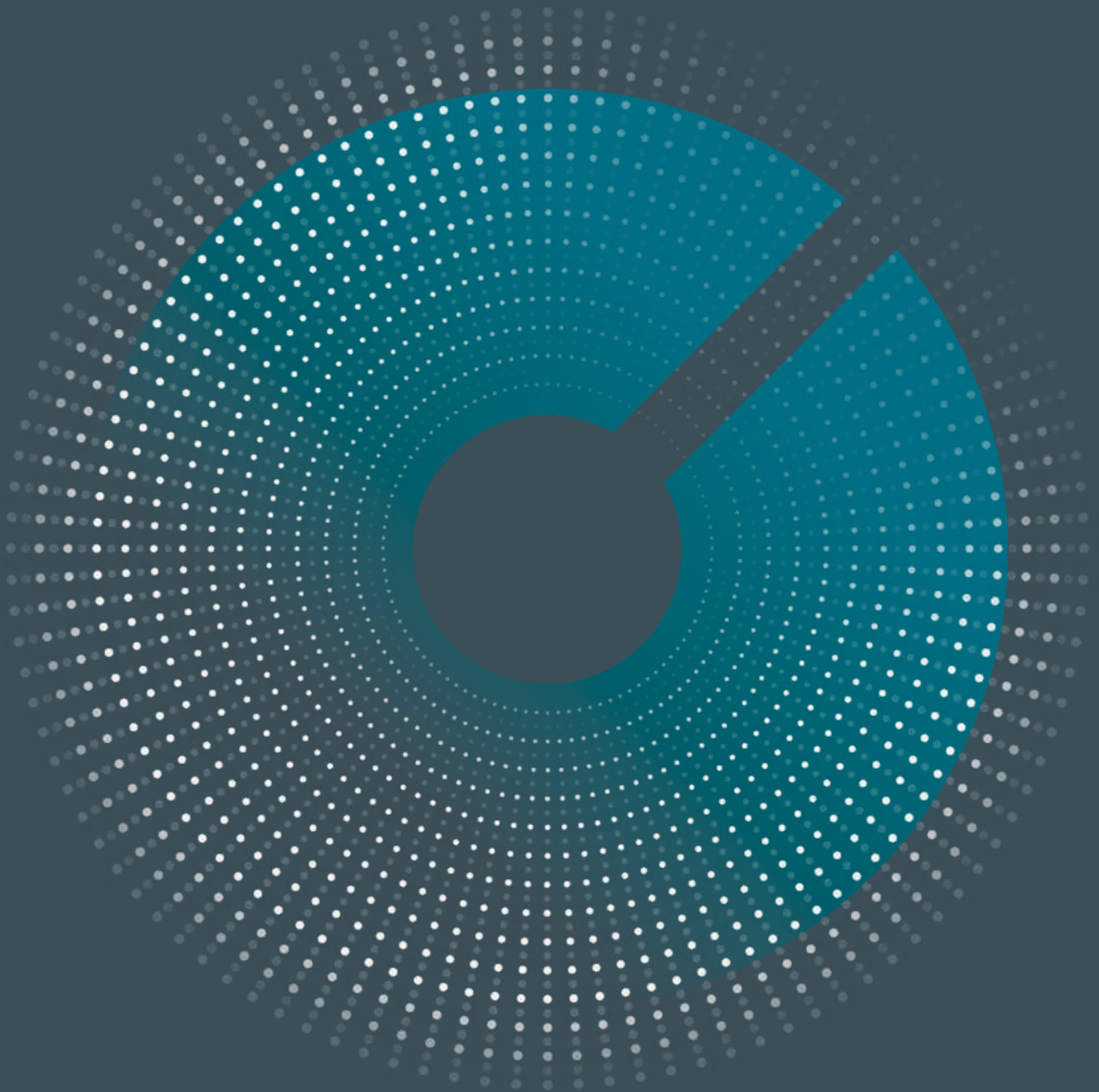


2020 Sustainability Report

Sustainability in Focus



03	Foreword
06	Non-financial Consolidated Statement
11	Strategy and Governance
11	Strategy and goals
12	Rules, process and control
12	Involvement of stakeholders
13	Corporate responsibility
14	Sustainability aspects of risk management
17	Environmental and Social Issues
17	Product quality
18	Environmental issues
22	Employee issues and training
27	Occupational health and safety
29	Equality of opportunity and diversity
34	Social and community issues
36	The Goals at a Glance
38	Note from the Independent Auditor
41	Imprint

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.

2020 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 financial 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. Using large photovoltaics, we generate 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, financial success and responsible behavior are not a contradiction, but decisive factors for the future viability of the Corporate Group.

As a high-tech machine manufacturer, research and development play a key 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 integrated, 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 expertise 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 (see the Chapter "Research and Development" on page 34 of the Group Management Report).

Expertise across the entire value chain – from the development center, through manufacturing costs, to the sale of innovative products and solutions for the automotive and electro-mobility, battery manufacturing, electronics, energy and medical technology industries – is essential for ensuring the high performance of our company. In addition, we offer our customers a comprehensive 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 also comply with German and international regulations when handling hazardous materials. We can have a positive impact on the sustainability aspects of our retail market through the development of more efficient production equipment and thus lower resource consumption.



In the financial year 2017, we defined the concept of “sustainability” with an interdisciplinary team based on the German Sustainability Code (DNK) that could have a substantial impact on the Manz Group and the opinion of our stakeholders. This definition is still valid. Aspects of financial performance and employee and environmental issues were identified as being essential. The interdisciplinary team, which was transformed into a working group during the financial year 2019, consists of employees from the Marketing & Corporate Communications, Investor Relations, Purchasing, Operations, Human Resources, Finance, and Order Processing departments. They also keep in touch with the business segments and subsidiaries with respect to sustainability issues.

The 2020 Sustainability Report is, at the same time, the separate non-financial Group report for the 2020 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. The separate non-financial Group report for

the 2020 financial year for the Manz Group has been audited by ba audit gmbh, Wirtschaftsprüfungsgesellschaft, at the request of the Supervisory Board in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance 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,
Managing Board of Manz AG



Martin Drasch



Manfred Hochleitner



Jürgen Knie

Non-financial Consolidated Statement Pursuant to 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 can be derived from the DNK or stakeholder approach based on Manz's business model concern employees, customers, suppliers and shareholders. With regard to the aspects subject to reporting, only information that facilitates an understanding of the business development or the effects on the Group's business development is to be provided. In the non-financial statement within the meaning of section 289b HGB, the business model of the corporation is to be described briefly. Reference is made in this regard to the chapter "Business Model and Strategy" on page 29.

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 a minimum through the responsible use of resources. Manz AG has been producing electricity from solar energy at its location in Reutlingen for years, and at the location in China, a substantial part of its own electricity needs is covered by a photo voltaic system on the roof of the company building. Each employee is responsible for treating natural resources carefully and helping to protect the environment and the climate through their individual behavior.

However, responsible use of resources is not only important for us in terms of environmental issues. We believe that our actions render a very significant contribution to the positive performance of the company over the long term. Consequently, we not only pay attention to the responsible and efficient use of our resources, but also avoid the use of substances of concern or conflict materials in the manufacture of our machines.

For further information about environmental issues, see pages 17 to 22.

Employee issues

Economic success and responsible behavior must not be in conflict with each other. As a company, we, therefore, take responsibility not only for the environment, but also for our employees. Using this holistic approach, we can create the requisite foundation for the

long-term financial 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 labor laws in Germany and the respective countries where the legal entities are located.

In addition, we have established committees which advocate for employee matters at all Group subsidiaries, such as the voluntary employee council 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 employee representatives, we create reliable working conditions, e. g. through a permanent improvement of occupational safety and working time models for flexible working time arrangements.

For further information about employee issues, see pages 22 to 29.

Social issues

As a reliable employer, we assume social responsibility throughout the Group. This includes the fact that, as a company, we pay local taxes in the respective countries in which we operate and do not pursue an active tax avoidance strategy. At our respective locations, however, we are also involved beyond matters of work.

In this context, local sports and cultural associations and organizations in the Neckar-Alb region in which Manz AG employees work on a voluntary basis are supported by financial contributions as part of the "Employee Volunteer Work" initiative. In addition, Manz AG lives up to its social responsibility through the annual support of social institutions. In 2020, we once more supported two local non-profit organizations, Wirbelwind Reutlingen e. V. and Delfin e. V. – a supporting organization the Tübingen pediatric surgery – with a donation of EUR 5,000 each. Our employees also have the opportunity to participate in the company's charitable donation efforts. We also support young researchers working on future-related issues: For example, as a premium sponsor of the Formula Student Electric Team of the University of Stuttgart since 2014. As part of an international design competition for students, the GreenTeam has been continuously in the top 10 of the world ranking list of electric racing cars since 2010 with its all-electric Formula Student race car. We supported the team again in 2020 by helping make parts at our Tübingen site and contributing our expertise in laser welding to support in producing the battery module.

For further information about Social issues, see pages 34 to 35.

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. The Code underlines the importance and understanding of our value system, which we expect all business partners to follow.

Combating corruption and bribery

Compliance at the Manz Group ensures Group-wide compliance with laws and regulations, including the company's own guidelines.

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. But we also encourage our business partners to fight corruption in any form within the framework of the Business Partner Code of Conduct. Agreements with competitors that violate antitrust law, for example regarding prices or other conditions, are likewise 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 ensures that commission payments and other compensation are appropriate in relation to the services performed. The Manz Group operates globally. It observes relevant trade controls and regulations on import and export controls and embargoes. The Group takes all necessary measures to prevent money laundering within its sphere of influence.

Significance for the performance and position of Manz AG

The long-term economic success of Manz Group 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 the company pursues here are implemented taking into account environmental and employee concerns.

Significant Risks

Risks arising from financial consideration of the above-mentioned aspects are contained in the opportunities and risks section of the Group Management Report on pages 71 et seq. They relate to aspects that may influence the Group's financial performance and its market presence both now and in the future.



Continuous
dialog
with all stakeholder
groups

We practice transparency and take responsibility – around the world

Reliability, credibility, legitimacy - these are the values on which our actions are based. They secure the success of our company, particularly in an ever more connected world.

Fair competition as well as ethical and legal business activities are essential to our long-term success. Every employee and all business partners of Manz AG must comply with our group-wide Code of Conduct. It describes our values and principles of conduct and also covers topics such as the careful use of resources, the protection of trade and business secrets, and international labor and social standards.

Evaluate, sensitize, control

Through our group-wide compliance system, we ensure that legal breaches are avoided and that codes of conduct and internal company guidelines are observed. Evaluations are performed twice a year..

- The Code of Conduct is provided to new employees as part of the on-boarding process, and a central Compliance contact person is available to answer questions about its practical implementation at all times.
- Annual employee training provided by external Compliance specialists contributes to general awareness-raising and correct behavior in situations involving legal risks.
- An anonymous whistle-blower system exists to ensure that any suspected or actual violation of the law or our corporate policies is reported.
- Since the beginning of 2020, our standards have also been extended to our business partners by way of contract.

With these measures, we protect our company against possible legal and financial risks and strengthen our reputation as a responsible and fair employer, business partner and client.

Code of Conduct – The foundation of our action



There were no corruption cases or fines for non-compliance with laws and regulations in 2020.

Strategy and Governance

Strategy and goals

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

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

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

- Financial performance
- Staff development

Corresponding goals were defined for both aspects:

Financial performance

Manz AG is divided into five business segments: Energy Storage, Electronics, Solar, Contract Manufacturing and Service. Manz AG is contributing to the transformation to a sustainable economy based on its business segments Energy Storage (manufacturing and installing machinery for lithium-ion battery production) and Solar (manufacturing and installing machinery for the production of CIGS thin-film solar systems) in particular. The development of the segment Energy Storage is particularly positive. During the past three years (2018 to 2020), the reported average compound annual growth rate (CAGR) for revenues was 35% per annum – for 2021 as well, the target revenues growth for this business segment is forecast to be within an ambitious range of 20-50%.

The detailed financial objectives of the other segments and the Group as a whole are presented in the "Forecast" section of the Group Management Report on page 84.

Staff development

With regard to long-term employee retention, the focus of Manz AG is, in addition to creating a safe work environment (see pages 27 to 29) above all on future- and demand-oriented qualification and development opportunities for our employees. Training measures related to products, methods or soft skills go hand-in-hand with a variety of long-term programs, for example, related to our management philosophy. The goal: To the extent possible, we want to offer all employees within the Group appropriate training opportunities, comprising

at least 15 hours per week per employee for the year. Additional information on employee development may be found in the section “Employee issues” starting on page 22.

Rules, process and control

The rules and processes according to which the Manz Group implements sustainability aspects within its operative business were developed by the interdisciplinary sustainability team during the further implementation of the Group-wide sustainability strategy. Goals are planned and controlled on the basis of the rules and processes as well as performance indicators defined in our sustainability strategy. As part of our risk management system, we evaluate compliance with our values and the standards of conduct and ethics that we have laid down throughout the Group in the Code of Conduct and the Business Partner Code of Conduct twice a year; to date, we have not identified any material violations in the past. In addition, we have created an anonymous whistle-blower system. Our employees and business partners are required to inform the relevant units in the Group on an ongoing basis if there is any suspicion of a possible violation.

Involvement of stakeholders

Manz maintains a continuous dialog with key stakeholder groups such as employees, customers, suppliers, investors, analysts and banks. We involve our employees in the further development of our company in the form of regular employee surveys on current topics. The performance and presentation of 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 Group companies offer employee further opportunities to participate and exchange views, such as through regular employee meetings and feedback discussions with supervisors or joint events such as summer parties.

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 doing so, Manz AG, with its listing in the Prime Standard Segment of the Frankfurt Stock Exchange, fully complies with the highest transparency requirements. In addition to legal requirements, we regularly attend capital market conferences, conduct road shows at home and abroad, provide webcast and audio replay conference calls as online offerings on the company’s website, and publish corporate news and press releases on current corporate developments.



22 Corporate news and press releases



1 Ad-hoc announcement



5 Capital market conferences



2 Roadshows



4 Webcasts

Corporate responsibility

The Manz Group has a Group-wide compliance system. There were no corruption cases or fines for non-compliance with laws and regulations in 2020.

As far as good corporate governance is concerned, Manz follows both the German Corporate Governance Code (DCGK) and the Group-wide Code of Conduct, which define our values and our ethical and behavioral standards across the Group. This is available to our employees worldwide on the Manz Group's intranet in the respective local language. New employees are provided with the Code of Conduct as part of the onboarding process. Our employees can contact our central compliance contact person at any time if they need assistance in understanding how to implement the Code of Conduct in specific situations. Employee training courses are also held once a year by external compliance specialists as one of the practical measures to prevent legal violations. In addition to general awareness-raising for employees, the aim is to provide department-specific training for employees with clear guidelines on correct behavior in situations involving legal risks.

The Code of Conduct is part of our "Corporate Governance Statement," which can also be viewed on our website at www.manz.com under the "Investor Relations" tab of the "Corporate Governance" section and under the "Company" tab in the "Profile" 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. Specifically, the Code defines standards in the areas of "social and corporate responsibility," "compliance with laws, rules and regulations," "conflicts of interest," "respect for human rights, anti-discrimination and strengthening of women's rights," "product safety, health and environment" and "data protection, confidential information and intellectual property." Suppliers have been required to sign this Code, and thus confirm their compliance with our values, since the start of 2020.

The Code underlines the importance and understanding of our value system, which we expect all business partners to follow. If a business partner commits a substantial breach of this standard, Manz reserves the right to terminate its business relationship with the business partner with due regard to applicable laws and ongoing agreements.

Responsible corporate governance requires fair and performance-related compensation. We report in detail on the target agreements and compensation for the Managing Board and Supervisory Board in our Compensation Report which is part of the Corporate Governance Report and may be found on page 61 of the Group Management 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 examine whether the inclusion of specific sustainability goals in the existing system is reasonable and appropriate on an ongoing basis and implement these goals as needed.

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. No significant risks that are likely to have a serious negative impact on the environmental or social aspects of sustainability can currently be derived from our business model.



Absolute energy
consumption was
reduced by

11.5 %

in 2020.

Saving resources, reducing emissions

We want to make sure that the world remains a viable place for future generations. Therefore we take our responsibility to engage in more sustainable management very seriously, and we view the careful handling of our resources as our social obligation.

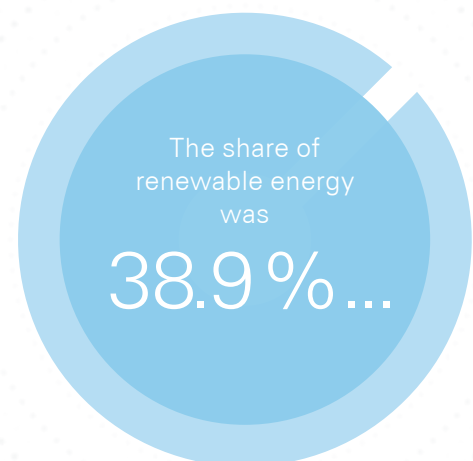
Against the background of climate change, we have set ourselves an ambitious target: Over the next five years, Manz AG will once again drastically reduce its CO₂ emissions in the entire Group, and will furthermore position itself as a climate-neutral company starting in 2021.

- The year 2020 was the first time that we calculated our CO₂ footprint in accordance with the established standards of the Greenhouse Gas Protocol. Scope 1 emissions include direct emissions from production, for example process emissions under EU TEHG section 5; Scope 2 emissions include, among others, the consumption of purchased heat and electricity and Scope 3 emissions include factors such as business travel or purchased work materials.
- Our objective until 2026: to reduce Manz AG's entire CO₂ footprint by 21 % from the current level of 6,491.86 t CO₂ equivalents (depending on revenues). This reduction would be in line with the objectives of the so-called "Science Based Targets" (SBT); accordingly, by the year 2050 global warming is supposed to be limited to 1.5 to 2 °C compared to the pre-industrial age, pursuant to the Paris Climate Agreement from 2015.

Water, an increasingly endangered resource

Climate change makes global water shortages worse. Millions of people are already suffering from a lack of water. We are implementing numerous measures to steadily reduce water consumption at our locations. Our efforts have been successful: Water consumption across the Group declined by approximately 20% to a new record low of almost 33,000 m³ in 2020 – after almost 42,000 m³ in 2019. Similarly, we were also able to reduce the consumption of fresh water in relation to revenues by almost 12% compared to the previous year.

Manz will be
climate-neutral
starting
in 2021



...of total energy needs. Accordingly, we are well on the way to achieving our objective of having the share of renewable energy compared to overall energy consumption exceed 50% by the end of 2021.

Environmental and Social Issues

Product quality

We place the customer at the center of our actions every day with our employees as the basis. We understand the challenges our customers face. By providing them with high-quality products and services that are tailored to their needs, we make a significant contribution to their success. We want to succeed against our competition on the basis of quality, innovative strength and our global presence.

ISO 9001:2015

We have established a quality management system that is certified according to ISO 9001:2015 with this goal in mind. This certification covers the development, manufacture, sales and services of systems and production lines for photovoltaics, the FPD industry and Li-ion battery production as well as other products.

During the development and production of our machines, we also take care to fully comply with the "Essential Safety Requirements" of the European Union. Each of our machines receives CE conformity marking or country-specific labeling as required by the importing country concerned, in line with this promise of quality. Certification in accordance with Machinery Directive 2006/42/EC is conducted on the basis of clearly defined guidelines. This process instruction applies to all areas of the company and regulates the responsibilities and procedures within sales, divisional management, product management, project management, mechanical and electrical design and technical documentation.

EN ISO 12100:2010

A risk assessment according to the harmonized European standard EN ISO 12100:2010 is performed in the course of the certification of our machines. We rely on the special SAFEEXPERT® software typically used in mechanical and tool engineering that provides our employees with professional support in safety-related project management, performance level calculation in accordance with EN ISO 13849-1 and in dealing with standards and EU directives.

Risk assessment documentation is prepared by the designers; if necessary, they also initiate design measures to achieve the necessary risk reduction. The respective manager reviews the risk assessment and approves it. Processes and responsibilities are clearly defined when preparing the risk assessment for new or modified products.

EN ISO 13849-1

Project managers commission the electrical design staff to check whether the "Performance Level Required" of functional safety circuits according to EN ISO 13849-1 has been achieved. This is evaluated and documented using SISTEMA® software. However, professional work is also a central concern for us in the direct use of our machinery. With this in mind, our customers receive extensive training to ensure proper and safe use. This is also included in machinery documentation. In line with the requirements for CE certification, all machinery must be accompanied by instructions in the official Community language or languages

of the Member State in which it is placed on the market and/or put into service. Our local service teams ensure prompt responses to follow-up questions from our customers after the delivery of machinery.

In addition, we are currently working on the introduction of a Group-wide Product Lifecycle Management (PLM) system. The PLM processes are based on the CM2 standard and ensure a product, assembly and component life cycle over the entire product life. We want to record, manage and evaluate data about our machinery with the help of IT systems based on defined methods, processes and organizational structures. This is intended to provide improved control over the variety of processes required in each part of the life cycle of our machinery. Global Engineering Change Management down to the customer's building site, as well as a replacement and expendable parts concept, are intended to support all areas with consistent information. Using the so-called "Smart Production Kit," we can check the performance of our machinery in real time at the customer's request and identify potential faults remotely throughout the production phase. We can thus avoid time-consuming and costly downtime for our customers by means of appropriate adjustments by our experts.

Environmental issues

We see the responsible and careful use of our resources as our social obligation to present and future generations. Potential environmental risks that could arise from our business activities, for example in the areas of CO₂ emissions and water consumption, are evaluated annually as part of the risk management system. No significant environmental risks were identified in 2020. Nevertheless, we take our responsibility for sustainable business practices seriously and have a variety of goals and measures in each sub-area. For example, we have already defined efficient resource management, increases in energy efficiency, reductions in greenhouse gases and water consumption in the process or creating our sustainability strategy. In addition, we are improving the indirect resource use of our machinery on the basis of medium-term development roadmaps that are subject to continual enhancement.

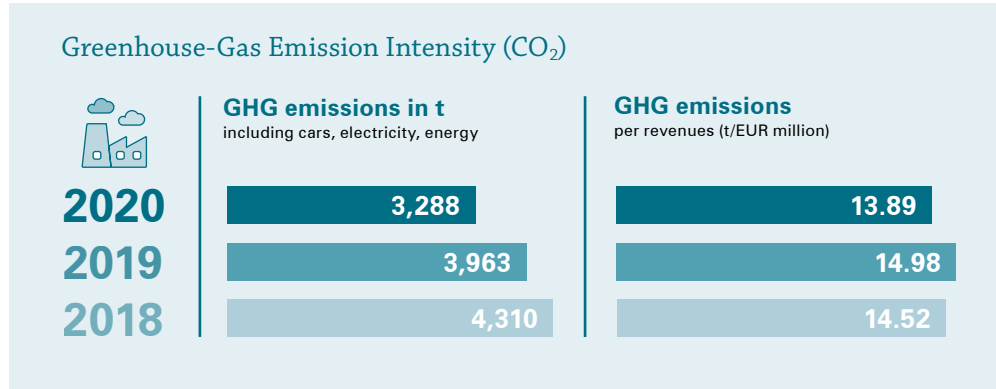
CO₂ emissions and efficiency

In 2020, Group-wide CO₂ emissions declined by 17.0% year-on-year. This value, which we had collected ourselves to date, essentially corresponds to Scope 1 and Scope 2 emissions based on the Greenhouse Gas (GHG) Protocol. The primary driver for this steep decline was the COVID-19 pandemic and the associated restrictions in commuting and travel. However, in relation to Group revenues, CO₂ emissions also declined by 7.3% year-on-year to 13.89 t/EUR million. (2019: 14.98 t/EUR million). This means that we are able to reach our objective of reducing CO₂ intensity across the Group in relation to revenues for the second year in a row.



Goal

Continuous reduction of carbon intensity per revenues compared to previous year

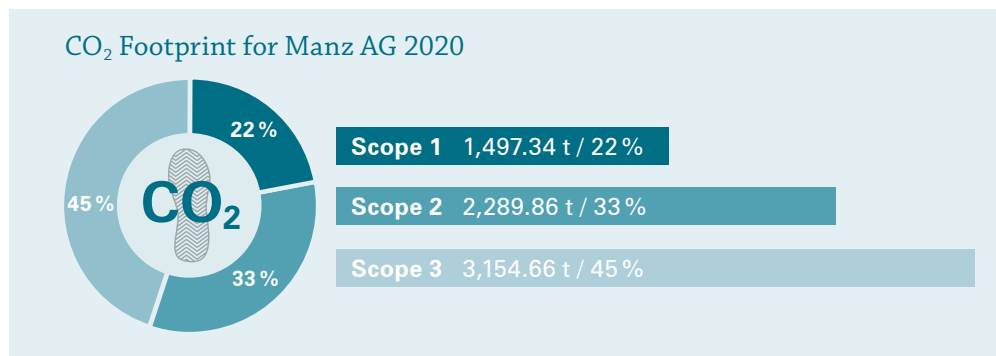


In order to provide an even more accurate picture of our CO₂ emissions, we calculated our specific CO₂ footprint for the 2020 calendar year just ended in conjunction with an agency specialized in this field. The deviations in relation to the values we calculated to date for Scope 1 and Scope 2 emissions, according to the preceding diagram, are based on minor changes in approach for calculations and the composition of emissions. The new approach made it possible to gain an overall perspective for the first time that likewise included these emissions in our value added chain. All emission sources were included based on the established standard represented by the GHG Protocols for this purpose. Scope 1 emissions include direct emissions from production, for example process emissions under EU TEHG section 5; Scope 2 emissions include, among others, the consumption of purchased heat and electricity and Scope 3 emissions include factors such as business travel or purchased work materials (e.g. hardware and consumables):



Ziel

Reduction of the CO₂ equivalent relative to revenues by 21 % until 2026

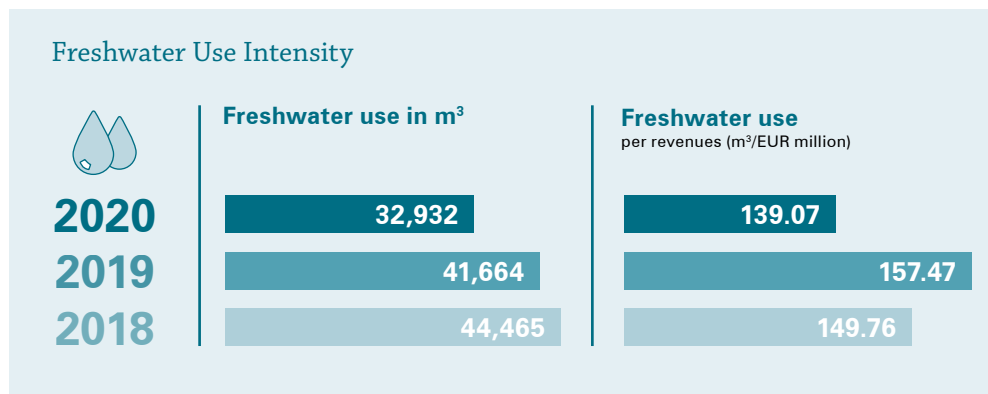


Based on this total CO₂ footprint for the Manz AG in 2020 of 6,491.86 t CO₂ equivalent, we have set a goal of reducing this figure by 21 % relative to revenues by 2026. This reduction would correspond to the objectives of the “Science Based Targets” (SBT) that were adopted in 2015 by a broad coalition of NGOs and IGOs for the purpose of defining science-based CO₂ reduction goals. The SBTs are consistent with the 2015 Paris Climate Accord according to which global warming is intended to be limited to 1.5 to 2° C compared to the pre-industrial era by 2050.

In addition, starting in 2021, Manz AG intends to support a variety of climate-related projects in developing and emerging countries in order to take make an active contribution to climate protection and to provide support to the 17 Sustainable Development Goals (SDGs) of the UN. With this aim in mind, Manz will offset all CO₂ emissions from Scope 1 to Scope 3 and become CO₂ neutral starting in 2021.

Water consumption

Compared to the previous year, fresh water consumption in relation to revenues was reduced significantly by 11.6 % to 139.1 m³/EUR million (2019: 157.5 m³/EUR million) and was thus at its lowest level since the start of recording Group-wide water consumption. Accordingly, the objective of continuously reducing water consumption was reached for 2020. Plans call for further reducing water consumption going forward at these locations by means of audits and employee training



Goal

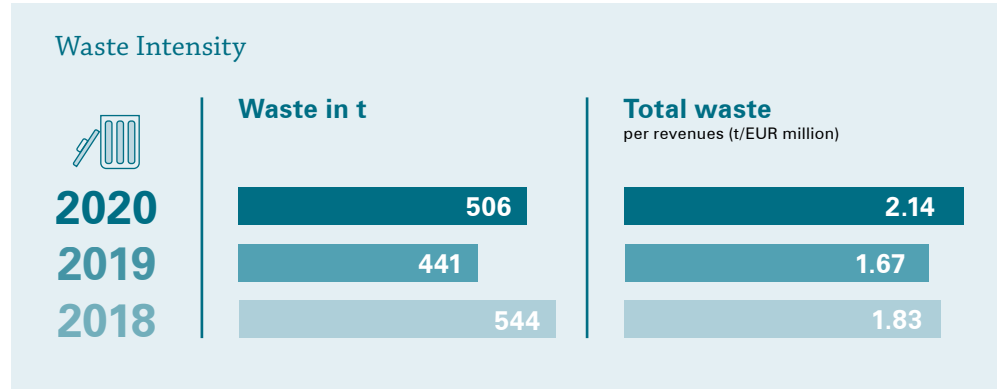
Continuous reduction of water use per revenues compared to previous year

Waste volume

Waste volume across the entire Group increased sharply in 2020 as a result of project-related one-off effects. In relation to total revenues this was a 28.3 % increase to 2.14 t/EUR million (2019: 1.67 t/EUR million, -8.7 %). Even though this was significantly above levels for the 2018 and 2019 financial years, these figures were far below the high water mark to date set in the 2017 financial year. The largest share comprised scrap metal (26 %), residual waste (24 %) and wood (14 %). This means that goal of reducing waste volumes was clearly missed. The recycling ratio also fell slightly to 3.0 % after 3.9 % in the previous year in light of the increased volume of waste. This negative trend in the area of waste efficiency motivates us to continue the optimization of our production and procurement processes in 2021.


Goal

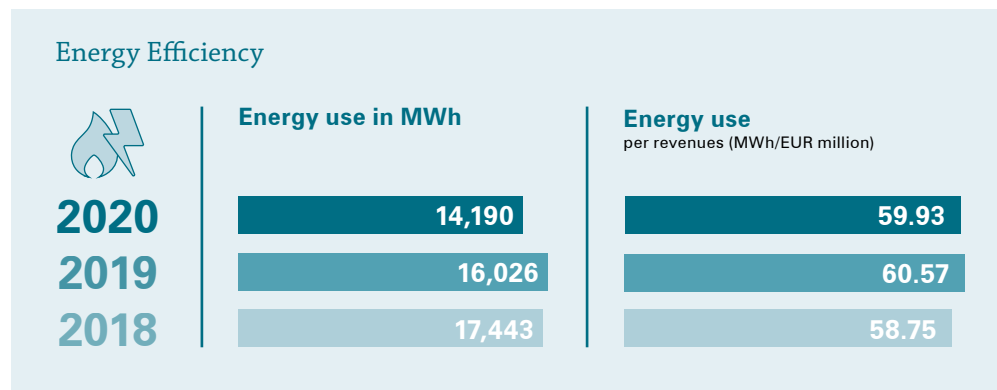
Continuous reduction of waste per revenues compared to previous year


Energy efficiency

For 2020, absolute energy consumption decreased by 11.5%, from 16.0 GWh to 14.2 GWh. In relation to revenues, this figure fell by 1.0% to 59.93 MWh/EUR million (2019: 60.57 MWh/EUR million) as a result of which the objective of continually reducing consumption was narrowly met. For 2020, the share of renewable energy was 36.1% of total energy needs (2019: 32.0%). Accordingly, we are well on the way to achieving our objective of having the share of renewable energy compared to overall energy consumption exceed 50% by the end of 2021.


Goal

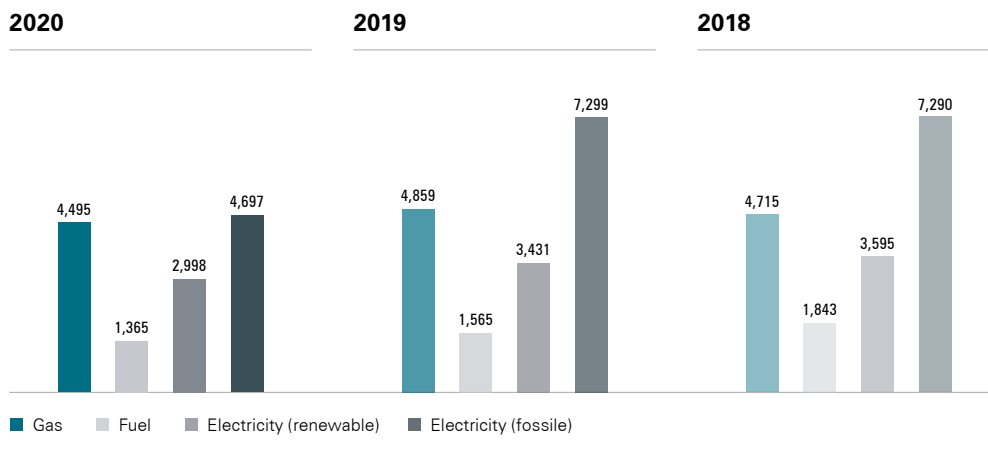
Continuous reduction of energy use per revenues compared to previous year



Resource-saving production and administration is not an abstract concept for us, but an integral part of our corporate philosophy, as was also 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 with two large photovoltaic tools. In addition, a substantial share of the company's own electricity needs, some 792,000 kWh, was generated by photovoltaics at its location in China during 2020 (previous year: 132,000 kWh).

Energy use by source

in MWh



Goal

Fuel

Reduction by 10% compared to previous year (relative to the amount of cars)

Electricity

Increase of share of renewables to significantly above 50% until 2021

Fuel consumption for the company vehicle fleet was reduced by some 11 % year-on-year even though the fleet grew by 22 vehicles. The COVID-19 pandemic played a large role in addition to our own efforts. In the future, Manz AG has set an objective of reducing fuel consumption annually by 10 % in relation to the vehicle fleet. The objective is to achieve this using a larger share of electric vehicles.

Employee issues and training

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 at all Group companies, such as the voluntary employee council in Germany.

Employee representatives are elected by the workforce in Germany. They serve as contacts for their coworkers and represent their interests to management and the Managing Board. Every employee also has the right to lodge a complaint with the competent bodies at the company if they feel that they have been discriminated against or treated unfairly or have been aggrieved by the employer or workers at the company in any other way. They may call on one of the employee councils to provide support or mediate. Employees cannot experience any detriment from lodging a complaint.

The election procedure, the rights and duties as well as the working methods of the employee councils are defined by their rules of procedure.

The primary tasks of employee councils in Germany include, for example:

- Acting as a contact person for employees with problems at the workplace
- Acting as an intermediary for employees with respect to executives, the Managing Board and managing directors
- Monitoring compliance with laws, regulations and collective bargaining agreements
- Monitoring employee equality
- Planning staff with the Human Resources Department
- Collaborating with the Human Resources Department regarding operational changes

Within the Group, an open and trusting relationship is maintained between the 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. We create reliable working conditions together with employee representatives.

Long-term positive corporate development and the associated safeguarding of jobs likewise comprise an essential component of our risk management system. By identifying potential risks at an early stage and taking appropriate measures, we are able to create reliability and stability for our employees. This concept is firmly anchored in our corporate strategy. The core of the company's strategy is to make use of the technology portfolio across all industries and regions. This cross-segment approach offers, among other things, a high degree of flexibility in the deployment of employees and thus enables additional stability in workload utilization at the Group level.

In addition, the Managing Board and managing directors are in constant contact with employee councils who also make suggestions for securing and promoting jobs. They may be involved with the flexible organization of working time, the promotion of part-time work and semi-retirement for older workers, new forms of work organization, changes in working methods and procedures, alternatives to outsourcing work or the assignment of work to other companies, and the production and investment program.

The "Agile Working Time" concept was introduced at our German location in 2019 to give our employees greater flexibility in organizing their personal needs. Our employees can choose between the concept of a working time account with time recording or the concept of independent working time using a trust-based flexi-time system.

The classic principle of the working time account is based on time recording using a time recording system. With independent working time, working hours are not recorded on a daily basis. Depending on working hours in the department, employees may autonomously decide about their working time within the working hours framework. Focus is placed on results and the attainment of corporate and departmental goals as well as individual objectives. All employees may offset additional working hours with time in lieu. Switching between a working time account and independent working time can be agreed once a year.

The Manz Academy coordinates a wide range of appropriate training and continuing education measures in a wide variety of qualification categories, such as technical product training, methodology and soft skills training, and management development programs. We are continuing our work to establish the Manz Academy on a global basis in light of the strategic need to deploy employees with the right qualifications to the right location at the right time. Qualification processes should be standardized where it makes sense; synergy effects should be used and costs saved. All locations should be able to access global and local qualification offerings via the same e-learning platform.

“Future Leadership @ Manz” has already established an international management 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 to the classic face-to-face seminars, the company will continue to focus on on-the-job training, coaching as an individual development strategy and, increasingly, e-learning courses.

Specifically, we will be pursuing the following topics in 2021:

- Global positioning of the Manz Academy; rolling out a global learning portal for all Manz locations
- Optimizing project management by using appropriate qualification measures
- Qualification measures in the area of product life cycle management
- Continuation of the management development program “Future Leadership @ Manz”
- Addressing new needs for learning and the culture of learning

Employees received a total of 23,523 training hours in 2020, compared to 12,416 training hours in the previous year. This corresponds to average training per employee of around 9 hours (previous year: 15 hours). As a result of this decline, we fell far short of our goal of 16 training hours per employee for 2020. This was due to severely restricted training options in light of the COVID-19 pandemic, especially in the case of in-person events. Many training measures were initially postponed as a result and are to be made up as soon as possible once the situation with the pandemic permits their resumption. Employees of the first, second and third management levels received 10 hours of training, while other employees received 8 hours in 2020.

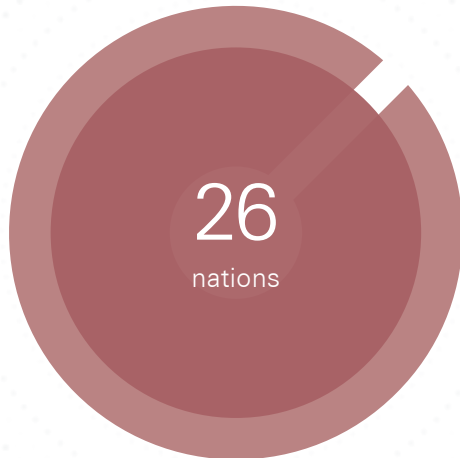


Women
accounted for
10%
of management
in 2020.

Promoting diversity and equal opportunity

Diversity and equal opportunity are central to our self-image. People with different backgrounds and talents should be able to develop their potential to the fullest while they work at our company.

Fairness and flexibility across all borders



Employees and managers from 26 nations work at the various Group companies.

Any type of discrimination - whether based on age, national origin, gender, disability, world views, sexual orientation, religious affiliation or other personal characteristics - is not tolerated. This is also explicitly stated in our Code of Conduct, which applies throughout the Group.

In 2019, the concept "Agile Working Time" was introduced at our German location to promote equal opportunity and flexibility. Employees can choose between the concept of a working time account with time recording or the concept of independent working time using a trust-based flexi-time system. In this way, we create an attractive working environment for both experienced employees and new talent.

Diversity is our strength

Our culture of mutual trust and respect is also reflected in the composition of our workforce by employment type and gender. The number of women has increased, and we were also able to significantly reduce the number of temporary workers.

- We want to avoid precarious employment situations and prefer to retain our employees. In 2020, the number of employees in non-permanent positions fell from 285 persons to 239 persons.
- 243 women or around 18% female employees in 2020 - this corresponds to an increase of 3% compared to 2019. This means Manz is above the national average of 16% women in the so-called MINT professions.

With these measures, we protect our company against possible legal and financial risks and strengthen our reputation as a responsible and fair employer, business partner and client.

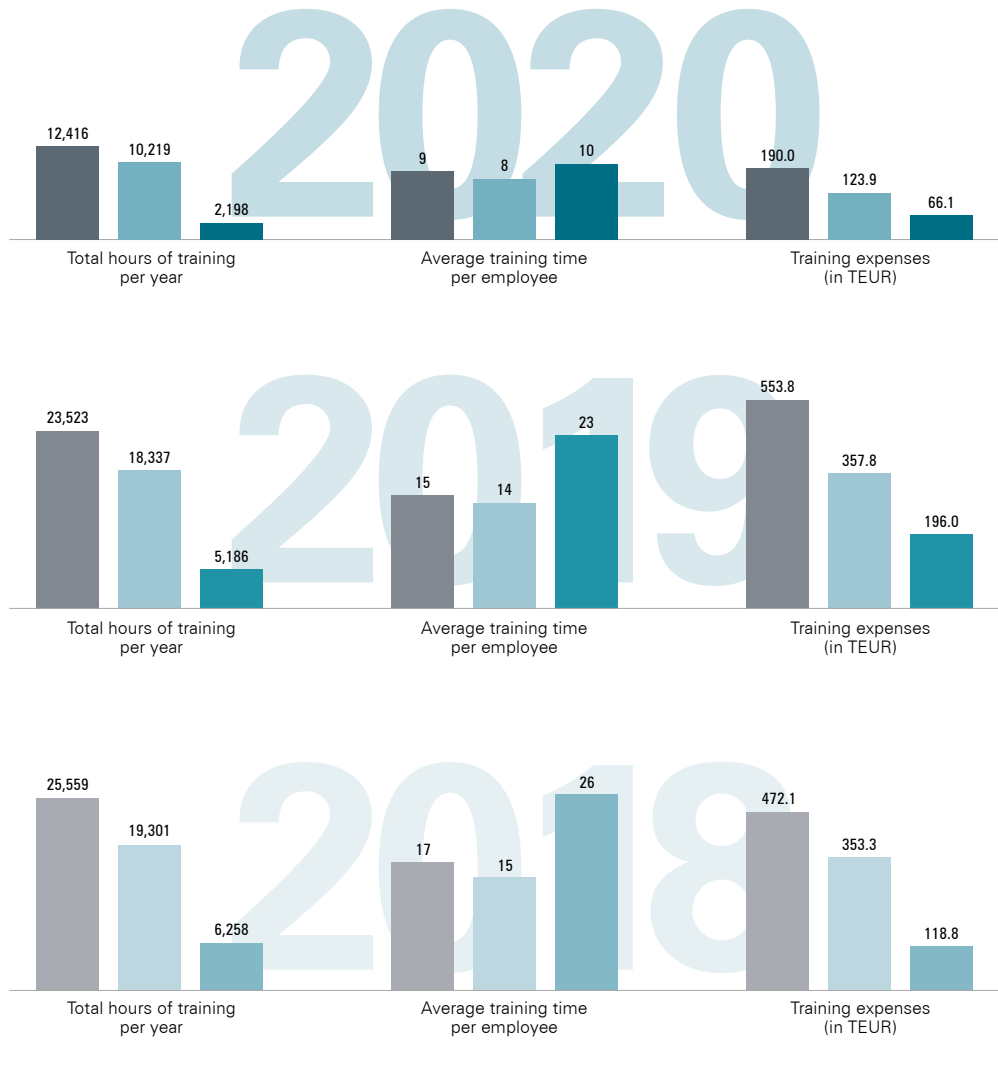


Goal

Average of at least 2 working days training per employee

Training

■ Total ■ Employees ■ Manager



Occupational health and safety

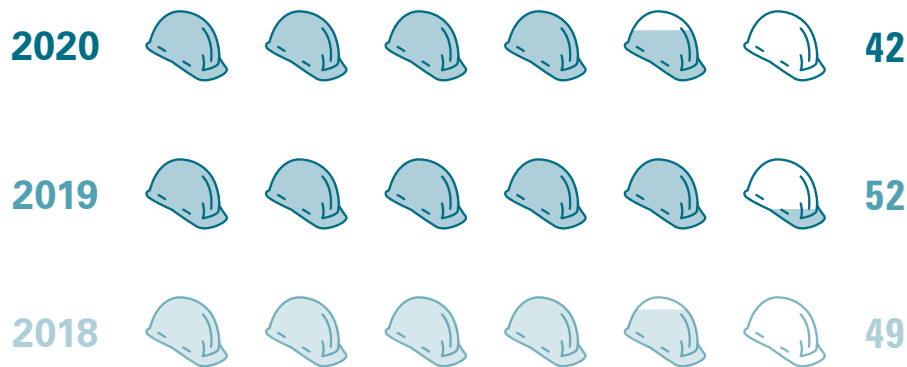
Occupational safety takes high priority at Manz. It is important for us to be active and take preventive measures beyond the laws and regulations in this area. We have an occupational management system in place in conformance with ISO 45001. In this context, we consider all aspects of occupational safety: from primary accident prevention to stress-related factors in the organization. Therefore, we take care 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 through close guidance and support from professional experts. Each of our employees additionally promotes safety and health

protection within their work area by agreeing to comply with all applicable regulations on the basis of our Code of Conduct. If an employee discovers that the equipment is not in perfect condition in terms of safety, they must report this defect to their superior without delay.

However, the primary goal is always to prevent and avoid accidents at work, because the health of our employees is very important to us.

Outside experts in occupational safety aid us in complying with all occupational safety regulations at the company. We have also hired an outside expert for all questions concerning radiation protection.

Number of accidents per year



Accident rate

in %



The average accident rate (number of accidents in relation to the number of employees) throughout the Group in 2020 was 3.0 % (previous year: 3.4 %). Calculated on the basis of the associated days lost (number of accident-related days lost compared to the total number of workdays), the rate was 0.06 % (previous year: 0.10 %).

In addition to workplace safety measures, we also promote the general health of our employees through a wide variety of country-specific offerings. In China, for example, we offer occupational insurance for employees, as well as health and accident insurance. In order to prevent health risks, we have a company physician at our German location who provides preventive medical checkups.

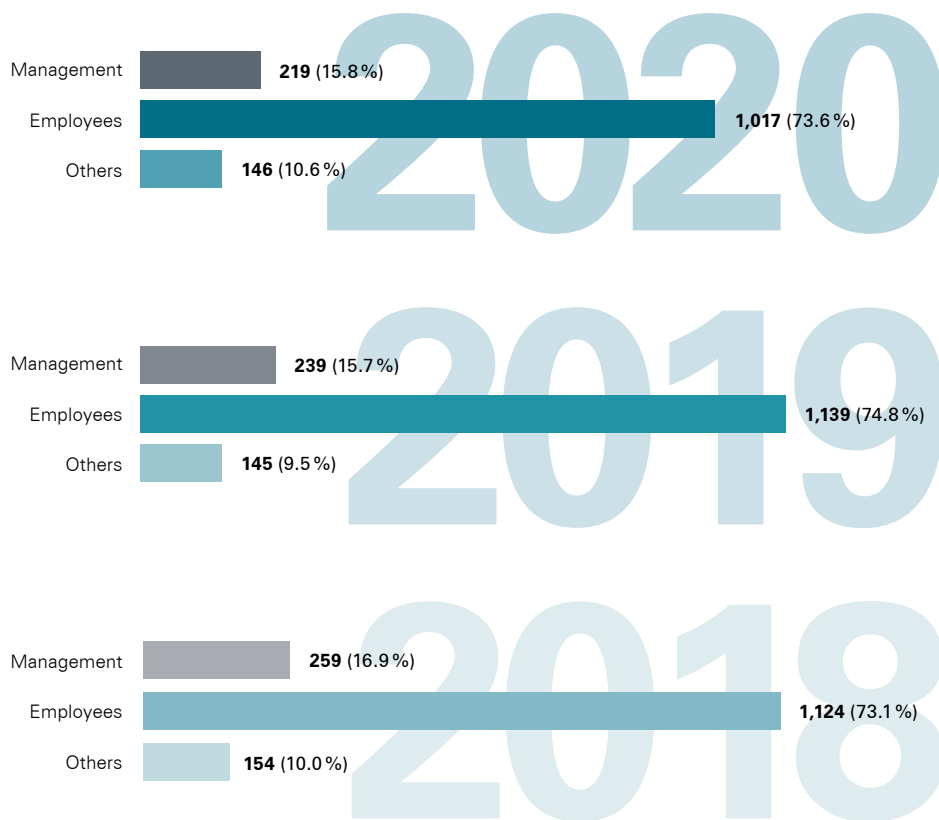
The company physician is in the office on a daily basis and available to all employees in the event of acute issues. In addition, monthly office hours are offered at the company. Services offered to employees during office hours include, for example, occupational medical check-ups, individual advice on all workplace-related health problems or issues surrounding a health-focused lifestyle and work-life balance. Our doctors are likewise available to advise pregnant women and their superiors on questions concerning compliance with the Maternity Protection Act or gradual reintegration after a long period of illness. Unit managers also receive a free annual all-round health check. However, the company physician supports the company in questions relating to the planning, execution and maintenance of operating facilities and the design of work processes and workplaces.

Indeed, we place great value on health issues not just related to the direct performance of work. For example, we support Manz AG employees by offering them discounted fitness and wellness programs and the lease of JobRad.

Equality of opportunity and diversity

Equality of opportunity and diversity is a central concern for us as a global mechanical engineering company. Fostering a culture of equal opportunity, mutual trust and respect is very important to us. Consequently, we also feel bound by the principles of the Declaration of Universal Human Rights, in particular Article 1 of the Declaration, "All human beings are born free and equal in dignity and rights." Accordingly, 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. We have also explicitly stated this in our Code of Conduct, which applies throughout the Group and which commits us to treat each other with respect at all times.

Disclosure of different types of employment



Elected employee councils are also responsible for promoting equality between men and women, the integration of severely disabled persons and other particularly vulnerable persons, the employment of older employees in the company, the integration of foreign employees in the company along with understanding between them and all employees, and creating a balance between work and family.

Should an employee nevertheless feel disadvantaged or unfairly treated or otherwise adversely affected, our employees can always lodge a confidential complaint to the relevant departments of the company. If desired, employee representatives can also provide support or mediation. This culture built on mutual trust 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 1,382 permanent employees in seven different countries in 2020 (previous year: 1,523). The number of employees in non-permanent positions declined in 2020 to 239 employees (previous year: 285) which corresponds to a ratio of 17.3% (2019: 18.7%).



Goal

Employment relationships

Precarious employment relationships should be avoided; before hiring temporary or contract workers, a permanent position will be considered

Internships

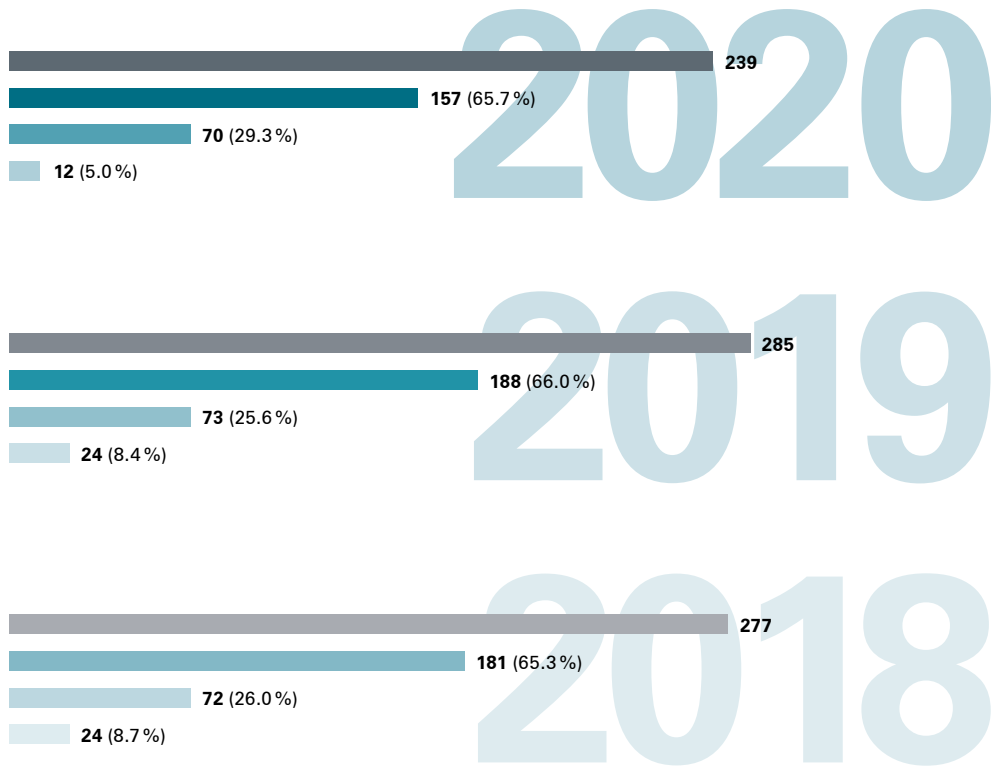
Limitation of internship period

Annual contracts

Annual contracts are to be converted into a permanent employment relationship after renewal

Position of non-regular employees

■ Total ■ Labor leasing workers ■ Students ■ Freelancer



For 2020, 243 employees were women, corresponding to some 18% (previous year: 15%). As a result, the company took a large step toward achieving its medium-term goal of a female share of employees equal to 25% in 2020 and is above the average in Germany in the so-called MINT occupations. In 2020, the female share of employees in positions subject to mandatory social insurance contributions in such occupations was 16.0%. At the same time, the female share of employees at the team leader level grew: of 219 managers at Manz AG in 2020, 22 were women, corresponding to a 10% share (2019: 7%).

For 2020, the average employee age was 40.8 years for male employees (previous year: 39.6 years). For female employees, the average age was 40.0 years (previous year: 38.6 years). With this age structure, we continue to believe that we are well-positioned to successfully confront challenges facing us in those dynamic markets in which we operate.



**Team Leaders
Male**

2020: 90.0 %
of 219 team leaders

2019: 93.3 %
of 239 team leaders

2018: 89.2 %
of 259 team leaders

**Male
Employees**

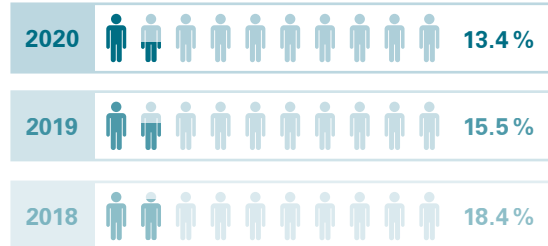
2020: 82.4 %
of 1,382 employees

2019: 85.3 %
of 1,523 employees

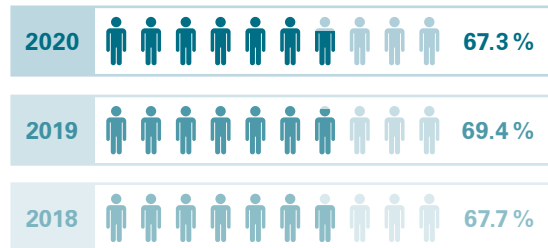
2018: 81.8 %
of 1,537 employees

Age Groups

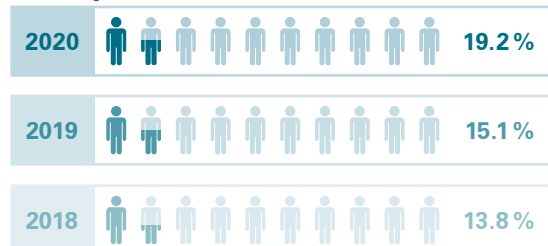
< 30 years



30–50 years



> 50 years





Goal

Women's quota
of 25 %
(medium-term)

Age Groups

< 30 years



30–50 years



> 50 years



Female
Employees

2020: 17.6 %
of 1,382 employees

2019: 14.7 %
of 1,523 employees

2018: 18.2 %
of 1,537 employees



Goal

Female team
leaders quota
of 25 %
(medium-term)

Team Leaders
Female

2020: 10.0 %
of 219 team leaders

2019: 6.7 %
of 239 team leaders

2018: 10.8 %
of 259 team leaders



Social and community issues

As a reliable employer, we assume social responsibility throughout the Group. This includes the fact that, as a company, we pay local taxes in the respective countries in which we operate and do not pursue an active tax avoidance strategy. We have the propriety of taxes paid audited annually by independent auditors.

At our respective locations, however, we are also involved beyond matters of work. In this context, Manz AG supports local sports and cultural associations and organizations in which our employees work on a voluntary basis in the form of financial contributions as part of the "Employees in voluntary work." In addition, Manz AG lives up to its social responsibility through the annual support of social institutions. Five international Manz AG locations donated a total of TEUR 28.9 for 2020.

This included donations to two local non-profit organizations in 2020. Wirbelwind Reutlingen e.V. and DELFIN e.V. each received support from us in the form of a EUR 5,000 donation.



Wirbelwind e.V. is an organization that seeks to prevent the sexual abuse of children, adolescence and young adults. The organization operates the only specialized counseling service related to the topic of sexual violence in the Reutlingen district. Wirbelwind e.V.'s activities include counseling victims and their family and well as facilitating access to places of safety and other assistance.

DELFIN, the support organization for the Tübinger Kinderchirurgie e.V., offers a range of support for family members whose children require operations. In addition, the organization cooperates closely with the pediatric surgery department at the Tübingen University

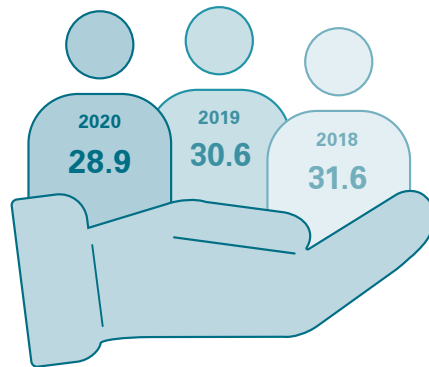
Hospital, for example by providing medical, diagnostic or therapeutic equipment, games and work equipment, additional staffing positions and provides support to research projects.

Manz AG is a member of the German Engineering Federation (VDMA), which views itself as a leading association representing the industry in politics and the public sphere. Manz is also a member of the German-Slovak Chamber of Industry and Commerce at its location in Slovakia, a member of the German-Hungarian Chamber of Industry and Commerce at its location in Hungary, a member of the German-Chinese Chamber of Commerce in Shanghai at its location in China and a member of the German Trade Office Taipei at its location in Taiwan. In addition, Manz AG is a member of the competency network Lithium-Ionen-Batterien e.V. (KLiB), an interdisciplinary association of industry and research with the objective of strengthening the competitiveness of Germany in the key technological field of lithium-ion battery production. With this objective in mind, the KLiB networks industrial enterprises, research institutions and public bodies, initiates cross-segment dialog and increases public awareness of the future-oriented technology represented by re-chargeable batteries in Germany.

There were no direct or indirect donations to parties or politicians in 2020.

Donations to social institutions

in TEUR



The Goals at a Glance

Environmental issues

<p>Greenhouse gas emission intensity</p> <p>Goal</p>	<p>Energy efficiency</p> <p>Goal</p>	<p>Waste efficiency</p> <p>Goal</p>
<p>Continuous reduction of carbon intensity per revenues compared to previous year</p>	<p>Continuous reduction of energy use per revenues compared to previous year</p>	<p>Continuous reduction of waste per revenues compared to previous year</p>
<p>CO₂ Footprint</p> <p>Goal</p>	<p>Energy use by source</p> <p>Goal</p>	<p>Fresh water use efficiency</p> <p>Goal</p>
<p>Reduction of the CO₂ equivalent relative to revenues by 21 % until 2026</p>	<p>Fuel</p> <p>Reduction by 10 % compared to previous year (relative to the amount of cars)</p> <p>Electricity</p> <p>Increase of share of renewables to significantly above 50 % until 2021</p>	<p>Continuous reduction of water use per revenues compared to previous year</p>

The Goals at a Glance

Employee issues and training

Training Goal	Position of non-regular employees Goal	Female employees Goal
Average of at least 2 working days training per employee	<p>Employment relationships Precarious employment relationships should be avoided; before hiring temporary or contract workers, a permanent position will be considered</p> <p>Internships Limitation of internship period</p> <p>Annual contracts Annual contracts are to be converted into a permanent employment relationship after renewal</p>	<p>Women's quota of 25% (medium-term)</p> <p>Team leaders female Goal</p> <p>Female team leaders quota of 25% (medium-term)</p>

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 conducted a test to obtain limited assurance on the non-financial Group report separately designated for Manz AG that is identical in content to the 2019 Sustainability Report, pursuant to sections 315b and 315c in conjunction with sections 289b to 289e HGB (in the following "report"), for the period from January 1 to December 31, 2019.

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 conjunction with sections 289b to 289e HGB.

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

The ba 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 auditing practice (IDW QS 1).

Auditor's responsibility

Our responsibility is to deliver an audit opinion on the report with limited assurance based on our audit.

We conducted our audit with due regard to the International Standard on Assurance Engagements ISAE 3000 (Revised): "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". Accordingly, we are to plan and perform the audit 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 289b to 289e HGB in all material respects. This does not mean that a separate audit opinion will be submitted for each of the entry. In a limited assurance audit, the audit procedures performed are less extensive than those required for an audit to obtain adequate assurance, thus significantly reducing the degree of audit assurance. The choice of audit procedures lies in the due discretion of the auditor.

As part of our audit, we performed the following audit 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
- Conducted an analytical assessment of quantitative data and trends reported by all company sites for consolidation at the Group level
- Inspected selected internal and external documents
- Assessed 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

Auditor's opinion

On the basis of the audit procedures performed and the audit 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 December 31, 2019 has not been prepared in conformance with sections 315b and 315c in connection with sections 289b to 289e HGB in all material respects.

Purpose of the auditor's opinion

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 auditor's opinion, each recipient confirms that they have read and understood the provisions set out therein (including the limitation of liability to EUR 4 million for negligence in sentence 9 of the AAB) and acknowledges their validity in relation to us.

Reutlingen, March 23, 2021

ba audit gmbh
Wirtschaftsprüfungsgesellschaft
Zweigniederlassung Reutlingen

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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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