

SUSTAINABILITY
2018

2018 SUSTAINABILITY REPORT AND SEPARATE NON-FINANCIAL REPORT FOR THE MANZ GROUP

Dear Readers,

As a company, taking responsibility for our employees and the environment is, in our opinion, the key foundation for long-term economic success. For example, Manz AG has for a long time offered its employees a broad range of training and further education measures at the Manz Academy. We generate with large photovoltaic equipment a substantial share of our electricity requirement with solar energy at our locations in Germany and China. In addition, we assume social responsibility, for example through the annual support of social institutions in the Neckar-Alb region. In other words, for us, economic success and responsible behavior are not a contradiction, but decisive factors for the future viability of the Corporate Group.

As a high-tech equipment manufacturer, research and development plays an important role. With over 500 engineers, technicians, and scientists at our development sites, we focus on the development of innovative production technologies, standardized machine modules, and fully linked, individual system solutions and equipment. The core of our strategy is to use the technology portfolio across sectors and regions. This transfer of technology and know-how not only offers a high level of flexibility, but also the opportunity to generate and make the best possible use of internal synergies. For this purpose, we also maintain numerous cooperative agreements with well-known research institutes, universities and colleges (for more, refer to the detailed group

management report in the chapter "Research and Development" on page 37).

Know-how across the entire value chain – from the development, through manufacturing, to the sale of innovative products and solutions for various industries – is essential for ensuring the high performance of our company. In addition, we offer our customers comprehensive offerings for after-sales service, such as maintenance and repair or the conversion and upgrading of machines and assemblies. Our company is certified by the internationally recognized ISO 9001 Quality Management Standard. In this way, we ensure the fulfillment of customer requirements as well as further demands on product and service quality. In our own production, we comply with German and international regulations in dealing with hazardous materials. We can positively influence the sustainability aspects of our retail market through the development center for more efficient production equipment and thus lower resource consumption.

We defined the concept of "sustainability" in fiscal year 2017 with an interdisciplinary team based on the German Sustainability Code (DNK) that could have a substantial impact on Manz AG or the opinion of our stakeholders. This definition is still valid. Aspects of economic performance and employee and environmental issues were identified as being essential. The interdisciplinary team, which was transformed already into a working group last year, consists of

employees from the Marketing & Corporate Communications, Investor Relations, Purchasing, Operations, Human Resources, Finance, and Order Processing departments. They also keep in contact with the business segments and subsidiaries when it comes to sustainability issues.

The 2018 Sustainability Report is, at the same time, the separate non-financial Group report for the 2018 financial year for the Manz Group, in accordance with sections 315b and 315c, along with sections 289c to 289e, of the German Commercial Code (HGB), which will be made public by publication on the website. Manz AG's separate non-financial Group report for fiscal year 2018 has been audited by BEST AUDIT GmbH, Accounting Agency, on behalf of the Supervisory Board in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): „Assur-

ance Engagements Other than Audits or Reviews of Historical Financial Information“ for the purpose of obtaining a limited assurance engagement with regard to the information required in accordance with sections 315b and 315c in conjunction with sections 289c to 289e HGB.

Our sustainability reporting and this separate non-financial Group report are based on the sustainability reporting standards of the German Sustainability Code (DNK).

We are pleased to be able to present to you our sustainability report and wish you pleasant reading.

Sincerely

Manz AG Executive Board

NON-FINANCIAL CONSOLIDATED STATEMENT IN ACCORDANCE WITH SECTIONS 315B, 315C AND 289C HGB

Reportable aspects, both in accordance with the DNK standard and the provisions of Section 289c HGB (German Commercial Code), are environmental, employee, social, human rights and anti-corruption and anti-bribery issues. Aspects that arise from the DNK or the stakeholder approach due to the Manz AG business model relate to employees, customers, suppliers and shareholders. With regard to the reportable aspects, only information that serves to understand the development of business or to understand the effects on the Group's business development is to be provided. In the non-financial statement within the meaning of Section 289b HGB (German Commercial Code), the business model of the corporation is to be described briefly, here reference is made to the Business Model and Strategy chapter on page 32.

ENVIRONMENTAL ISSUES

Both while developing new products and services and in operating production equipment, we ensure that negative impacts on the climate and environment are kept to the lowest possible level through a responsible use of resources. Manz AG generates electricity from solar power for years at its location in Reutlingen. Furthermore, a substantial part of its own electricity requirements is covered by photovoltaic equipment on the roof of the company building at the location in China. Each employee is responsible for treating natural resources carefully and helping to protect the environment and the climate through their individual behavior.

EMPLOYEE ISSUES

Manz AG is convinced that economic success and responsible behavior must not be in conflict with each other. In the opinion of the company, responsibility for its employees and for the environment is the essential foundation for the long-term economic success of a highly innovative high-tech equipment manufacturer. For example, Manz AG has for a long time offered its employees a broad range of training and further education measures at the Manz Academy. The company observes the applicable laws on employee law in Germany and the respective countries. In addition, we have established committees which advocate for employee matters in the individual subsidiaries, such as the voluntary employee representation in Germany. Within the Group, an open and trusting relationship is maintained between the Managing Board, the respective managing directors, the employees and their representatives. In addition, every company has central points of contact for special topics such as equal opportunity, occupational safety or health. We create reliable working conditions together with employee representatives, for example, through a permanent improvement of occupational safety and working time models for flexible working time arrangements.

SOCIAL ISSUES

As an important employer in the Reutlingen region, Manz AG assumes responsibility for the community. In this context, local sports and cultural associations and organizations in which Manz AG employees work on a vol-

untary basis are supported by financial contributions as part of the "Employees in voluntary work" initiative. In addition, Manz AG lives up to its social responsibility through the annual support of social institutions. In December, for example, a donation check for 5,000 euros was handed over to the KBF "Sonnengarten" nursery and to the "Förderverein für krebskranke Kinder e.V." in Tübingen. Company employees also have the opportunity to contribute to the company's donation.

RESPECT FOR HUMAN RIGHTS

We respect internationally recognized human rights and support compliance with those rights. We strictly reject all forms of forced labor and child labor. These and other standards are also set out in our Business Partner Code of Conduct, which is available for download on our website www.manz.com under the "Company" tab. They underline the importance and understanding of our value system, which we expect all business partners to follow, including but not limited to suppliers, consultants, sellers, brokers, dealers, contractors, and others.

COMBATING CORRUPTION AND BRIBERY

Compliance at Manz AG ensures Group-wide compliance with laws and regulations, including the company's own guidelines. Manz AG asserts itself in competition through quality, strength of innovation and global presence. In order to gain the trust of our customers and business partners, we reject all forms of corruption. This means that each employee complies with regulations on competition in their specific area of responsibility. Agreements with competitors that violate antitrust law, for example

regarding prices or other conditions, are prohibited. Suppliers are commissioned based on objective and clear criteria. Improper grounds may not play a role in their selection. When commissioning individuals to broker business transactions, Manz AG ensures that commission payments and other compensation are appropriate in relation to the services performed. Manz AG is an internationally active company. It observes relevant trade controls and regulations on import and export controlling and embargoes. The Group takes all necessary measures to prevent money laundering within its sphere of influence.

SIGNIFICANCE FOR THE COURSE OF BUSINESS AND THE SITUATION OF MANZ AG

The long-term economic success of Manz AG is determined by the aspects of employee issues and the responsible use of natural resources from a non-financial point of view. The concepts that Manz AG pursues here are implemented taking into account environmental and employee concerns.

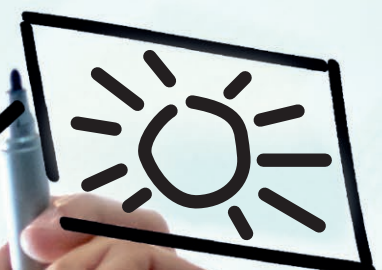
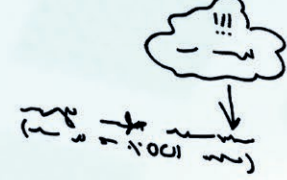
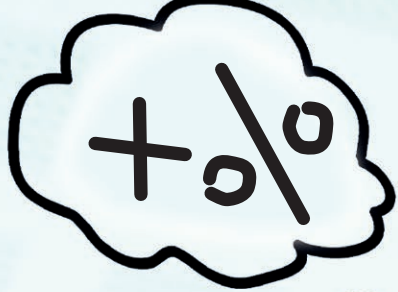
SIGNIFICANT RISKS

Risks arising from the economic consideration of the above-mentioned aspects are contained in the opportunities and risks report, as part of the Group management report and management report, on page 76 et seqq. They relate to aspects that may influence the Group's economic performance and its market presence both now and in the future.

FUTU REETHI CSPLA NNING

Sustainable action means for us: Taking responsibility. For our colleagues, partners, and customers. For society. For the environment. That is why equal opportunity and opportunities for development,

careful treatment of resources, and unconditional respect for human rights throughout the supply and production chain are the foundation of everything we do. A foundation that is not negotiable.



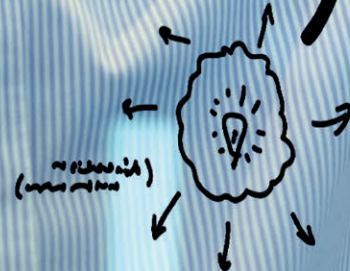
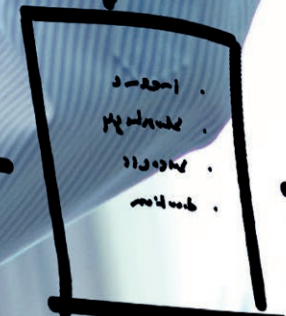
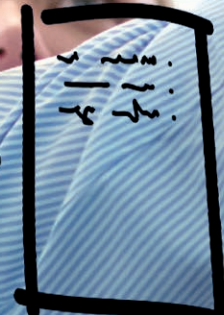
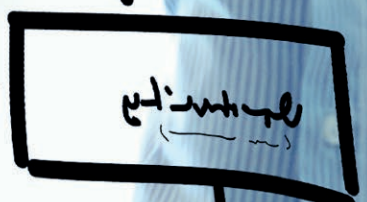
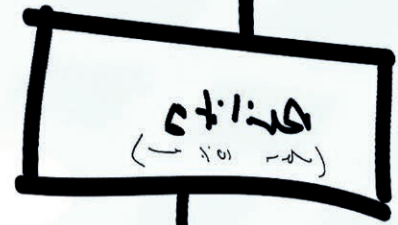
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$$\frac{K + y}{m}$$

100%

$$100 + 100 = 200$$

100%



100%



100%

100%

STRATEGY AND GOVERNANCE

STRATEGY AND GOALS

Manz AG's Group-wide sustainability strategy focuses in particular on the key aspects of the company:

- Equal opportunities and qualification/development possibilities
- Employee rights
- Efficient resource management
- Compliance matters

The following sustainability topics have been defined as essential aspects and performance indicators for the sustainability report provided to you here:

- Economic performance
- Employee development

Corresponding goals were defined for both aspects:

Economic performance

The economic objectives of the Group and its segments are presented in the "Forecast report" chapter of the group management report on page 86.

Employee development

With regard to long-term employee retention, our focus is above all on future-oriented and demand-oriented qualification and development opportunities for our employees.

They are coordinated through our Manz Academy, which includes a broad set of training and education measures. It remains

our goal to be able to offer the services of the Manz Academy internationally. "Future Leadership @ Manz" has already established an international executive development program at the management level. In addition, the current high-potential program of the German locations is to be converted into an international talent development program. In addition, seminars are offered for earning additional qualifications, which comprise subject- and product-specific advanced training and higher-level training opportunities.

The main topics in 2019 will be the expansion of the worldwide use of the Manz Learning Portal and the further promotion of the international internal job market to expand the professional development opportunities of our employees worldwide. Corporate culture and the associated management culture are of major importance in the area of employee development. The Managing Board decided at the beginning of 2018 to use Future Leadership @ Manz as an international program to define and develop a common management framework and understanding. Now that the first management level has comprehensively dealt with the key management principles and tasks that are relevant to us, so-called "leadership camps" will familiarize second and third-level management with the Manz management framework in 2019. An important point here is for managers to encourage their employees to take responsibility in order to awaken their potential and creativity.

Dual training and dual degrees are also very highly valued at Manz AG. The internationalization of the dual training concept is also of great importance to us as a globally operating company. For example, a successful industrial-technical training structure based on the German model has been established at the location in Slovakia in close cooperation with the German training department. In addition, German training management was involved in the conception and design of the training center at the location in China.

Employees received a total of 32,132 training hours in 2018, compared to 35,675 training hours in the previous year. This corresponds to an average training period per employee of around 20.9 hours (previous year: 22.6 hours).



INVOLVEMENT OF STAKEHOLDERS

Manz AG maintains a continuous dialogue with key stakeholder groups such as employees, customers, suppliers or investors, analysts, and banks. We involve our employees in the further development of Manz AG in the form of regular employee surveys on current topics via our intranet. The results of these surveys are published on the intranet and included in the respective decision-making processes. In addition, our employees have the opportunity to submit suggestions within the framework of the

Innovation Forums. The Innovation Forum is an online-based discussion forum for employee suggestions on “new technologies/new markets/potential new customers”, “cost savings”, and “general suggestions for improvement”. In addition to these measures, the Corporate Group companies offer their employees further opportunities for participation and exchange of views, such as through regular employee meetings and feedback discussions with superiors or joint events such as summer parties.

Suggestions on work processes
and potential savings



24

Suggestions on new technologies and markets
as well as on potential customers

We also attach great importance to active dialogue with investors, analysts, and banks. The regular and prompt publication of reports relevant to the company underscores our goal of providing comprehensive information on the company's developments.

In so doing, Manz AG, with its listing in the Prime Standard of the Frankfurt Stock Exchange, fully complies with the highest requirements for transparency.

In addition to legal requirements, we regularly attend capital market conferences, conduct roadshows at home and abroad, provide conference calls with webcast and audio replay as online offerings on the Company's website, and publish corporate news and press releases on current corporate developments.

We will identify all major stakeholder and shareholder groups, including appropriate measures for a structured exchange - for example, through regular surveys of our customers and suppliers - later this year.



21 Corporate news and press releases



1 Ad-hoc announcement



12 Capital market conferences



2 Roadshows



4 Webcasts and audio replays

RESE ARCHIN NOVATI ONTECH NOLOGY

Over 500 engineers, technicians, and scientifically trained employees, as well as numerous partnerships with renowned universities, colleges, and institutes, demonstrate the importance of research and development at Manz. We not only ensure

the sustainable development of our company with continuous innovation, but we also make a significant contribution to the success of our customers with our high-quality, demand-oriented products and services.



RULES, PROCESS AND CONTROL

The rules and processes according to which Manz AG will implement sustainability aspects within its operative business in the future will be developed by the interdisciplinary sustainability team in the further course of implementation of the Group

wide sustainability strategy. The planning and control of the goals will be based on the performance indicators defined in our sustainability strategy, as well as the rules and processes.

RESPONSIBLE BUSINESS MANAGEMENT

Manz AG has a compliance system throughout the Corporate Group. There were no corruption cases or fines for non-compliance with laws and regulations in 2018.

As far as good corporate governance is concerned, Manz AG follows both the German Corporate Governance Code (DCGK) and our Group-wide Code of Conduct. It defines our values and our ethical and behavioral standards across the Group. The Code of Conduct is part of our "Corporate Governance Statement", which can be viewed on our website at www.manz.com in the "Corporate Governance" area of the "Investor Relations" section and in the "Profile" area of the "Company" section. We respect internationally recognized human rights and support compliance with those rights. We strictly reject all forms of forced labor and child labor. These and other standards are also set out in our Business Partner Code of Conduct, which is available for download on our website www.manz.com under the

"Company" tab. They underline the importance and understanding of our value system, which we expect all business partners to follow, including but not limited to suppliers, consultants, sellers, brokers, dealers, contractors, and others.

Responsible corporate governance requires fair and performance-related compensation. We report in detail on the target agreements and compensation for the Executive Board and Supervisory Board in our Compensation Report, which is part of the Corporate Governance Report. Managers and employees participate in the success of the company on the basis of certain financial ratios for the Corporate Group as well as the achievement of individually agreed targets. We will examine in the future whether the inclusion of specific sustainability goals in the existing system is reasonable and appropriate, and implement these goals if necessary.

SUSTAINABILITY ASPECTS OF RISK MANAGEMENT

Our risk management system is embedded in our entire organizational structure and process organization. It consists of a large number of components, which are explained in detail in our annual report.

Significant risks that are likely to have serious negative effects on the environmental or social aspects of sustainability cannot currently be derived from our business model.

TO DAY RE SOURCE ESTOMOR ROW

The conscious, responsible use of resources is not an abstract idea for Manz. Neither is it limited to declarations of intent that lie in the future. Conserving and saving resources is a process for

us in the here and now. The goals are clear: less waste, fewer emissions, and reduction of energy consumption.



ENVIRONMENTAL AND EMPLOYEE MATTERS

ENVIRONMENTAL MATTERS

We see a responsible and careful use of our resources as our social obligation to present and future generations.

Resource-saving production and administration is not an abstract concept for us, but an integral part of our corporate philosophy, as demonstrated by the installation of solar modules on the roofs and facades of our buildings at the sites in Reutlingen, Germany, and Suzhou, China.

At the Reutlingen headquarters, more than 360,000 kWh of electricity are generated per annum. In addition, a substantial share of 1,310,000 kWh of the company's own electricity needs was generated by photovoltaic at the China site in 2018. We will define goals and measures for efficient resource management and further increases in efficiency in the scope of developing our sustainability strategy.

GROUP-WIDE POWER CONSUMPTION



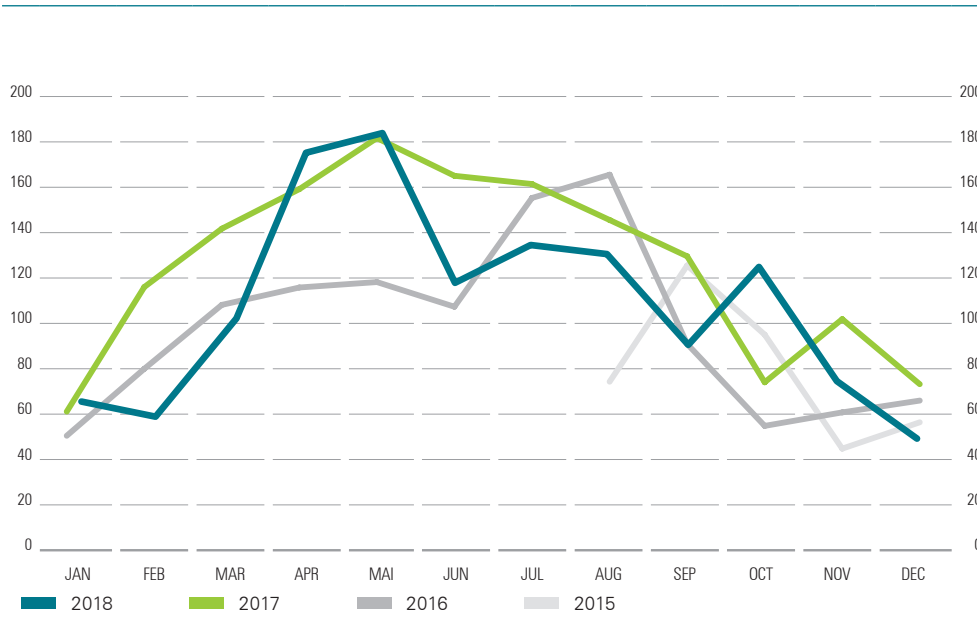
2017 13,723,533 kWh *



2018 12,897,060 kWh

* Value includes Manz CIGS Technology GmbH (part of the Manz Group until May 9, 2017)

Power generation of the PV plant in Suzhou (China) in MWh



EMPLOYEE MATTERS

As far as employee issues are concerned, we comply with all applicable labor laws in Germany and other relevant countries. In addition, we have established committees which advocate for employee matters in the individual subsidiaries, such as the voluntary employee representation in Germany.

Within the Group, an open and trusting relationship is maintained between the Managing Board, the respective managing

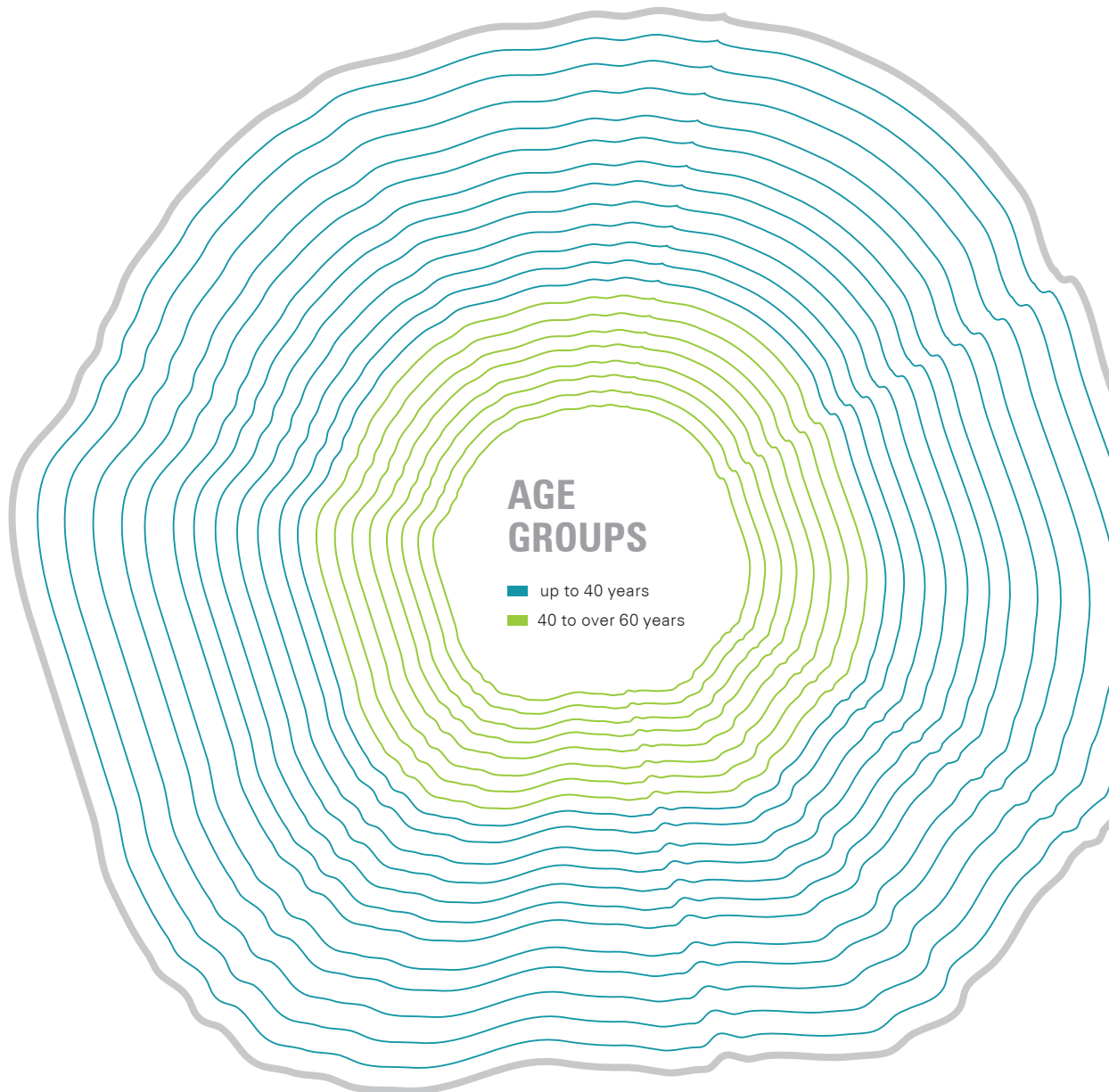
directors, the employees and their representatives. In addition, each company has central contact persons on special topics such as equal treatment, occupational safety, or health. Together with the employee representatives, we create reliable working conditions, for example through a permanent improvement in occupational safety or through working time models for flexible working hours.

OCCUPATIONAL SAFETY

Occupational safety is a top priority at Manz AG. It is important for us to be active and take preventive measures beyond the laws and regulations in this area. Therefore, care is taken in this area to ensure that processes and information paths are constantly optimized, that new techniques such as e-learning are applied, and that further training is provided for employees by close guidance

and support from professional experts. However, the primary goal is always to prevent and avoid accidents at work, because the health of our employees is very important to us. The average accident rate throughout the group in 2018 was 3.1 percent (previous year: 3.0 percent).





EQUAL OPPORTUNITY AND DIVERSITY

Equal opportunity and diversity is a central concern for us as a global engineering company. Fostering a culture of equal opportunity, mutual trust, and respect is very important to us. Any form of discrimination in interactions with colleagues, employees, and business partners on the basis of age, disability, national origin, skin color, gender, sexual orientation, religious affiliation, world view, or other personal characteristics is prohibited. This is also reflected in our diverse

workforce that spans genders, nationalities, and age groups. As a high-tech equipment manufacturer, we employed a total of 1,537 permanent employees in seven different countries in 2018, of which unchanged as in the previous year almost one in five employees is female. Around 60% of the employees (previous year: 62%) are in the age group 40 years or younger; around 40% (previous year: 38%) are in the 40 to over 60 age group.

FAIRN ESS OPP ORTUN ITIES RI GHTS

Equal opportunity and diversity are central to our self-image. As a globally active company, we are well aware of the associated challenges – and therefore take them all the more seriously. A cul-

ture of mutual trust and respect is of the utmost importance to us. We do not tolerate discrimination based on age, origin, gender, disability, world view, sexual orientation, etc.



SOCIAL AND COMMUNITY ISSUES

As an important employer in the Reutlingen region, we fulfill our responsibility to the community and are committed beyond the professional sphere. As part of this connection, we support local sports and cultural clubs and organizations, in which Manz employees are volunteers, through financial contributions as part of the "Employees in voluntary work" initiative.

In addition, Manz AG lives up to its social responsibility through the annual support of social institutions. In December, for example, a donation check for 5,000 euros was handed over to the KBF "Sonnengarten" nursery and to the "Förderverein für krebskranke Kinder e.V." in Tübingen.

Manz AG is a member of the German Engineering Federation (VDMA), which sees itself as a leading association representing the industry in politics and the public sphere. In addition, Manz AG is a member of the Solar Cluster Baden-Württemberg, an industry association with the aim of raising the public awareness of the industrial policy and economic significance of solar energy, actively helping to develop the legal framework for the further expansion of renewable energies, and ensuring a sustainable development market for solar energy.

There were no direct or indirect donations to parties or politicians in 2018.

NOTE FROM THE INDEPENDENT AUDITOR CONCERNING AN AUDIT TO OBTAIN LIMITED ASSURANCE OF THE SEPARATE NON-FINANCIAL GROUP REPORT

TO THE SUPERVISORY BOARD OF MANZ AG, REUTLINGEN

We have performed a limited assurance engagement on the non-financial group report separately designated for Manz AG that is identical in content to the 2018 sustainability

report, pursuant to sections 315b and 315c in conjunction with sections 289c to 289e HGB (in the following „report“), for the period from January 1 to December 31, 2018.

RESPONSIBILITY OF LEGAL REPRESENTATIVES

The legal representatives of Manz AG are responsible for the preparation of the report in accordance with sections 315b and 315c in connection with sections 289c to 289e HGB.

This responsibility of the company's legal representatives includes the selection and application of appropriate methodologies

for preparing the report, as well as making assumptions and estimates of individual disclosures that are appropriate in the given circumstances. Furthermore, the legal representatives are responsible for the internal controls that they have identified as necessary to enable the preparation of a report that is free from material misstatement, whether intentional or unintentional.

STATEMENTS BY THE AUDITOR REGARDING INDEPENDENCE AND QUALITY

We are independent of the company in accordance with German commercial and professional law and we have fulfilled our other professional duties in accordance with these requirements.

BEST AUDIT GmbH Wirtschaftsprüfungsgesellschaft applies the national statutory

regulations and professional pronouncements for quality assurance, in particular the professional charter for certified public accountants and certified accountants as well as the IDW quality assurance standards: Requirements for quality assurance in the auditor practice (IDW QS 1).

AUDITOR'S RESPONSIBILITY

Our responsibility is to deliver an independent assurance statement on the report with limited assurance based on our assurance engagement.

Our assurance engagement has been performed 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. Accordingly, we are to plan and perform the assurance engagement to obtain a limited assurance as to whether the company's report has been prepared in line with sections 315b and 315c in connection with sections 289c to 289e HGB in all material respects. This does not mean that a separate assurance opinion will be submitted for each entry. In a limited assurance engagement, the procedures performed are less extensive than those required for a reasonable assurance engagement to obtain adequate assurance, thus significantly reducing the degree of assurance. The choice of the procedures lies in the due discretion of the auditor.

AUDIT OPINION

Based on our limited assurance procedures performed and the assurance evidence obtained, we have not become aware of any issues that lead us to believe that the Manz AG report for the period from January 1 to

As part of our assurance engagement, we performed the following procedures and other activities:

- Providing an understanding of the structure of the sustainability organization and stakeholder engagement
- A survey of employees involved in the preparation of the report about the preparation process, the internal control system related to this process and selected information in the report
- An analytical assessment of quantitative data and trends reported by all company sites for consolidation at Group level
- Inspection of selected internal and external documents
- Assessment of local data collection, validation and reporting processes as well as the reliability of the reported data through a sample survey at the headquarters in Reutlingen

December 31, 2018 is not in line with sections 315b and 315c in connection with sections 289c to 289e HGB in all material respects.

PURPOSE OF THE NOTE

This note is addressed to the Supervisory Board of Manz AG, Reutlingen, and is intended solely for this purpose. We do not assume any responsibility to third parties in this respect.

LIMITATION OF LIABILITY

The order for which we provided the above-mentioned services for the Supervisory Board of Manz AG, Reutlingen was based on the „General Terms and Conditions of Engagement of the Institute of Public Auditors in Germany e. V. for external auditors and accounting agencies“ as amended on January 1, 2017. By acknowledging and using the information contained in this note, each recipient confirms that they have read and understood the provisions set out therein (including the limitation of liability to 4 million euros for negligence in clause 9 of the AAB) and acknowledges their validity in relation to us.

Reutlingen, March 21, 2019

BEST AUDIT GmbH
Wirtschaftsprüfungsgesellschaft
Zweigniederlassung Reutlingen

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Wirtschaftsprüferin Wirtschaftsprüfer

IMPRINT

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For the sake of better readability, we consistently avoid gender-differentiating formulations (e.g. „his/her“ or “he/she”). The corresponding terms apply to all genders for the purposes of equal rights. This is done solely for editorial purposes and does not imply a judgment of any kind.



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