

# Report of the Supervisory Board

In the following report, the Supervisory Board would like to inform you, dear shareholders, about its activities in the 2015 fiscal year.

## **Dear shareholders,**

The Supervisory Board fulfilled its responsibilities as set forth by law, the articles of incorporation, and Company bylaws in the past fiscal year by advising the Management Board on directing the Company and monitoring its activities. The Supervisory Board was involved in all decisions that were of vital importance to the Company. The Management Board coordinated the Company's strategic orientation with the Supervisory Board and provided it with regular, prompt, and comprehensive information – both in written and verbal form – about corporate planning, business progress, and the Group's current position. When business development deviated from plans, deviations were explained in detail and reviewed by the Supervisory Board based on available documents and information. The Supervisory Board discussed significant business events extensively with the Management Board and gave its consent to the transactions requiring its approval. During the 2015 fiscal year, the Supervisory Board held a total of six ordinary meetings.

As in previous years, in addition to participating in Supervisory Board meetings, the Chairman of the Supervisory Board maintained close contact with the Management Board and remained apprised of the business situation and significant events. Communications also focused very specifically on support for the development of a growth strategy for the Company. In addition, the Deputy Chairman of the Supervisory Board interacted regularly with the Management Board and the auditors, the BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, regarding accounting topics and the auditing of the annual financial statements.

## **Meetings and Main Topics of Discussion**

The Supervisory Board conducted regular discussions of the development of business, financial position, and strategic orientation at SUSS MicroTec, its subsidiaries, and the Group. The Management Board provided comprehensive information about corporate planning, strategic direction, and the development of



*Dr. Stefan Reineck, Chairman of the Supervisory Board*

order entry, sales, liquidity, and earnings. In addition, the Supervisory Board reviewed the monitoring of the financial reporting process as well as the effectiveness of the internal control system, the risk management system, and the independence of the auditor. The main topics of the Supervisory Board meetings are discussed below.

On February 11, 2015, the first ordinary Supervisory Board meeting of the 2015 fiscal year was held. At that meeting, the Supervisory Board held discussions about the Management Board's report on the fourth quarter of 2014 and about the preliminary figures for the 2014 fiscal year. Plans for the 2015 fiscal year were discussed intensively and adopted by resolution. In addition, targets and the bonus plan for the Management Board for the 2015 fiscal year were discussed and adopted by resolution. Also discussed at this meeting were the topics of corporate governance and the law for the equal participation of women and men in management positions in the private and public sectors.

In addition, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code.

Representatives of the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, participated in the second meeting on March 26, 2015. They reported to the Supervisory Board the key results of their audit of the separate and consolidated financial statements for the 2014 fiscal year. The auditor explained to the Supervisory Board the main findings of the audit of the separate and the consolidated financial statements. The Supervisory Board acknowledged the Management Board's report for the 2014 fiscal year and on the current business situation in the first quarter of 2015. Following an in-depth examination, the Supervisory Board approved the separate and the consolidated financial statements of SUSS MicroTec AG prepared for the 2014 fiscal year by the Management Board. The Supervisory Board also adopted by resolution its report to the Shareholders' Meeting regarding its activities in the past 2014 fiscal year. In addition, the Supervisory Board approved the agenda with the proposals for the Shareholders' Meeting on June 2, 2015. Finally, the Supervisory Board addressed the Management Board bonus for 2014 as well as the three-year plan for 2015 to 2017. In the meeting on March 26, 2015, Management Board salaries were also discussed in view of the requirements of the German Corporate Governance Code.

The third ordinary Supervisory Board meeting was held on May 6, 2015. The Supervisory Board addressed the current business situation, the schedule of responsibilities for the Management Board, and the topic of compliance. In addition, the Supervisory Board discussed the current situation of the subsidiary SUSS MicroTec Photonic Systems, particularly in view of its financial situation.

In the meeting on June 2, 2015, immediately before the ordinary Shareholders' Meeting, the Management Board informed the Supervisory Board about the current business situation. The meeting also focused on a schedule for developing a strategic growth plan for the Company. Finally, the Supervisory Board issued a recommended amendment to the travel guidelines regarding the Management Board as well as Company executives.

On September 7, 2015, the Supervisory Board approved by circular resolution targets for the female share of the Supervisory Board and the Management Board.

On October 29, 2015, the fifth ordinary Supervisory Board meeting was held. In this meeting, the Management Board reported on the current business situation in the third quarter as well as the outlook for the full year of 2015. Another key topic of the meeting was revising the corporate strategy. The Management Board presented the Supervisory Board with the preliminary version of a growth plan for 2016 to 2018. In addition, the Supervisory Board occupied itself with updating the declaration of compliance and key auditing issues for the separate and consolidated financial statements for 2015.

The last meeting of the 2015 fiscal year, which was held on December 16, 2015, focused on the current business situation, planning for the 2016 fiscal year, and long-term planning for the 2016 to 2018 fiscal years. Furthermore, the Supervisory Board dealt extensively with corporate governance, particularly with finalizing the updated declaration of compliance pursuant to Section 161 of the German Stock Corporation Law (AktG), the targets and criteria for the composition of the Supervisory Board, and the fraud catalog of the BDO AG Wirtschaftsprüfungsgesellschaft. In addition, the Supervisory Board addressed the Company's risk management and other Management Board issues. The Supervisory Board also discussed with the Management Board targets for the 2016 fiscal year as well as long-term targets for the period of 2016 to 2018.

All members of the Supervisory Board participated in all the meetings. When necessary, the Supervisory Board adopted its decisions by means of document circulation.

Supervisory Board member	<b>Meeting participation</b>	<b>Personally present</b>	<b>Participation by telephone</b>	<b>Attendance in percent</b>
Dr. Stefan Reineck	6/6	yes	–	100%
Jan Teichert	6/6	yes	–	100%
Gerhard Pegam	6/6	yes	–	100%

## Committees

The Supervisory Board did not form any committees in the 2015 fiscal year due to its size of three members.

## Corporate Governance

The Supervisory Board again concerned itself during the 2015 fiscal year with the content and implementation of the German Corporate Governance Code. Information on the Company's corporate governance as well as an extensive report on the amount and structure of remuneration for the Management and Supervisory Boards are provided in the Remuneration Report section of the condensed Management Report on pages 61 et seq. In January 2015, the Management and Supervisory Boards approved the annual declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Law (AktG) and made this declaration permanently available to shareholders on the Company's website.

In its meeting on February 11, 2015, the Supervisory Board conducted and documented an examination of the efficiency of its activities in accordance with Section 5.6 of the German Corporate Governance Code. No deficiencies were identified during this review. The examination of the efficiency of the Supervisory Board's activities is conducted at regular intervals by all members of the Supervisory Board exclusively in full council on the basis of Company-specific questions and checklists.

Conflicts of interest of members of the Management and Supervisory Boards, which would have to be disclosed to the Supervisory Board and be made known at the Shareholders' Meeting, did not occur in the 2015 fiscal year.

## Audit of the Separate and Consolidated Annual Financial Statements

BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, audited the separate annual financial statements and management report of SUSS MicroTec AG as of December 31, 2015, prepared in accordance with the German Commercial Code (HGB), as well as the consolidated annual financial statements and Group management report as of December 31, 2015, and issued an unqualified audit opinion for both. The consolidated financial statements and consolidated management report were prepared in accordance with Section 315a HGB based on International Financial Reporting Standards, as they are to be applied in the EU. The auditor conducted the audit in accordance with the generally accepted German accounting principles promulgated by the Institute of Public Auditors in Germany (IDW).

The audit reports of BDO AG Wirtschaftsprüfungsgesellschaft, headquartered in Hamburg, branch office in Munich, were presented to all members of the Supervisory Board and were extensively addressed at the financial statements meeting of the Supervisory Board on March 29, 2016, in the presence of the auditor. The auditor reported on the primary results of the audit and stated that there were no substantive weaknesses in the internal control and risk management systems. In particular, the auditor provided explanations on the net assets, financial position, and results of operations of the Company and the Group and was available to the Supervisory Board in order to provide additional information. The auditor also elaborated on the scope, key findings, and costs of the audit. The main focal points of this year's audit of the separate and consolidated financial statements were the internal control and IT system as well as an evaluation of the possible impairment of assets in the lithography business, particularly in connection with the activities of SUSS MicroTec Photonic Systems (USA), the measurement of deferred tax assets, the evaluation of possible risks from plan deviations and margin compression in individual product segments, sales recognition, accounting treatment at SUSS MicroTec AG for the SAP roll-out in Corona as well as the completeness and correctness of the notes and the appropriateness of the management reporting.

The Supervisory Board audited the annual financial statements of the Company and the Group as well as the condensed management report of SUSS MicroTec AG for the 2015 fiscal year. The Supervisory Board had no objections. The Supervisory Board noted with approval the reports of the auditor after a detailed examination of the reports.

The separate annual financial statements prepared by the Management Board were approved by the Supervisory Board and, thus, adopted. The Supervisory Board also approved the consolidated annual financial statements. The Supervisory Board approved the combined management report of the Corporation and the Group and, in particular, the assessment regarding the further development of the Company.

### **Composition of the Management and Supervisory Boards**

There was a change in the composition of the Management Board in the 2015 fiscal year. The Supervisory Board appointed Dr. Per-Ove Hansson effective May 1, 2015, as Member of the Management Board and Chief Executive Officer of SUSS MicroTec for a three-year term. In addition, Chief Financial Officer Michael Knopp and Chief Operating Officer Walter Braun continued to belong to the Management Board in the 2015 fiscal year.

The Supervisory Board remained unchanged in the 2015 fiscal year.

### **Thanks**

The Supervisory Board would like to express its tremendous gratitude and appreciation to the Members of the Management Board and all employees for their committed work in the past fiscal year.

Garching, Germany, March 29, 2016



**Dr. Stefan Reineck**

Chairman of the Supervisory Board