to join the company by another employee, the latter is rewarded with a bonus.

In the 2018 fiscal year, Wirecard AG expanded its presence outside of the location of Aschheim and participated in a total of 13 career events (2017: 3 events). Wirecard will further increase its presence at careers events in the next few years, also on an international scale at other sites. The Aschheim site plans to participate in 17 career events at universities in the 2019 fiscal year.

Communicating personally and interactively with potential employees is very important to us. Feedback received via submitted applications and the resulting new appointments helps us to optimise our activities for recruiting employees, such as adjusting our online activities or introducing targeted measures and campaigns.

Employee retention

We are committed to maintaining the satisfaction and well-being of our employees by using targeted HR activities and are continuously optimising structures and processes in the area of personnel policy and in HR management.

Our future and existing employees will also benefit, in particular, from the strong innovative strength of the Group in this era of digitalisation – which has opened up an exciting field of activity in a future-oriented company – as well as from attractive career and promotion opportunities. Global megatrends such as artificial intelligence, the Internet-of-Things or blockchain technology should motivate Group employees on a daily basis to work on innovative product solutions in the areas of payment and value added services and to successfully launch them onto the market.

Employee benefits are designed to contribute to the welfare of employees and help them find a corresponding work-life balance. At the Aschheim site, for example, we offer employee benefits such as different models for flexible working hours, sport and relaxation activities on the company premises and in fitness studios, health care for both occupational and private health issues, support services for combining a family and career and sabbaticals.

Results in the reporting period

We achieved our goal set in the previous year of appointing an Employer Brand Manager at the Aschheim site in the 2018 reporting year by appointing two Employer Brand Managers to further develop projects for employee recruitment and employee retention.

2.6 Further training

Further training concept

Alongside the already described employee benefits for improving employee satisfaction, we want to provide our employees with the opportunity to constantly grow and develop both personally and professionally right from the very beginning. Our further training measures do not focus on rigid training concepts but rather on individually supporting the development of our employees across all hierarchical levels. A standardised Group-wide training and education concept does not yet exist, standardisation is being planned. The following representative information refers to the site in Aschheim.

In the annual employee appraisals and continuous and open communication between employees and management personnel, the strengths, talents and interests of our employees form the main focus of individual further training opportunities and the choice of career path at Wirecard. Any need for training is agreed in a second stage between management and the Learning & Development department within HR. Our own range of seminars, seminars offered by well-known trainers and online services are then used as training measures for this purpose. The Learning & Development department continuously examines the existing training opportunities, adapts them to the needs of employees and the company and provides information when necessary in the form of a newsletter describing the new training content and courses.

Alongside the development of specialist and implementation-oriented skills, we also want to further promote language skills and personal, intercultural skills as we are an international Group.

In the area of employee training, a Group-wide project for employee development is planned in the 2019 fiscal year that will use targeted measures to prepare and support employees for a future career in management or as a specialist within the Wirecard Group.

the total of 90 language courses that were visited by 242 participants. Management training was carried out during the reporting period in four "Fit for Lead" training courses with a total of 38 participants.

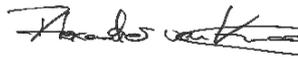
Results in the reporting period

During the reporting period, a total of 147 training events with a total of 1029 participants were held at the site in Aschheim. The largest proportion was accounted for by Aschheim near Munich, 24 April 2019

Wirecard AG



Dr. Markus Braun



Alexander von Knoop



Jan Marsalek



Susanne Steidl

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the Group non-financial report 2018 of Wirecard AG, Aschheim. The following text is a translation of the original German Independent Assurance Report.

To Wirecard AG, Aschheim

We have performed a limited assurance engagement on the Group non-financial report of Wirecard AG according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code) for the reporting period from 1 January 2018 to 31 December 2018 (hereafter Group non-financial report).

A. Management's responsibility

The legal representatives of the Company are responsible for the preparation of the Group non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the Group non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a Group non-financial report that is free from material misstatement, whether due to fraud or error.

B. Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

C. Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the Group non-financial report based on the assurance engagement we have performed.

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 International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the Group non-financial report of the Company has been prepared, in all material respects, 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 auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between December 2018 and March 2019, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the selection of topics for the Group non-financial report, the risk assessment and the concepts of Wirecard for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the Group non-financial report, to evaluate the reporting processes, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the Group non-financial report,
- Identification of likely risks of material misstatement in the Group non-financial report,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas e.g. compliance and employees in the reporting period and testing such documentation on a sample basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the presentation of disclosures in the Group non-financial report.

D. Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Group non-financial report of Wirecard AG for the period from 1 January 2018 to 31 December 2018 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

E. Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Wirecard AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

F. Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

München, 24 April 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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This Annual Report is drawn up in the German language; translation into other languages are made only for informational purposes. In the event the texts diverge, the German text is authoritative.

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