



SUSTAINABILITY REPORT

2019



SUSTAINABILITY REPORT OF MAX AUTOMATION SE

The business units of MAX Automation SE are oriented towards long-term growth industries. Such a strategic orientation inevitably also requires an awareness of the need to shape entrepreneurial action in a sustainable manner and to assume responsibility.

We are convinced that technological solutions will only be successful in the long term if, in addition to technological progress, social benefits can also be achieved. It was also against this background, a strategic review of the shareholding structure of MAX Automation SE was carried out in fiscal year 2019, combined with a focus on three core business units and a corresponding realignment of the segments.

This was based on the following strategic objectives of the MAX Group:

1. The technological solutions of MAX Group create added value for customers and society.
2. Our innovative automation solutions contribute to efficient manufacturing processes for our customers.
3. We implement efficient and resource-conserving processes and technologies for the recycling of residual materials at our customers.

Business activities that do not meet these criteria are summarized in the "Non-Core Business" segment. These activities serve conventional assembly processes with the industry focus on the automotive sector and do not meet the strategic, profit and sustainable objectives of MAX Automation SE.

A clear divestment strategy for non-core business was already approved by the Board of Directors in the 2018 financial year and is currently being implemented. The closure of IWM Automation Bodensee GmbH was implemented on December 31, 2019. The liquidation of IWM Automation Porta Westfalica GmbH will be completed in the third quarter of 2020. The sales process of ELWEMA Automotive GmbH is ongoing and to be completed in 2020.

The former "Industrial Automation" and "Environmental Technology" segments were repositioned in the 2019 financial year against the background of the strategic objectives of the MAX Group and the existing affiliated companies were allocated to the three **Process Technologies**, **Environmental Technologies** and **Evolving Technologies** core business units. The composition of the respective segments under company law is shown in the financial report of MAX Automation SE on page 25.

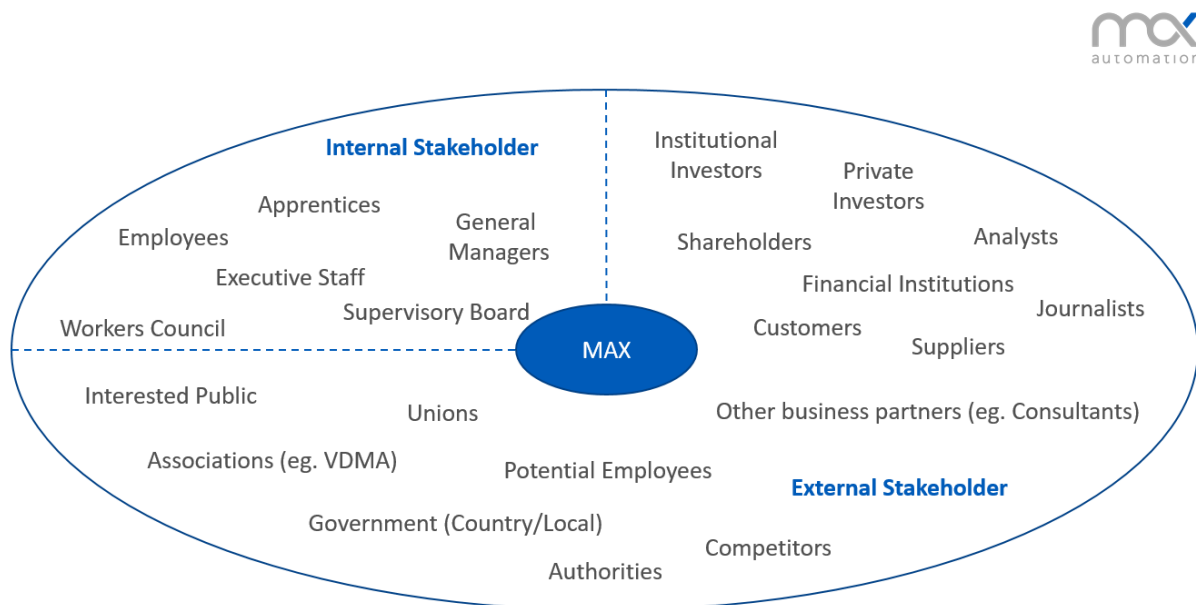
Strategy process and sustainability management go hand in hand

According to our understanding, strategy and sustainability aspects cannot be separated. The question of long-term growth sectors and the associated optimal technological solutions cannot be answered without integrating ecological aspects.

As part of our strategy process, for example, we have a clear aspiration and commitment to combine technological goals with ecological progress. The realignment of the MAX Group to its core business area Process Technologies, Environmental Technologies and Evolving Technologies is a logical consequence of this strategic process.

After the complete implementation of the realignment of MAX Group in the course of the 2020 financial year, we aim to collect defined non-financial key figures within MAX Group. We expect the analysis and interpretation of these key figures to provide further conclusions regarding the product development processes of our subsidiaries.

Stakeholder and materiality analysis



The integration of the stakeholder perspective is essential for the strategy and sustainability process of MAX Group. The broad range of heterogeneous stakeholder views gives us the opportunity to reflect the aspects of our actions with the most diverse bases of claims and demands. Three main aspects have emerged from the discussions with our stakeholders:

1. Environmental

It is especially important to our customers that we offer technological solutions that optimize their own production processes and thereby make an indirect contribution to improving their ecological balance. With this strategic orientation, we are also offering our shareholders and investors an investment case that is geared towards sustainable profitability.

2. Social

Social responsibility is a multifaceted topic that has an impact both internally and externally. From an internal perspective, we can only ensure sustainable profitability together with our employees. Consequently, we have to actively deal with new requirements resulting from generation change and digitalization, among other things. We transfer this approach to active communication with the outside world.

3. Governance

Sustainable corporate activity requires a holistic management principle that bundles the requirements of all stakeholders in the best possible way. We believe that good corporate governance comprises responsible, value-based management, and control and steering of the company geared to achieving long-term success. It is our mindset to manage internal and external risks in the best possible way.

Analysis of the Environmental / Social / Governance approach in the MAX Group

Environmental: Two perspectives for ecological challenges

The protection of the environment and climate is one of the major challenges of today's world. As natural resources are becoming increasingly scarce, our world population is growing and consumption is trending upwards, the demands on the use of natural resources are constantly increasing.

These challenges impact both on the MAX Group itself and on our customers. As a group of companies, we strive to gear our own actions towards minimizing the emission of greenhouse gases and maximizing resource efficiency. One of the essential aspects is the restriction of business trips to a necessary minimum. It is a matter of course for us that we use the most advanced, leading-edge communication systems for internal communication, such as video conference systems, in order to reduce the number of necessary business trips. Leading-edge technology is also employed in the design

of the office infrastructure, with the aim of reducing paper consumption to a minimum. Compliance with environmental standards is important to us and is being continuously expanded.

Our customers too are constantly confronted with the ecological challenges that lie ahead. Drawing on our innovative solutions and systems we are supporting our customers in these areas.

Process technologies

In the Process Technologies business unit, our focus is on the development and production of machinery and equipment as well as the associated software solutions for high-precision production processes, particularly in the automotive and electronics industries. Our latest developments are electrifying the automotive industry. The number of electric vehicles has been rising steadily for years. Manufacturers and their suppliers are adapting to the growing demand - and are relying on efficient solutions such as those that our Process Technologies activities are offering. For three decades, we have been dealing with dispensing technology and the preparation, mixing and dispensing of single and multi-component reaction casting resins, sealing materials, adhesives, foams and thermal conductive pastes. Our customers benefit from this know-how in processing challenging materials as well as from our excellent, in-depth technological expertise.

In the past 10 years, we have expanded our product portfolio revolving around dispensing technology. The process we have developed in impregnation technology (trickling instead of dipping) for stators, for example, is faster and more cost-efficient than conventional methods. This enables our customers to produce stators for electric motors quickly, efficiently and over the long term – thereby driving e-mobility forward. Reliable complete solutions for systems for the assembly and production automation of electronic components and individual processes in electronics round off our portfolio.

Our goals at a glance:

Strategic focus:

- Procedures and technologies of MAX Group contribute to the promotion of e-mobility and to making the relevant production processes more efficient and thereby more cost-effective.
- More efficient manufacturing processes lead to an indirect improvement in the ecological balance sheet of our customers.

Risks:

The automotive industry, especially in Germany, is still dominated by conventional technological approaches such as the combustion engine. Consequently, risks exist primarily in terms of the in the speed of implementation of new technological approaches combined with the acceptance of new forms of mobility.

Environmental technologies

While the awareness of the responsible use of natural resources is on the rise, the challenges, however, are enormous: the growing world population, increasing prosperity in many emerging markets and the associated rise in consumer demands necessitate intelligent technologies. More and more waste must

be disposed of and processed in an environmentally friendly manner. The recycling and/or reuse of resources and materials within the value chain is a decisive success factor in sustainable production.

Our Environmental Technologies business unit is developing and installing machinery and plants for the sustainable use of primary and secondary raw materials and biomass, especially for the recycling, energy and raw materials industries. We are offering a range of solutions for the efficient recycling of resources and waste with the aim of returning these materials to the production cycle or using them as substitute fuel for energy recovery.

Our goals at a glance:

Strategic focus:

- We rely on intensive research & development as well as in-house production. Numerous innovations generated by continuous technology development in our own technical center document our know-how. Many milestones in the history of Vecoplan technology are patented solutions from which customers are still benefiting today.
- Our solutions are designed to generate benefits for our customers and provide them a technological edge. We are specialists for shredding technology as well as for solutions and system technology in the fields of conveying, screening, separating, storing and dosing.

Risks:

The waste disposal industry is heavily regulated by law due to stringent environmental standards. In principle, the effects of legislative projects and shifts on the business model of the MAX Group cannot be ruled out.

Evolving technologies

In connection with rising standards of living worldwide, the demand for high-quality products at the most favorable prices is also growing. This is redefining the demands made on industrial production: Fast, precise and efficient processes are essential in order to survive in global competition. Digitization also requires know-how in networked production and robotics. Our Evolving Technologies business unit is developing, implementing and integrating end-to-end assembly systems and robot-supported production systems featuring high manufacturing flexibility.

The worldwide demographic development is accompanied by an increasing health awareness among the population. To this end, we develop high-quality and precise assembly solutions for medical technology in our business unit. These include, for example, assembly machines for contact lenses, stents, insulin pens and auto-injectors. We are GMP-certified (Good Manufacturing Practice) and work according to the guidelines for quality assurance of the production processes and environment in the production of pharmaceuticals and active ingredients.

Our goals at a glance:

Strategic focus:

- We are a leading partner for innovative automation solutions and services. Our offerings network systems and workflow processes in order to enable efficient production.

- Our assembly systems for medical technology solutions sustainably optimize the standard of living of a constantly aging society.

Risks:

The solutions of the MAX Group stand for sophisticated technology concepts for production optimization. One of the risks is that this technological claim will be diluted by market changes – shifts from specialist markets to mass markets.

Social: Responsibility for our employees

Motivated, qualified and committed employees are decisive for our success. It is our responsibility to ensure that they do their job well, enjoy what they do and stay with us for the long term. Attracting, developing and retaining first-class employees is of utmost priority for the MAX Group. We regard equal rights and equal opportunities as fundamental principles of mutual cooperation.

We want to be perceived by our internal and external stakeholders as an attractive employer. That is why it is important to us that we offer a pleasant working environment in which our employees are treated fairly. Appropriate remuneration of our employees is only one aspect that we ensure.

Fair cooperation also means that we support a balanced relationship between work and private life through flexible working time models. The provision of home office workplaces is a further accepted component in our concept for the compatibility of work and family. Our approach is to find pragmatic solutions with and for our employees where necessary.

The high speed of change in our markets requires continuous improvement of our processes and products. Qualification and further training is indispensable for us as a group of companies and for our employees if we want to continue to meet our own aspirations and demands.

We stand for individual qualification concepts to leverage the best potential of our employees and to proactively address new market developments and changes in our segments.

We regard the training of the ascending generations as an important part of our social responsibility. This enables us to fill open positions with our own qualified junior staff. Students can write their bachelor and master theses with us and complete internships in order to familiarize with the various professions and activities as best as possible.

In addition, we offer the opportunity to complete dual courses of study at several locations, including in the fields of mechanical engineering, electrical engineering and business administration, among others.

Employee safety has priority

The health and safety of our employees is of vital importance to the MAX Group. All operational facilities of MAX Group are planned, set up, equipped, operated and monitored with the aim of preventing occupational diseases, eliminating hazards and preventing accidents. An appropriate organization of working hours based on the Working Hours Act is important for the health and safety of our employees.

MAX Group complies with all relevant laws and regulations as well as collective agreements on working hours as amended. Regular training and education on occupational safety and health takes place in our companies. As part of various TÜV/ISO certifications of our subsidiaries, measures have been defined to ensure the safety of employees in the workplace. These are regularly reviewed after implementation and adjusted where necessary. The core labor standards of the International Labor Organisation (ILO) apply.

Governance: Management principle and mindset

Corporate Governance

The administrative Board of Directors of MAX Automation SE, which has been in office since the transition became effective with the entry in the commercial register of the company on February 8, 2018, manages the company, determines the strategy as well as the basis of its activities and monitors their implementation by the managing directors.

It appoints and dismisses the Executive Directors, decides on their remuneration system and determines the respective remuneration. The remuneration system is designed for long-term and sustainable corporate development and is explained in detail in the remuneration report as part of the Financial Report 2019. The remuneration system was last submitted to the 2016 Annual General Meeting for approval and was passed with 88.09 % approval.

In accordance with the Articles of Association, the Board of Directors is composed of five members appointed by the General Meeting. At least one member must have expertise in the fields of finance, accounting or auditing.

The Board of Directors has formed a Personnel Committee and an Audit Committee to perform its duties. The Board of Directors receives regular reports on the work of the committees.

The Executive Directors of MAX Automation SE manage the business of the company with the aim of sustainable value creation in joint responsibility. They represent the company in and out of court. The Executive Directors are bound by the instructions of the Board of Directors and implement the principles and guidelines established by the Board of Directors.

The composition of the Board of Directors is presented in detail on page 15 of Financial Report 2019.

Compliance and risk management

Compliance and risk management are important management and control components of the MAX Group and are backed by clear organizational responsibilities. The established early risk detection system supports both the operating business units and the management of MAX Automation SE in the analysis of risk classes and thereby provides a systemic basis for actively controlling risks. In doing so, the management aims to combine risk management with opportunity management.

The principles for adherence to relevant legal requirements are supported by a separate compliance guideline and other compliance documents. The development of compliance documents is structured in a risk-based manner and is supported by an independent compliance organization. The compliance documentation is designed to provide pragmatic guidelines and orientation for employees. Moreover, employees have permanent contact persons available to them for compliance issues.

A whistleblower system also enables internal and external stakeholders to submit compliance information to the company anonymously.

Principles of Integrity

Fair competition

MAX Group is fully and unconditionally committed to fair competition. We lead the competition in the market solely on the basis of value for money and the high quality of our innovative products and services. Compliance with all laws and regulations to prevent unfair competition represents an integral part of our corporate policy.

MAX Group strives for fairness in all business transactions and does not seek to gain an unlawful advantage over customers, suppliers or competitors. This also includes compliance with laws against restraints of competition. We comply with all antitrust laws and restrictions and do not participate in agreements or other practices that violate antitrust law in any way.

Prevention of corruption and money laundering

MAX Group categorically rejects any form of corruption. MAX Group employees and authorized representatives must avoid any kind of corruption and even its appearance. Employees and authorized representatives are expected to report all suspected cases of corruption to the Compliance Officer.

The MAX Group supports all necessary measures to prevent the financing of transactions related to or in support of criminal activities (such as international terrorism). MAX Group does not carry out cash transactions on a large scale.

Work ethics

The MAX Group attaches great importance to sound cooperation, courtesy and fairness in all dealings among members of staff. Respect for the privacy and dignity of others is essential for a good working

environment. A good working atmosphere is essential for the success of the MAX Group. Loyalty, mutual support, respect, appreciation, openness and fairness are the characteristics of our work ethics.

Diversity and appreciation

The individuality of the employees in the MAX Group contributes considerably to the corporate culture as well as to a good working atmosphere. Our corporate culture is based on appreciation. Different religious beliefs, sexual orientations or ideological views are treated with respect.

Discrimination is fundamentally contrary to the core values of the MAX Group. Any form of discrimination, whether in relation to employees or third parties, is therefore prohibited.

Discrimination means any form of distinction, exclusion or preference which limits equal treatment or access to work and employment, and which may be based on color, sex, religion, political opinion, age, national, social or ethnic origin, family responsibilities or similar considerations. MAX Group is also committed to workplaces free from all forms of harassment.

Employees and external stakeholders have the opportunity to report incidents of discrimination anonymously via the Whistleblower Hotline "Whistleblower Report". No incidents were reported to the company in the 2019 financial year.

Avoiding conflicts of interest

All MAX Group employees must avoid conflicts between their private interests and those of the company. Business decisions must not be influenced by private interests or personal relationships but must be based solely on objective criteria and the well-being of the company.

Human Rights

MAX Group is also committed to the United Nations Universal Declaration of Human Rights (AEMR). This also includes the prohibition of child labor.

The MAX Group observes the prohibition of child labor in accordance with the standards of the International Labor Organization ILO. No one may be employed or forced to work against his or her will. The MAX Group does not use forced labor or compulsory labor.

Information handling and data protection

MAX Group attaches the highest importance to transparent and truthful reporting and communication on the company's business transactions to shareholders, business partners, employees, authorities and the general public. Every employee of the MAX Group is obliged to treat internal company information as confidential.

As a listed company MAX Automation is also subject to strict capital market regulations. Among other things, these prohibit insider trading by employees of the MAX Group. In case of knowledge of confidential processes which could have an impact on the stock exchange price of MAX Automation shares when they become known (so-called insider information), the personal use and/or disclosure

to third parties is prohibited by law and punishable by law. It is also prohibited to recommend the purchase or sale of securities to another person on the basis of insider information. Further details are regulated in our Compliance Policy.

MAX Group respects the interest in personal data protection and ensures compliance with data protection regulations and data security.

Index to the German Sustainability Code (DNK)

Strategy	Report page	Explanatory notes
Strategic analysis and actions		
The company must disclose whether it pursues a sustainability strategy. It must explain which specific actions it takes in order to operate in harmony with material and acknowledged industry-specific, national and international standards.	Page 1 ff	See also explanatory notes on the strategic objectives of core business areas
Materiality		
The company must disclose which aspects of its own business activities materially impact upon aspects of sustainability, and what material impact aspects of sustainability have upon its business activities. It must analyze the positive and negative effects and state how these findings feed into its own processes.	Page 2 ff	Chart and explanatory text
Goals		
The company must disclose which qualitative and/or quantitative as well as time-defined sustainability goals are set and operationalized and how the degree to which these are achieved is monitored.	Page 3 / 4 / 5	The business area objectives have been defined as part of the strategy process. These objectives should be underpinned with quantitative figures following completion of any reorganization pursuant to company law.
Depth of value chain		
The company must disclose the importance attached to aspects of sustainability in respect of the value chain and how far down the value chain the investigation of sustainability criteria extends.	k.A.	CSR aspects within the value chain are investigated as the occasion arises.
Process management		
Responsibility		
Responsibilities for sustainability at company management level must be disclosed.	Page 1 Page 6	Uniform responsibility for sustainability and strategy process; additional explanatory notes in the chapter on Governance / Company Management.
Rules and processes		
The company must disclose how the sustainability strategy is implemented in its business operations through rules and processes.	Page 1	Forms part of the strategy process and associated controls
Control		
The company must disclose which sustainability performance indicators are used in regular internal planning and control, and how these are used. It must disclose how suitable processes in respect of reliability, comparability and consistency of data are employed to safeguard internal control and external communication.	No information	Internal non-financial performance indicators, see Financial Report 2019, chapter: Financial Control Indicators
Performance indicator G4-56 / Code of conduct and ethics		Available for inspection on the Internet at: https://www.maxautomation.com/media/2020/02/2018-03-code-of-conduct_de.pdf
Incentive systems		
The company must disclose how target agreements and remuneration for managers and employees are also oriented towards the achievement of sustainability goals and long term value added. The extent to which the achievement of these goals forms part of the evaluation of the highest tier of management (management board/company management) by the relevant control body (supervisory board/advisory board) must be disclosed.	No information	See Remuneration Report as part of the Financial Report 2019
Performance indicator G4-51a / 54 Remuneration Report	No information	See Remuneration Report as part of the Financial Report 2019
Stakeholder participation		
The company must disclose how social and economically relevant stakeholders are identified and integrated into the sustainability process. It must be disclosed whether and how a continuous dialog is maintained with these parties and the results integrated into the sustainability process.	Page 2	Chart and explanatory text
Performance indicator G4-27 / Stakeholder Analysis	Page 2	Chart and explanatory text
Innovation and product management		
The company must disclose how via suitable processes it helps to ensure that innovations in products and services lead to an improvement in sustainability in respect of its own use of resources and for users. It must also be disclosed whether and how the current and future effects of material products and services are evaluated in the value chain and in the product life cycle.	Page 3 / 4 / 5	See explanatory notes on business areas and in Financial Report 2019

SUSTAINABILITY REPORT OF MAX AUTOMATION SE

Environment	Report page	Explanatory notes
Utilization of natural resources		
The company must disclose the extent to which natural resources are utilized in its business activities. This includes materials as well as the input and output of water, soil, waste, energy, ground area, biodiversity and emissions over the life cycle of products and services.	No information	The optimization of the use of natural resources, especially in the area of energy and waste avoidance, enjoys a high level of importance among the subsidiaries of the MAX Group. Due to its business model and production processes, other aspects such as for example the use of water, biodiversity, etc. are not relevant to the MAX Group. It is intended that defined figures should be gathered in the coming years in this respect.
Resource management		
The company must disclose which qualitative and quantitative goals it has set itself in respect of resource efficiency, especially the use of renewable energy, increasing raw material productivity and reducing the use of ecosystem services, which actions and strategies it is pursuing to this end, how these are to be fulfilled and will be fulfilled in future, and where risks are perceived.	Page 3	Chapter: Environmental In principle due to the business model and production intensity of the companies, the use of natural resources is of subordinate importance in the MAX Group.
Climate-relevant emissions		
The company must disclose its greenhouse gas emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based thereon and declare the goals it has set itself to reduce emissions.	No information	Due to the business model and production intensity of the companies, the output of climate-relevant emissions is of subordinate importance in the MAX Group.
Company	Report page	Explanatory notes
Employee rights		
The company must report on how it complies with nationally and internationally recognized standards in respect of employee rights and promotes employee participation in the company and in the company's sustainability management, which goals it sets for itself, which results have so far been achieved and where risks are perceived.	Page 5 ff.	Chapter: Social: Responsibility for Our Employees
Equal opportunities		
The company must report on how it implements processes nationally and internationally and which goals it has set to promote equal opportunities and diversity, job security and health and safety, co-determination, integration of migrants and disabled persons, appropriate remuneration and reconciliation between work and family life, and how it implements these.	Page 6 Page 7 ff	Chapter: Social: Employee Security Integrity Principles / Work Ethic / Diversity and Equal Opportunities
Community		
The company must disclose how it contributes to the community in the regions in which it conducts material business activities.	No information	See Notes to the Financial Report
Performance indicator G4-EC1 / Directly generated and distributed economic value.	No information	See Notes to the Financial Report
Political influence		
All material inputs into legislative processes, all entries in lobby lists, all material payments of membership fees, all contributions to governments and all donations to parties and politicians must be disclosed, broken down by regional states/countries.	No information	The subsidiaries of the MAX Group are members of the VDMA - the German Mechanical Engineering Industry Association. The association provides balanced representation for the interests of the industry. Beyond this, no further independent activities are undertaken within the MAX Group.
Performance indicator G4-SO6 / Total value of political donations, broken down by regional state/country and recipient/beneficiary.		Political donations: € 0.0
Qualification		
The company must disclose which goals it has set and which actions taken to promote employability, that is to say, the ability of all its employees to participate in the world of work and careers and to adapt same to demographic development, and where risks are perceived.	Page 5 ff.	Comprehensive explanatory notes in the chapter: Social. Following reorganization, defined performance indicators are recorded at business area level.
Human rights		
The company must disclose which actions, strategies and goals are applied to achieve worldwide respect for human rights and prevent the use of forced and child labor and exploitation of any kind. The results of actions and any risks must be described in detail.	Page 8 ff.	Chapter: Integrity Principles / Human Rights No known breaches in financial year 2019.
Compliance with laws and directives		
The company must disclose which actions, standards, systems and processes exist to avoid unlawful conduct and in particular corruption, how these are tested, what are the results and where risks lie. It must disclose how corruption and breaches of the law are prevented, detected and sanctioned within the company.	Page 6 ff.	Chapter: Compliance and Risk Management Integrity Principles / Avoidance of Corruption and Money Laundering No known corruption offenses in financial year 2019, consequently no sanctions required.