

NONFINANCIAL GROUP DECLARATION IN ACCORDANCE WITH SECTION 315B OF THE GERMAN COMMERCIAL CODE (HGB)

Dear Readers,

We are pleased to be able to present to you today our second report on the nonfinancial performance indicators at SUSS MicroTec. The topic of sustainability continues to have a very high priority at SUSS MicroTec and we are clearly committed to our environmental and social responsibility. For us, sustainability means the close interplay of economy, ecology, and ethical behavior. SUSS MicroTec strives for a fair and socially responsible interaction with customers, employees, competitors, and other business partners. The Company applies the same high standards to its suppliers and business partners. Our business is characterized by internationality and cultural diversity. Wherever we conduct business, we see ourselves as a member of the respective society and make an active, positive contribution to shaping the community and its environment. There were no changes to these principles in the past fiscal year.

As members of the Management Board, we understand our leadership role as not only managing this Company according to economic and financial metrics, but also as living up to our responsibility to society and the environment.

Sustainability is not only a success factor for entrepreneurial conduct but also a sign of an increasing change in values in our society. Consumers and customers rightfully question manufacturing practices, working conditions, or the use of materials in products and services that they consume. What amount of emissions does the vehicle produce, how high is the energy consumption of this electronic tool, or what raw materials and other materials were processed during manufacturing? These thoughts influence the purchasing decisions of modern customers, and these questions are therefore becoming an increasingly important economic factor.

The following explanations and descriptions of individual aspects are in accordance with Section 315c and Section 289c of the German Commercial Code (HGB) and are based on the UN Global Compact Principles.

The Management Board of SUSS MicroTec SE

BUSINESS MODEL

The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and microelectromechanical systems. As a supplier of system solutions for semiconductor technology, the Group is a high-performance partner of the semiconductor industry for the laboratory, research, and production areas. Special markets with strong growth form the main areas of activity and promote the innovative development of technologies with long-term potential for success in future-oriented markets and applications, such as microchip architecture and connection technology for applications in chip manufacture, telecommunications, and optical data transfer.

Added Value Through Microelectronics

In the semiconductor industry, along with energy-efficient production, technical opportunities to increase the energy efficiency of finished products have played an important role for many years. For example, it has been possible to reduce the fuel consumption and exhaust emissions of modern vehicles significantly in recent years through the increasing use of sensors and electronic controls. Microelectronic components also help ensure the intelligent use and careful treatment of valuable resources such as electricity, water, gas, or fuel in household appliances, industrial equipment, lighting design, computers, and cellular telephones. Over time, this trend developed into an additional growth driver for our business. In particular, issues such as energy-conserving lighting design, sensors, and the smart use of resources play an ever more meaningful role in our everyday life through targeted data analysis, networking, and mobile communications. With its products and solutions, SUSS MicroTec helps to make electrical and electronic equipment more energy efficient and powerful. At the same time, we endeavor to design the manufacturing process of our machines in a manner that maximizes the conservation of resources and the environment. In addition, many components – manufactured in part using our machines – are used in industrial applications for renewable energy, such as wind and solar power.

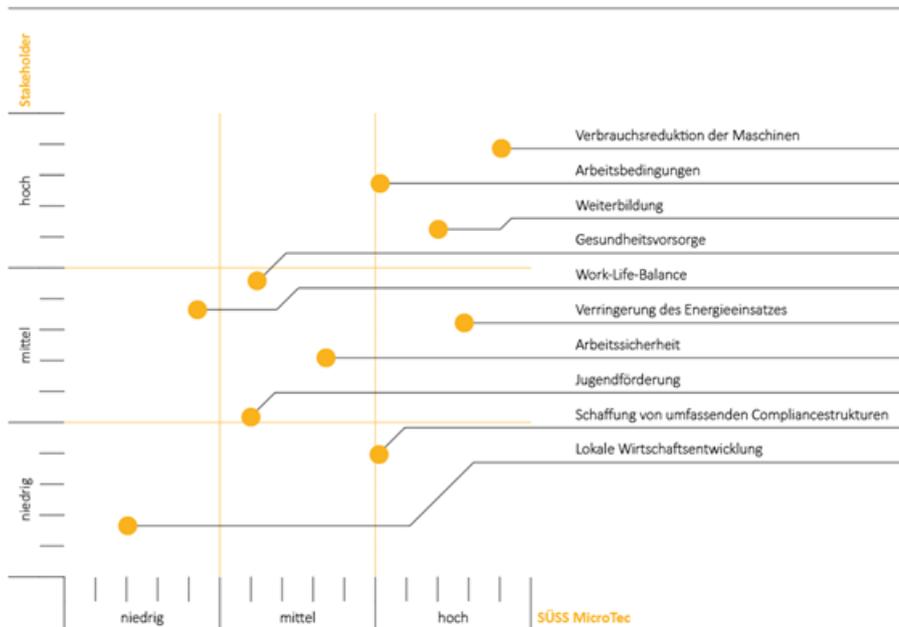
In the 2018 fiscal year, the Group produced at four sites, including two in Germany, in Garching, near Munich (headquarters), and Sternenfels, one in Hauterive, Switzerland, and one in Corona, California, USA. In 2019, we plan to open our Imprint Excellence Center at our location in Switzerland. In addition, we are planning to establish a further production facility for final assembly of certain machines close to our largest market in Asia (Taiwan) in order to orient ourselves even closer to the customer and his needs. Aside from the four production sites, the Group has additional locations with a focus on service and sales in Great Britain, France, Japan, China, Singapore, Korea, and Taiwan. All principles, values and rules mentioned in this report apply internationally and to all subsidiaries of SUSS MicroTec.

The legal structure of the Group consists of the proprietary company, SUSS MicroTec SE, as the management and financial holding company, and the subsidiaries holding a majority of the proprietary company. The development and production activities as well as the local sales and service activities for the Group are each organized within the subsidiaries.

SUSTAINABILITY AT SUSS MICROTEC

In order to identify the relevant sustainability issues at our Company, we conducted a multi-level materiality analysis in the 2017 fiscal year. Concepts and goals that define our sustainability strategy were derived from material areas for SUSS MicroTec. It is planned to repeat this materiality analysis every two years, e.g., the next review of the material issues is planned for 2019.

WESENTLICHKEITSANALYSE FÜR DEN SÜSS MICROTEC-KONZERN



Goals

The overarching goal of our sustainability strategy is safeguarding the long-term future viability of our core business as well as the expansion of new and innovative technologies. Many current developments offer significant growth potential for SUSS MicroTec. Our task is to exhaust this potential while complying with our own and legally stipulated rules of conduct and guidelines. Current trends in the areas of digitalization, networking, communication, and mobility offer tremendous potential for the Company with respect to sales growth and the expansion of market share. It is equally meaningful to leverage this potential while complying with our environmental standards and targets and taking the interests of the Company into account. In addition, not only do we benefit from current trends, but our products support them on a sustainable basis. Sensors are being used more and more in industry, the automotive sector, and even in households. In addition, our development processes increasingly take into account not only the actual function of the machine but also such issues as the improvement of energy efficiency or reductions in the consumption of media. Our customers demand not only technically flawless machines but also compliance with certain environmental standards and working conditions.

Risk Management

Current trends in our industry offer a wide range of opportunities for our Company. Recognizing and taking advantage of them are important management tasks. At the same time, effective risk management is indispensable. The goal of opportunity and risk management at SUSS MicroTec is to maintain and increase the enterprise value. This includes the early detection of opportunities, identification and suitable assessment of the related risks, and an appropriate response.

A significant part of the risk management system is a software-based reporting system that covers the following areas: materials management, production/manufacturing, marketing/sales/service, research and development/product development, human resources/organization, finance, IT, law, and general safety. In this system the parties designated by management as responsible for risk must report on and evaluate the identified risks quantitatively at least once per quarter or on an ad hoc basis when specific circumstances require it. The evaluation is done using the dual criteria of possible damages (expressed in euros) and the probability of occurrence. Particularly in case of significant risks, the responsible parties are encouraged to take suitable countermeasures or to recommend actions. The Supervisory Board is regularly informed about the risk management system and material risks. In addition, internal Company training sessions are held for those responsible for risk. The effectiveness of the measures and the development of risks are monitored continuously.

Additional information on the individual business risks as well as a detailed description of the risk management system may be found in the Opportunities and Risk Report of this Annual Report.

ENVIRONMENTAL PROTECTION

SUSS MicroTec is fully committed to its responsibility toward the environment. Environmental responsibility and sustainability are genuine goals and integral components of our business model. Our responsibility extends from the purchasing of components to the recycling of our used machines.

ISO 14001 Certification

ISO 14001 serves as the framework for our environmental management system. Within the framework of environmental management, we at SUSS MicroTec have been intensively involved in the systematization of the environmental management and the introduction of ISO 14001:2015 since 2014. In the 2015 and 2016 fiscal years, system analyses, internal audits, and a preaudit (Stage 1 Audit) were conducted with the auditor (DQS). The successful auditing of the environmental management system occurred in the 2016 fiscal year. Therefore, SUSS MicroTec is one of the first companies to have accepted the challenge of the new ISO standard.

According to our materiality analysis, the two most important environmental issues are the reduced consumption of resources and materials used in the production environment and reduced use of energy in our manufacturing. In the following pages, we will elaborate on these issues, our related environmental concepts and goals, as well as possible risks.

Improvement of Energy Efficiency at All Levels

Our central environmental goal is the improvement of energy efficiency in our manufacturing and our machines. In addition, components produced with our machines help increase the energy efficiency of electronic equipment. In addition, we support the careful treatment of natural resources. In our case, this is essentially the consumption of energy sources and consumables. The issue of environmental management is ruled under the business distribution plan of the Management Board.

Reduced Consumption of our Machines in the Production Environment

The improvement of the ecological properties and environmental impact of our products is an important part of our development work. We are therefore attaching increasing importance to minimizing the use of energy sources, chemicals, and other processing materials during the manufacturing process and the operation of our machines. For coating and developing, bonder, and photomask equipment, innovative process management and focused machine design have the objective of significantly reducing such consumption. We are currently pursuing the goal, for example, of achieving significant reductions in the consumption of the employed chemicals by using a new coating technology. However, initial successes or product launches are expected only for the year 2020.

For example, an already completed project is the development of the LED lamphouse for our Mask Aligners. In the 2016 fiscal year, the innovative UV LED lamphouse was launched in the market for use in exposure systems (Mask Aligners < 1,000 watts). With the development and implementation of the environmentally friendly UV LED lamphouse concept for Mask Aligners, we succeeded in taking another important step toward the preservation of resources and the protection of the environment. The innovative UV LED

light source has a much longer service life than the previously used mercury vapor lamp and the systems are also mercury-free. Moreover, the time and energy-intensive warm-up and cool-down phases are no longer needed in the production process – the LED light source is only switched on during the actual exposure process. Both factors make a significant contribution to lower energy consumption; consumption is reduced here by approximately 60 percent. The LED technology also represents a much better solution in terms of occupational health and safety and protecting the environment.

Reduction of Energy Use in Manufacturing and Administration

We are not only interested in increasing the energy efficiency of our products or manufactured finished products. Instead, according to our guidelines and regulations, every SUSS MicroTec employee bears responsibility to protect our natural resources and to treat them with care, for example in the consumption of electricity or other consumables, in day-to-day work. Just like production, building management is also encouraged to work in a non-destructive manner and to reduce both waste materials and energy consumption. The moderate use of materials and recycling or reuse are also promoted. Our guidelines for resource preservation, energy conservation, and the equipment and materials used with our products apply to the areas of research, development, and construction.

Our goal continues to be to optimize the use of energy (electricity/gas/heating oil) at all production sites. In the period from 2012 to 2020, we intend to reduce energy usage at the Garching and Sternenfels sites by 16–18 percent. However, these figures are not static, but instead are relative to changes in sales (environmental efficiency of economic output) and the number of employees (environmental efficiency of employment). As of now, we have not yet established any specific environmental goals for our two much smaller manufacturing locations in Hauterive, Switzerland, and Corona, USA.

The achievement of targets will be monitored annually within the framework of a CO₂ record. In the period from 2012 to 2017, the figures in absolute terms were approximately -15 percent, despite an increase in sales and the number of employees, and therefore were within the bounds of the guidelines. Adjusting the absolute consumption figures for the impact of increasing sales and the number of employees, we have already achieved a partial goal. On a per-employee basis, this results in a reduction of energy usage by approximately 33 percent. The environmental efficiency of economic output on a per-sales basis has improved by approximately 25 percent. The CO₂ record for the 2018 fiscal year will be available only after publication of the Annual Report planned for May 2019.

SUSS MicroTec has, for example, implemented various energy-efficient measures at the production site in Garching in recent years, such as optimizing the pump systems for heating and air conditioning, using air compressors with heat recovery, improved lighting design, and a generally more conscious approach to the use of energy in order to achieve these environmental goals. Due to age-related functional deficits, the cooling units in the cleanrooms at the Garching site were renovated in several construction stages during the 2013 fiscal year. The two new cooling units, which are equipped with “free cooling,” can conserve energy at outside temperatures below 11°C. Based on experience, one may assume that at these temperatures (on approximately 90 days/year), the cooling requirements are reduced by approximately 30 percent, taking pressure off the compressors for the cooling equipment and cutting energy costs.

Another component of our environmental strategy is the repurchasing and appropriate reconditioning of used machines. Our employees take great care constructing our machines, which are frequently designed for a long service life. A life expectancy of up to 15 years or longer is not uncommon – and demonstrates outstanding efficiency and quality. With our subsidiary SUSS MicroTec ReMan, we also offer our customers the opportunity to obtain used machines that we have carefully overhauled at a favorable price. This way, we ease pressure on the procurement budgets of our customers, extend the life expectancies of used machines, and conserve valuable resources.

Material Risks in the Environmental Area

In addition to diverse opportunities, the materiality analysis combined with information from our risk management system has identified certain risks in the environmental area. However, in our view, none of them should be classified as material in terms of jeopardizing the business. Nevertheless, we would like to report here on the most important risks and highlight the countermeasures that we have taken.

Missing our environmental targets for the reduction of energy usage would pose the fundamental risk of rising energy costs for the Company. In case of rapidly rising costs for electricity, gas, water, or heating oil, this would have a negative impact on the profitability of the Company.

Customer satisfaction is a key component of our business success and, of course, our corporate strategy. A noteworthy risk would exist for our business development if we would not succeed in satisfying customer wishes on a long-term basis, e.g., with regard to energy efficiency and media consumption. In order to counter this, a tremendous emphasis is placed on energy and media consumption as well as general environmental properties as early as during the development process. In addition, our innovative

products and solutions are frequently developed or refined in close cooperation with customers or semiconductor institutes.

Accidents, combined with risks for the health of employees and the environment, constitute an additional risk. Possible consequences could be costs for repairing the machine as well as reputational damage. The risk of an accident is held to a minimum through high quality standards as early as during machine design, through the careful and responsible manufacture and installation of the machines, and through the targeted training of operators.

EMPLOYEE-RELATED CONCERNS

Our entrepreneurial decisions have diverse ramifications for the environment and individuals, particularly employees, but also for suppliers, customers, and other business partners. However, the Company has the greatest direct impact on its employees. For this reason, SUSS MicroTec employees are the focus of our efforts in the areas of sustainability and occupational safety. As a result of the “law for the equal participation of women and men in management positions in the private and public sectors,” listed companies are obligated to set targets for the share of women in the Supervisory Board, the Management Board, and at the next two management levels. In the Group declaration on corporate governance – published in the Management Report as well as on the Company’s website – the Company commented in detail on the concept of diversity and on the quotas established by the Company for the individual management levels. Subsidiaries of SUSS MicroTec SE that are located in Germany are subject to the German Works Constitution Act, which governs codetermination in the Company. In all German subsidiaries, there are Works Councils, which are elected by the employees and represent the interests of employees. In addition, SUSS MicroTec SE, as a European company, has had a Works Council representing employee interests since 2017.

Goals

The happiness, health, and continuing education of our employees are very important to us. The employees and their knowledge and expertise are a significant part of the Company’s value. Our business is characterized by internationality, global positioning, and cultural diversity. We have employees distributed around the globe in development, production, administration, sales, and service, who constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We work with time-saving decision-making processes and enable our employees to play an active role and to develop in accordance with their abilities and preferences. After all, the motivation, knowledge, and flexibility of our employees are important prerequisites for the long-term success of the Company.

The avoidance of workplace accidents in manufacturing is a sustainability goal related to employee-related concerns. We also attach particular importance to continuing education. In the future, we intend to noticeably increase the quality and quantity of the continuing education opportunities that are offered to and taken advantage of by both our employees and our customers. In the 2017 fiscal year, the Company spent almost 480 euros per employee for external continuing education. In the past 2018 fiscal year, it was approximately 680 euros per employee in Germany. In the current fiscal year, we intend to reasonably increase this amount using targeted measures.

In the 2018 fiscal year, there were 17 reported workplace accidents at the two production sites in Germany. In the previous year, the number of reported workplace accidents was seven. Our goal is to avoid workplace accidents completely, if possible. We do not consider it sensible to set a precise and realistic target. The foreign sales and service locations are less relevant to the topic of occupational safety since no manufacturing takes place there. In our plant in Corona, California, there was one reported workplace accident in the 2018 fiscal year, following also one accident in the 2017 fiscal year. There – like at all other production sites – routine training and safety instruction sessions are held for “at risk” employees, for example in production or warehousing.

Suitable Working Environment

As our declaration on the environment, health, and safety stated, there are special programs designed to meet the highest standards in the workplace in terms of safety. We maintain detailed statistics and statistics analyses about workplace accidents. In addition, we offer on-site medical appointments, for example for free eye examinations or inoculations, at regular intervals. In 2016, we held a “health day” for the first time at the Garching site, where colleagues were able to obtain advice and undergo examinations. These measures should help to further reduce the number of workplace accidents and sick leaves in the coming years.

Continuing Education

Well-trained and motivated employees are an essential element for a successful company. Therefore, the targeted training and education of employees is a major objective of our sustainability strategy. Regardless of whether they work as engineers, software developers, or, for example, employees in human resources, the ever-changing legal environment and the innovation-driven semiconductor sector make it indispensable that colleagues participate in continuing education on an ongoing basis and further develop their skills in the interests of the Company.

Through targeted measures, the topic of continuing education should become increasingly significant. Through the strengthening of internal continuing education opportunities, new approaches to employee training should be found. The SUSS Excellence Program was created in the 2017 fiscal year for this purpose. The program, with its emphasis on the areas of HR, process optimization, and communication, offers employees the opportunity to place their training and education at SUSS MicroTec on a solid foundation and to improve their individual circumstances at work. The entire program is embedded in efforts to shape the corporate culture constructively.

Material Employee-Related Risks

Given the current development of our population as well as the high industry-spanning demand for qualified employees, the task of finding, training, and winning the long-term loyalty of capable employees is becoming increasingly important. Flexible working hours, a reasonable work-life balance, and appropriate and attractive remuneration are now fundamental prerequisites for filling many open positions. If we are unable to find sufficient up-and-coming talent or new employees for upcoming challenges in local competition with major corporations and other companies, this could have a significant negative impact on the future of the Company. Infrequently, but still on a regular basis, knowledge carriers leave the Company or enter into a well-deserved retirement. In these cases, we must succeed in already having suitable up-and-coming talent on board at the time of departure in order to ensure a smooth transition and to minimize the loss of expertise.

RESPECT FOR HUMAN RIGHTS

SUSS MicroTec respects internationally recognized human rights and supports their observance. We respect personal dignity, privacy, and the personal rights of each individual. In addition, we promote equal opportunity and do not discriminate in the hiring and promotion of employees. We work with individuals of different ethnic backgrounds, cultures, religions, and ages, without regard to disability, skin color, sexual identity, world view, and gender. In accordance with our own standards and with labor laws of the countries in which we operate, we fundamentally do not tolerate any discrimination based on these characteristics, any harassment (verbal, in social networks, physical, or sexual), bullying, or other personal attacks on individuals. In addition, SUSS MicroTec strictly rejects any form of child labor, forced labor, or comparable practices on its premises or at suppliers and customers.

Goals

Values like honesty, loyalty, and integrity as well as the personal responsibility of each individual employee are particularly important to us. A Code of Conduct was approved as part of the Group-wide compliance program in order to cope with the legal and ethical challenges encountered in day-to-day work, to create clarity, and thus to strengthen trust in the performance and integrity of the SUSS MicroTec Group. Accordingly, this Code of Conduct contains minimum standards that apply to each employee of SUSS MicroTec SE and its subsidiaries worldwide. We also require our suppliers to uphold the same high standards. In the 2017 and 2018 fiscal years, there were no reported violations or complaints by customers or suppliers regarding human rights abuses. Our goal is to maintain this standard.

Risks

Through targeted training and employee awareness sessions, we want to encourage employees to use internal control mechanisms or the whistle-blowing system in cases of (potential) violations. In cases of human rights abuses, the Company could suffer reputational damage along with a possible loss of market share and even employees. Operationally, this could even lead to bottlenecks in the supply of materials should a supplier be denied us in case of an incident.

Supply Chain

As an international and continuously expanding company with a broad product range, our value chain is becoming ever complex. Here, we assume the role of a manufacturer of machines that are resold to manufacturing companies and are visible to the consumer to only a limited extent. As a rule, we procure many of our parts and components from supply companies in Germany and Europe. A few special components, such as robots and the like, are procured from international manufacturers.

We have implemented various measures in order to optimize our supply chain with respect to sustainability issues. While manufacturing our products, we pay attention to high resource efficiency, recycling, and solutions that are as environmentally friendly and socially acceptable as possible. In addition, we are conducting supplier surveys on the topics of the environment, legal and regulatory compliance, and occupational safety and health.

In 2015, corporate social responsibility material was expanded, which has been passed along together with our Code of Conduct in

our regular inquiries to potential suppliers since the beginning of 2016. By doing so, we promote our standards along the upstream supply chain. An internal office at SUSS MicroTec deals with issues such as “conflict minerals,” RoHS, and REACH. Our general purchasing conditions also take up the issue of “social responsibility.” Above all, they address compliance with human rights and labor standards, the prohibition of discrimination, forced and child labor, anti-corruption, and ethical and ecological procurement.

FIGHTING CORRUPTION AND BRIBERY

All employees must report situations in which their personal or other economic or financial interests could come into conflict with those of the SUSS MicroTec Group. Even the appearance of a conflict of interest can damage the reputation or interests of SUSS MicroTec and should be avoided from the outset. As a rule, business decisions are always made for the benefit of the Company. Business ethics and integrity ensure our credibility. It is a matter of course that all Group companies and employees obey the laws and regulations of the countries in which they operate and meet their obligations in a reliable manner. They must demonstrate integrity and fairness in all aspects of their business activities. We expect the same from our partners.

We are convinced that ethical and economic values are mutually dependent and that participants in the business world must strive to treat each other fairly and act within the framework of established standards. Our principles on this can be found in the Code of Conduct and are available to every employee as well as customers and suppliers.

While the Company expects honest and ethical behavior from all employees in all aspects of our business, it applies particularly high standards to its executives, from whom the highest degree of integrity and honesty is expected, since they set the management style and serve as an example for all employees.

This requires honest and sincere behavior considering the required confidentiality of certain corporate information. This includes compliance with relevant laws, provisions, regulations, the articles of incorporation, and the provisions of applicable accounting and auditing principles, as well as the avoidance of conflicts of interest and competitive advantages through illegal or unethical business practices.

The Company obtains its orders in a fair manner through customer orientation, innovation, and technologically leading products. Employees are not permitted to offer, promise, or grant unjustified advantages in connection with their activities for SUSS MicroTec directly or indirectly. Neither monetary payments nor other benefits may be provided if they are designed to influence decisions and/or to obtain an unjustified advantage.

Goals

With regard to fighting corruption and bribery, our goal is a high acceptance rate for our Code of Conduct. This applies not only to German locations but also to all worldwide subsidiaries. As of 12/31/2018, the Company had 881 employees (including part-time employees and apprentices). As of this date, we had not received written letters of acceptance of the Code of Conduct from only 18 employees. This equates to a response rate of 98.0 percent as of 12/31/18. At the end of the 2017 fiscal year, this rate was 94.7 percent. As a result of fluctuations in staff, it will be hardly possible to achieve a rate of 100 percent at any time. Therefore, we will initially strive for a response rate of at least 95 percent for the future.

Risks

In case of violations of legal provisions regarding bribery and corruption, the Company could face, in addition to significant reputational damage, painful fines or, in extreme cases, prison terms for employees who have violated the provisions. In the 2017 and 2018 fiscal years, the Company had no incidents, reports, or legal proceedings involving corruption or bribery. Our goal is to hold this rate at zero through training and awareness.

SOCIAL CONCERNS

As a mid-size company with limited resources, SUSS MicroTec focuses on its business activities – the manufacturing of machines. There is no attempt to influence politics at the local and higher level. As a rule, we do not make any donations or sponsorships for political parties or organizations similar to parties domestically or internationally. Donations and sponsorships for sporting events, charitable events, or the like require approval by the Management Board and are carried out only in rare cases and only on a small scale. No noteworthy goals, opportunities, or risks arise from the social aspect.

OVERVIEW OF THE ASPECTS AND GOALS

	GOALS 2019	STATUS 2018
ASPECTS / GOALS		
Environmental Concerns	Reduction of energy usage (measured in CO ₂ equivalents) by 16-18% (2012-2020)	Reduction of energy usage (measured in CO ₂ equivalents) by 16-18% (2012–2020; status 2017)
Employee-Related Concerns	Reduce the number of reported workplace accidents; increase expenditure for continuing education per employee in Germany through sensible measures	Number of reported workplace accidents = 19; expenditure for continuing education per employee in Germany: approximately 680 euros
Respect for Human Rights	Number of reported violations = 0	Number of reported violations = 0
Fighting Corruption and Bribery	Acceptance rate for compliance documents > 95%	Acceptance rate for compliance documents =98%
Social Concerns	No goals have been established within this given regulatory framework.	–