

# Nonfinancial Group Declaration 2020

SUSS MicroTec SE

## Contents

1	Preface .....	2
2	Business model .....	3
3	Materiality analysis .....	5
4	Environmental Concerns .....	6
	4.1 Environmental management .....	6
	4.2 Environmental protection and increasing energy efficiency .....	6
	4.3 Objectives in the environmental area .....	6
	4.4 Measures .....	8
	4.5 Material risks in the environmental area .....	8
5	Employee-Related Concerns .....	8
	5.1 HR management .....	9
	5.2 HR responsibility in the age of COVID-19 .....	9
	5.3 Objectives and measures .....	9
	5.4 Key employee-related risks .....	10
6	Social matters .....	10
7	Adhering to human rights, compliance, and fighting active and passive corruption .....	101
	7.1 Human rights .....	111
	7.2 Compliance .....	11
	7.3 Fighting corruption and bribery .....	122
	7.4 Objectives, measures .....	122
	7.5 Risks .....	122
8	Legal notice .....	133

# 1 Preface

Dear ladies and gentlemen,

With the Nonfinancial Group Declaration, we provide a report of our sustainable actions in the past fiscal year in accordance with Section 315b. The report is oriented along the aspects stipulated in accordance with Section 289c of the German Commercial Code (HGB) of environmental concerns, employee-related concerns, social concerns, adhering to human rights, and fighting active and passive corruption. In addition to the legal obligation for sustainability reporting, these factors are increasingly gaining in importance for the communication with our stakeholders and represent a factor for achieving our corporate goals. Consumers and customers rightfully question our manufacturing practices, working conditions, and the use of materials in products and services that they use. We see our customers, (potential) employees, shareholders, the press and our cooperation partners as our most important stakeholders.

All activities of the 2020 fiscal year were affected by the global outbreak of the COVID-19 pandemic and the national and regional restrictions introduced as a result. We were nevertheless able to remain connected to our customers even during phases of curfews and contact restrictions, always proving ourselves as a reliable partner. At the same time, the pandemic resulted in a significantly increasing demand for our products in important markets of the future. A consistently running production and healthy employees – even during a pandemic – contribute to our economic success. They offer evidence for effective risk management and an agile and responsible enterprise.

This nonfinancial declaration must be considered in combination with the 2020 Annual Report and the Management Report contained therein. It comprises the period from January 1, 2020, to December 31, 2020. This applies in particular to the presentation of risks and opportunities.

The explanations and descriptions of individual aspects in this report are based on the UN Global Compact Principles.

With thanks for your continued support. Stay healthy.

Yours,

Franz Richter (CEO)

Oliver Albrecht (CFO)

## 2 Business model

The SUSS MicroTec Group develops, manufactures, and markets equipment for the production of microelectronics and microelectromechanical systems. We help our international customers make their production more efficient, effective, and sustainable and therefore more cost-effective with our technologies. We contribute to the development of growth industries with innovative solutions and participate in megatrends such as digitalization, networking, communication, electromobility, Industry 4.0, artificial intelligence, smart mobility and smart health. As a supplier of system solutions for semiconductor technology, we are a high-performance partner of the laboratory, research, and production areas of the sector. Our product range encompasses equipment for key applications in the mid and back end of the semiconductor industry and also the front end in the Photomask Equipment division. This includes machines for the areas of lithography, wafer bonding, and photomask cleaning. Our activities are supplemented by our Swiss subsidiary, which produces micro-optic components for the telecommunications industry and for the automotive industry. Once our machines have been delivered and installed, we are available to our customers as a service partner at our locations around the globe.

Our target markets are, in particular, the mid and back end of the semiconductor industry. Here, the finished chips are prepared for contacting at the wafer level with the corresponding end devices, such as cell phones or tablets. This refers to “(advanced) packaging.” Our customers include globally leading and internationally operating microchip manufacturers as well as their foundries and OSATS (Outsourced Assembly and Test Houses). In the fiscal year 2020, the Group manufactured its products at two German sites in Garching, near Munich (headquarters), and Sternenfels, as well as in Hauterive, Switzerland, and at a new location in Hsinchu, Taiwan. In addition to the production sites, we have a global network of sales and service locations.



Headquarters in Garching, near Munich



largest production location in Sternenfels



SUSS MicroOptics in Hauterive, Switzerland

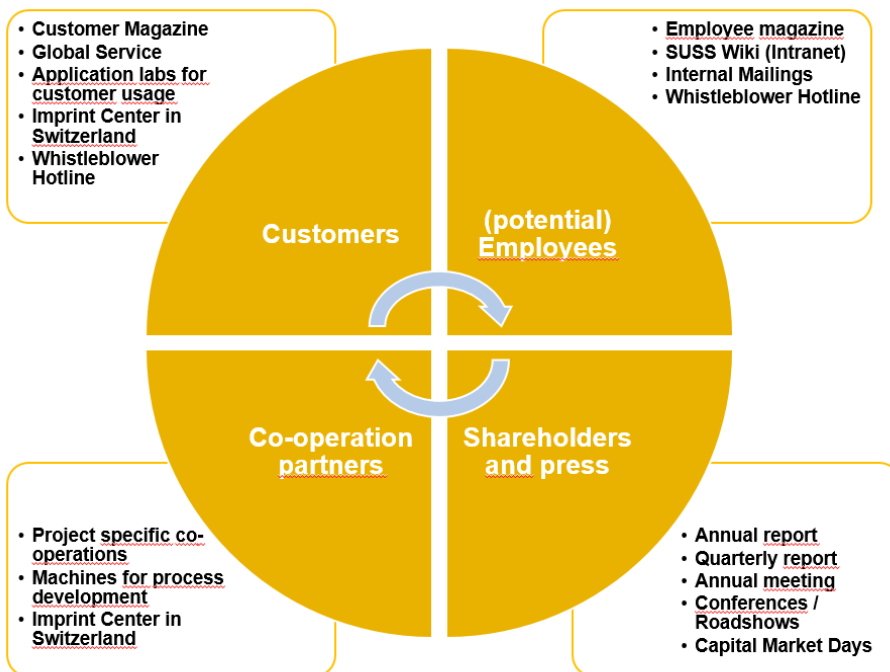


production location in HsinChu, Taiwan

Our global presence (as of December 31, 2020):



Sustainability is part of our Company philosophy and is increasingly gaining in importance. In addition to our own objectives, the expectations of external stakeholders play a role and we incorporate them in our activities. These stakeholders have different information needs and expectations toward SUSS MicroTec. For this reason, we remain in touch with these important stakeholder groups in different manners.



### 3 Materiality analysis

In order to identify the major sustainability issues at our Company, we conducted a multi-level materiality analysis in the 2017 fiscal year. An analysis was completed to determine which topics are material from the Company's perspective since they may have an impact on business performance, the long-term development of SUSS MicroTec, or involve possible risks.

We had already adapted the materiality analysis slightly in the 2019 Annual Report. In contrast to the previous years, an extended materiality analysis was carried out for the present Nonfinancial Group Declaration for the 2020 fiscal year. Individual topics from the previous year, such as the reduced consumption of machines and energy efficiency in production and administration, are now subsumed under the extended point "Environmental and climate protection (energy efficiency)." The analysis was extended further and additional key focus areas were identified. The lines of action derived from these areas in the materiality analysis will now be discussed in detail in the following chapters.

According to the management, the following aspects of sustainability are of significant importance for SUSS MicroTec (in alphabetical order):

Compliance	Despite all of the focus on innovation and technology, SUSS MicroTec is also aware of its responsibility towards its employees and society. Obeying the laws, regulations, and societal norms is a matter of course to us. Correspondingly, the topic of compliance is important to us.
Innovations and technological leadership	In order to be successful in the fast-paced and highly competitive semiconductor industry, we need to be innovative and a technological leader in our core areas. This is why we have significantly increased our expenditures for research and development over the past few years.
Customer satisfaction	The Company obtains its orders in a fair manner due to its high degree of customer orientation and customer satisfaction, thanks to high-quality and energy efficient products, as well as via a global sales and service network. We start working closely together with our customers early on in the development of new technologies and processes, for example, in the area of cooperations or in the laboratories of research institutes. Proximity to customers is a key factor for the quick and precise implementation of customer wishes and therefore for their satisfaction.
Employee development / employee satisfaction	Sustainable business success is only possible when SUSS MicroTec hires well-trained and motivated employees and is able to retain them at the Company as long as possible. We therefore increasingly shifted our attention to employee development and employee satisfaction in recent years.
Quality	Our high quality standards for products and processes is another success factor for the Company. Our quality management system at the German sites is certified in accordance with ISO 9000 2015; the Swiss subsidiary in Hauterive is certified in accordance with IATF 16949:2016.
Environmental and climate protection (energy efficiency)	Energy efficiency and environmentally friendly technologies are becoming increasingly important and are, in addition to innovation, quality and process safety, another reason for our customers to buy from us. We incorporate environmental aspects right when we start developing our machines. These aspects include reducing the consumption of environmentally sensitive chemicals or photo resists.

## 4 Environmental Concerns

SUSS MicroTec is committed to its responsibility toward the environment, including climate protection. Our responsibility ranges from development to purchasing components to manufacturing our machines and the subsequent deployment at our customers to reconditioning our used machines.

### 4.1 Environmental management

The ISO 14001:2015 certification serves as the framework for our environmental management system. At SUSS MicroTec, we are continuously working on the implementation and further development of our environmental management. A shared certification of the quality and environmental management systems of the German production companies SUSS MicroTec Lithography GmbH and SUSS MicroTec Photomask Equipment GmbH + Co. KG was completed successfully in February 2020 and confirmed with a repeat audit in February 2021.

### 4.2 Environmental protection and increasing energy efficiency

A significant success factor is the development of innovative, high-quality machines, which aims to reduce consumption, among other things. This, for example, concerns special highly developed photo resists that are applied to surfaces. By reducing the consumption of these coatings and other chemicals in our coaters and development machinery, we will be able to protect the environment and reduce our customers' production costs. The highly sensitive photo resists that are used for our machines usually contain photochemical compounds that are sensitive to the environment and entail high costs and energy consumption for manufacturing and disposal. In the further development of our coaters, we constantly strive to optimize the applied processes regarding the quantity of coating that is used.

On March 31, 2020, we acquired PiXDRO, the inkjet printer division of Meyer Burger (Netherlands) B. V. and expanded our lithography product portfolio. PiXDRO produces and distributes semi and fully automated devices for inkjet printing-based coating processes. Unlike other coating methods, with this innovative and particularly environmentally friendly process nearly 100 percent of the material used is applied to the wafer at a very high throughput rate, thereby leading to a considerable reduction of waste or even avoiding generating it altogether.

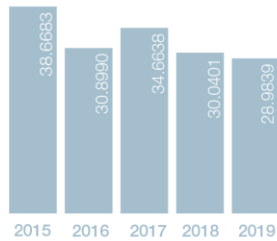
For our customers, this enables significant savings on the materials used and lower cleaning and disposal costs, and related significant cost savings, while also reducing the environmental impact.

Additional components for sustainability in our production are the long lifetime of our products as well as repurchasing and proper reconditioning of used machines. Our employees take great care constructing our high-quality machines so that they are designed for a long service life. With our subsidiary SUSS MicroTec ReMan, we offer our customers the opportunity to obtain used machines that we have carefully overhauled at a favorable price, also with an eye toward their greater resource efficiency. This way, we ease pressure on the procurement budgets of our customers, extend the life expectancies of used machines, and conserve valuable resources.

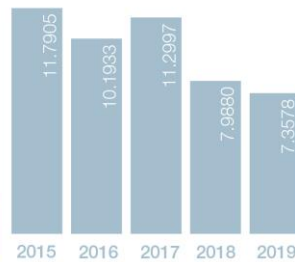
### 4.3 Objectives in the environmental area

We are not only interested in increasing the energy efficiency of our products or finished products manufactured with them. Rather, 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 energy consumption, for example, electricity, gas, heating oil or compressed air. Also in 2020, the ECON monitoring system kept tabs on consumption and was the basis for a possible improvement of the site's energy management.

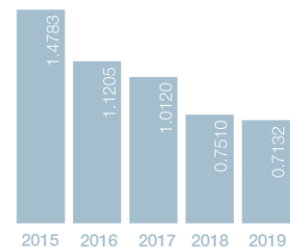
Development of the consumption of electricity, gas, and heating oil at the Garching, Sternenfels, and Hauterive production locations:



power consumption Garching, Sternenfels, Hauterive in kWh in relation to total sales in € thousands



gas consumption Garching in m³ in relation to total sales in € thousands

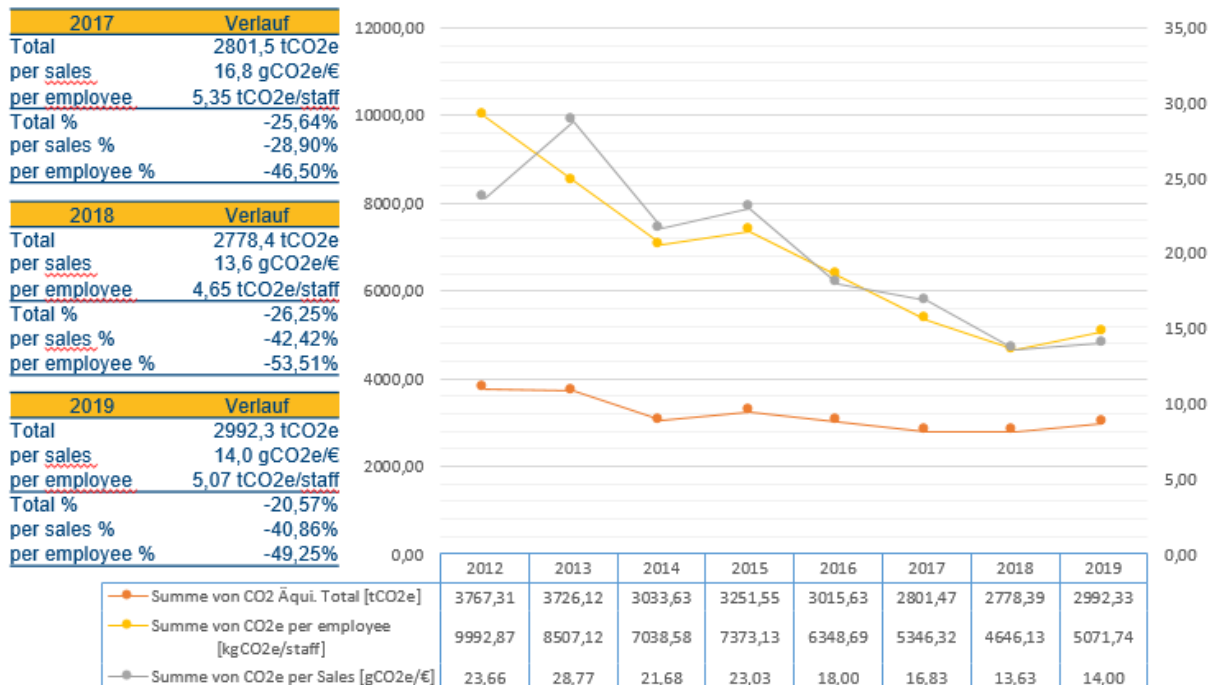


oil consumption Sternenfels and Hauterive in litre in relation to total sales in € thousands

For the period from 2012 to 2020, the Company strove to reduce energy usage at the Garching and Sternenfels sites by 16 to 18 percent. This goal is defined relative to changes in sales (environmental efficiency of economic output) and the number of employees (environmental efficiency of employment).

The achievement of targets will be monitored annually within the framework of a carbon footprint. For the period from 2012 to 2019, the reduction in CO<sub>2</sub> equivalent with a simultaneous increase in sales and the absolute number of employees was approximately 18 percent, thereby already met the targets for the period until 2020. In the 2019 fiscal year, we nevertheless recorded an increase in consumption values compared to the previous year. A reason for this was the commissioning of a new and much more heavily used application cleanroom at the Sternenfels site, which correspondingly led to an increase in energy needs. The carbon footprint for 2020 can first be calculated after obtaining the consumption data for 2020.

### CO<sub>2</sub>-Accounting Relation to sales and employees





## 4.4 Measures

SUSS MicroTec has implemented various measures to improve its energy balance in order to achieve the climate and energy efficiency objectives in addition to developing energy-efficient processes and machines over the years. However, the planned measures for 2020 were shelved due to the uncertainties regarding the preservation of liquidity due to COVID-19. The deferred investments will be carried out in the next two years.

Some of the most important investments of previous years included the optimization of the pump systems for heating and air conditioning, replacing refrigeration machines with heat recovery and open-air cooling as well as energy-efficient illumination systems. A few years ago already, the Company put into operation a cogeneration unit at the Garching site to produce both electricity and heat. This facility employs useful heat, which is a by-product of generating electricity with gas, to heat production areas and to cool cleanrooms in the summer. At the Sternenfels site, we switched to energy-efficient LED lighting systems and more energy-efficient vacuum and compressed air technology, among other things. We carried out efficiency-enhancing insulation measures as part of a roof renovation.

SUSS MicroTec also made a contribution to climate protection with a comprehensive renovation involving cooling technology at the Sternenfels site in 2018 and 2019. Two individual chillers were replaced by a central chiller using the climate-friendly refrigerant propane. The cooling network featuring demand-dependent control and pump technology ensures a high degree of energy efficiency.

The risk of an accident with possible negative effects on the environment is held to a minimum through high quality standards as early as during machine design, the careful and responsible manufacture and installation of the machines, and through the targeted training of operators.

## 4.5 Material risks in the environmental area

In addition to diverse opportunities, the materiality analysis has identified no Company-threatening risks in the environmental area. However, missing our environmental targets for the reduction of energy usage would pose the fundamental risk of rising energy costs for 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, for example with regard to quality, energy efficiency, and media consumption.

## 5 Employee-Related Concerns

The employees at SUSS MicroTec are key to our business success and make a significant contribution to the value of our Company. To us as a Company it is therefore very important that our employees are healthy and dedicated. Correspondingly, we perform our HR work and HR development actively at all hierarchical levels and strive to improve continuously.

At the same time, the COVID-19 pandemic has presented us with further challenges. Aspects such as keeping our employees healthy, implementing special hygiene and distancing measures, and creating new workplaces and work time models suddenly shifted the focus of our work. We successfully overcame these challenges, managed to maintain production with an adjusted shift model, and prevented damage to our employees through the implemented hygiene measures, which also allowed us to keep the associated stress and incidence rate among them at a very low level. You can find further aspects of our COVID-19 management under Note 5.2 "HR responsibility in the age of COVID-19."

We have employees around the globe in development, production, administration, sales, and service, which constitute an important network for the exchange of knowledge across locations as well as intercultural collaboration. We encourage using flat hierarchies for making decisions. All of our employees, regardless of their age, education, gender or origin, always have an opportunity to get involved and to develop according to their abilities and inclinations.

## 5.1 HR management

In addition to the measures for fighting COVID-19 that we introduced, we revised our onboarding process for new employees in the past fiscal year. This also included the introduction of a new system for managing applicants. Both now allow us to handle applications from potential employees and also their later introduction and training better and more effectively than in the past. For example, all new employees are assigned a mentor who helps them to get integrated into the Company and to establish networks. An important topic for us is also the more intensive streamlining of processes and procedures across the different locations. We also want to network between the locations more specifically for this purpose.

We attach great importance to employee co-determination and their active participation. 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 has a Works Council representing employee interests. Since 2019, a representative for people with disabilities also advocates for their concerns.

## 5.2 HR responsibility in the age of COVID-19

Since the beginning of 2020, the COVID-19 pandemic had also had an impact on work processes and HR management at SUSS MicroTec. By the end of February 2020, we had already received an increasing number of inquiries from our customers regarding the safety of the supply chain and whether we could uphold our production. For this reason, we established a crisis team at an early stage consisting of the Management Board, the Executive Board, the Head of Human Resources, the Head of the Legal Department and the person responsible for Internal Communications. The crisis team monitored the development in the regions relevant for SUSS MicroTec and its own locations as well as the reactions and measures taken by suppliers and customers and made decisions that applied for the entire Company based on these observations.

Due to the large-scale protective measures and curfews in late March 2020, SUSS MicroTec decided that only employees who were absolutely needed on site at the production sites had to be present. Specific distancing and hygiene concepts were developed for these employees. We changed over to shift work in March 2020 to ensure adherence to the distancing rules and to avoid the risk of large numbers of employees getting infected at the same time and/or having to quarantine. This affected the workplaces both in production and in management. Through the strict separation of shift groups, we managed to significantly reduce contact and to ensure our ability to deliver also during the lockdown. We kept this shift work until mid-June 2020. We also introduced security and hygiene measures adopted to the local circumstances at our foreign locations.

As early as mid-March 2020, with the start of the shift system, we were also able to introduce provisional regulations for remote working for the German sites. In addition, we initiated a dialogue with our customers to inform them on a weekly basis about the status at the production sites and the impact of the pandemic on the supply chain. Overall, we had no positive COVID-19 cases from March to May at our locations. We were also able to keep the number very low over the course of the remainder of the year and to successfully keep persons who later tested positive from infecting other employees.

## 5.3 Objectives and measures

Considering demographic trends in Germany and 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. We are on the right path because the fluctuation rate decreased compared with the previous year, from 10.5 percent in 2019 to the current 6.1 percent.

A key component is the comprehensive training concept of SUSS MicroTec. Apprentices have the choice between two career fields, in which they are provided professional support. The Company maintains apprentice training workshops featuring modern equipment at both German production sites. Cooperation with career academies in the area of the dual vocational training and instruction of students has increased in significance in recent years. We are training thirteen trainees in technical and commercial professions at our two production sites in Garching and Sternenfels.

We expanded our university marketing in the past year to find new applicants. In so doing, we specifically target universities when recruiting university graduates. SUSS MicroTec works together with the Karlsruhe Institute of

Technology (KIT) and the universities of applied sciences in Pforzheim and Heilbronn. We also cooperate with the Technical University of Munich and the Munich University of Applied Sciences. In addition to trade shows, we also take part in employer workshops, which mainly took place virtually in 2020. The focus of our cooperation with universities are technical professions. We recently started offering the StudiumPLUS program (training and degree course) for mechatronics engineers at the Pforzheim University of Applied Sciences.

Furthermore, we place great importance on the topic of continuing education. In the future, we intend to noticeably increase the quality and quantity of continuing education opportunities that are offered to and taken advantage of by both our employees and our customers. We will continue to invest our employee's training.

We were not able to fully use the training budget of € 550,000 in 2020 since many training sessions did not take place due to the pandemic. Therefore, a slightly increased training budget of nearly € 600,000 is planned for 2021.

Over the course of 2020, motivated by the increase in remote work, we updated the works agreement on working from home and will use it to establish a binding standard for all employees whose jobs are suitable for this purpose in 2021.

SUSS MicroTec also strives for high standards regarding occupational safety and strives to bring the number and severity of workplace accidents (not including commuting accidents) as close to zero percent as possible. At all production sites, routine training and safety instruction sessions are therefore held for "at risk" employees, for example, in production or warehousing.

Overall, the sick leave rate in the German Group companies was approximately 5 percent in 2020. In the 2019 fiscal year, this figure still exceeded 5 percent.

## 5.4 Key employee-related risks

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 attract sufficient qualified employees for upcoming challenges in local and international competition with major corporations and other companies, this could have a significant negative impact on the future of the Company. In order to counter this, SUSS MicroTec uses an active HR and up-and-coming talent development and is very invested in the well-being of its employees.

## 6 Social matters

As a mid-size company, SUSS MicroTec also considers itself to be connected with the societal environment at the locations. However, 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 in very targeted manner. No noteworthy goals, opportunities, or risks arise from the social aspect.

## 7 Adhering to human rights, compliance, and fighting active and passive corruption

We see ourselves as part of society and therefore have a corresponding responsibility. Our strategic decisions and operational activities affect the environment and individuals, particularly employees, but also suppliers, customers, and other business partners in a number of ways.

We urge all of our employees and corporate bodies to 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 thus 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 topic can be found in the Code of Conduct and Compliance manual. They are accessible to every employee and can be viewed on the Company's website. In addition, 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.

## 7.1 Human rights

Adhering to global human rights is of great importance for SUSS MicroTec and we consider this to be an important requirement for successful business activities. For this reason, we strictly reject any form of forced or compulsory labor, child labor, modern slavery, and human trafficking.

We have a global whistleblower system that allows possible human rights violations, non-compliance with the Code of Conduct, and other incidents to be reported to our legal department with strict confidentiality by e-mail or by phone (whistleblower hotline). This also includes reports of human rights violations on the part of our suppliers. Our anonymous, electronic whistleblower system can be accessed via the SUSS MicroTec SE website or directly via the link: <https://www.suss.com/de/investor-relations/corporate-governance>. There were no corresponding reports or violations in the 2020 fiscal year.

Every new employee around the world receives a welcome email on their first day of work, which includes our Code of Conduct, among other things. This provides information on our principles of cooperation, our personal mission as part of society, and rules on our business operations.

We also value long-term relationships and mutual respect along our supply chain. This is the only way for us to be successful together and secure our supply chain through targeted supplier management. Our Code of Conduct also generally applies to our suppliers. We strive to work in partnership with the suppliers. In addition to the performance of suppliers, their approach regarding the environment and ethics must also be observed. We also usually carry out audits of our customers. Nevertheless, this did not take place in the past fiscal year due to the COVID-19 protective measures. Initial audits are carried out for potentially critical new suppliers before a possible order is issued, and their creditworthiness and compliance are verified.

## 7.2 Compliance

The Management Board has the overall responsibility for compliance and the compliance management system. The Supervisory Board in turn monitors the efficiency and effectiveness of the system set up by the Management Board.

Handling business risks responsibly is one of our principles of good corporate governance. A risk management system has long been a component of corporate management at SUSS MicroTec for the purpose of recognizing and controlling risks as well as for meeting legal requirements. The sub-area of risk management, the Company's early recognition system for going-concern risks, is reviewed regularly by the auditor during the audit of the annual financial statements.

Furthermore, the Company implemented a compliance and corporate governance system which was reviewed in the 2020 fiscal year with the help of an external consulting company and will also be developed further in 2021 based on the results. In the future, the external review will take place regularly to keep the compliance system updated, in particular, and therefore minimize the risk of violations.

### **7.3 Fighting corruption and bribery**

We believe that ethical and economic values go hand in hand, and we focus our efforts both on economic success and treating each other fairly. In addition to our publicly available Code of Conduct, there are internal regulations to support the correct behavior of employees in day-to-day business, such as the financial limits within which gifts or invitations from suppliers or customers may be accepted or made.

### **7.4 Objectives, measures**

Our objective is to fight corruption and bribery, uphold human rights and avoid violations of rules and laws. What's important to achieve this is the acceptance of our Code of Conduct by all employees of SUSS MicroTec around the world, which we promote on an ongoing basis. An important measure for the 2020 fiscal year is the already described stocktaking in preparation revision of the already existing compliance management system and uncovering possible weaknesses and risks. We got new impetus and contents for the further development of our existing content management system thanks to the cooperation with an external consulting company.

### **7.5 Risks**

In case of violations of legal provisions regarding bribery and corruption, human rights, or other compliance violations, the Company could face, in addition to significant reputational damage, severe fines or, in extreme cases, prison terms for employees who have violated the provisions. We minimize these risks through our measures.

## 8 Legal notice

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