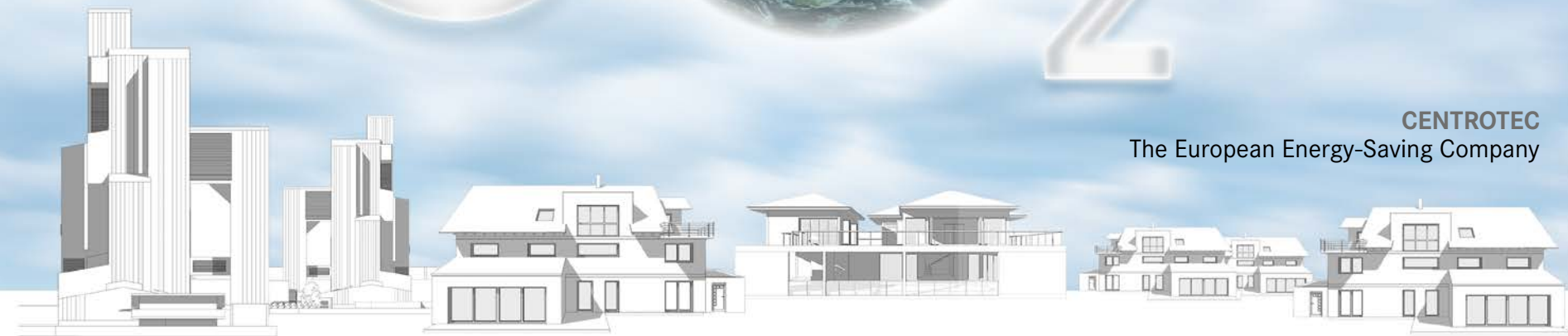




OUR VALUES

Sustainability Report 2019

CENTROTEC
The European Energy-Saving Company



Our brands and locations



WOLF

Wolf GmbH
Mainburg, DE

BRINK

Brink Climate Systems B.V.
Staphorst, NL



ubbink
Ubbink B.V.
Doesburg, NL

Centrotherm

Centrotherm
Systemtechnik GmbH
Brilon, DE



Möller Medical GmbH
Fulda, DE

Our values

Integrity

For CENTROTEC, integrity means a consistently fair, transparent, honest and incorruptible way of behaving, both for the enterprise and for the individual. For us, that means we have to say what we think, and do what we say!

Social responsibility

CENTROTEC bears social responsibility both for its employees and for its wider corporate environment. It is important for us to regard employees as human beings, not merely as a resource, and to address their individual needs as effectively as possible. In addressing the corporate environment, CENTROTEC operates ethically and responsibly, and furthermore shows independent initiative in promoting living conditions and social cohesion within its direct sphere of influence (good corporate citizenship).

Sustainable action

This means meeting today's needs without endangering the scope of future generations to do likewise. The way energy is used and the consequences of its use are of key importance for a sustainable society. To achieve that goal, CENTROTEC supplies affordable solutions for saving energy and putting renewable energies to a wide range of uses in buildings. In developing, manufacturing and selling our solutions, we strive for the highest possible standards of resource efficiency and sustainability. For each individual, this action begins with a sense of personal responsibility towards the wider community.

Entrepreneurial action

For every employee, entrepreneurial action means treating the company as if it were his or her own, and demonstrating the responsibility and foresight that that would entail. This offers opportunities for both the company and the individual. CENTROTEC promotes this entrepreneurial spirit by granting its employees and subsidiaries the maximum possible freedom of scope.



Our sustainable products

Climate Systems

Product examples
from the field:

**Heating, climate control
and ventilation technology**



Oil and gas-fired systems



Gas-solar centre



Heat pumps



Controlled home ventilation with
heat recovery



Building services centre with gas condensing
boiler technology and home ventilation



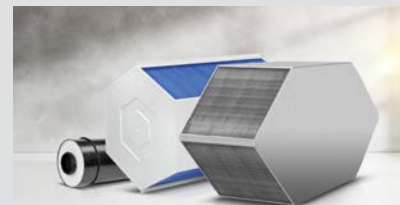
Air heaters



Climate control technology



Combined heat and power plants



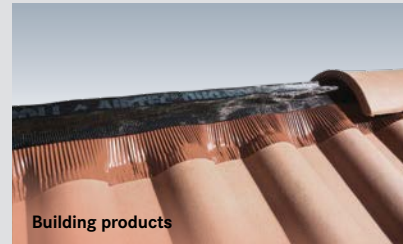
Counterflow heat exchangers



Plastic flue systems for condensing technology



Air ducting systems

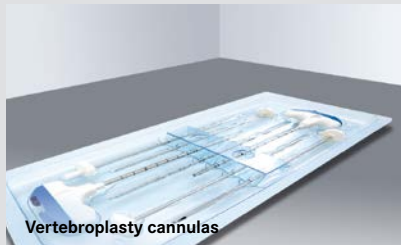


Building products

Gas Flue Systems

Product examples
from the field:

**Gas flue systems and
air ducting systems**



Vertebroplasty cannulas



Blood transfusions



Neurosurgery

Medical Technology & Engineering Plastics

Product examples
from the field:

Medical technology

The Management and Supervisory Board



Dr Thomas Kneip

Dr Thomas Kneip (b. 1971) has been a Management Board member of CENTROTEC SE since January 2014. Prior to joining the CENTROTEC Group, Kneip – a Business Administration graduate – acquired extensive management experience in the Finance and Strategy areas at Centrosolar and Siemens VDO. He also spent a number of years at McKinsey & Company as Senior Consultant and Project Manager. In addition to his position as Board Member for Strategy, Dr Kneip is responsible for the Climate Systems division. Since July 2016, he has also held the position of Managing Director of the Wolf Group, which comes under this division.



Bernhard Pawlik

Bernhard Pawlik (b. 1967) has been a Management Board member of CENTROTEC SE since April 2018. Before joining the CENTROTEC Group, the Industrial Engineering graduate gained many years of experience in various international management roles in the automotive supply and photovoltaics industries, including at Autoliv and Centrosolar. He focused strongly on the areas of project management, purchasing, production and quality. Alongside his function as Management Board member for Operations, Pawlik is responsible for the Gas Flue Systems area, in the management of which he has been involved since 2014.



Günther Wühr

Günther Wühr (b. 1960) has been Chief Financial Officer of CENTROTEC since April 2019. He joined the CENTROTEC Group in 2015, since when he has held management positions in the Finance and Controlling areas. A Business Administration graduate, he has many years of experience as an executive officer in the photovoltaics and biogas industries. Prior to that, Wühr held a business management position in the home technology sector for over 10 years. His activities in those roles focused on implementing efficient business processes in enterprises with a strong growth emphasis. From his previous work as an IT consultant in the ERP systems area he is able to offer a sound understanding of IT support for business processes. In addition to the Finance, Controlling and IT functional areas, Wühr represents the Medical Technology & Engineering Plastics segment on the Management Board.



Guido A Krass

Guido A Krass (born 1957), industrial lawyer and entrepreneur, has been focusing on high-growth mid-cap companies since 1986. As the founder and a major shareholder of CENTROTEC, he is closely involved in strategic and personnel management matters. He is able to draw on a worldwide network of contacts for developing new business ideas and identifying acquisition options.

Dear readers of the CENTROTEC SE Sustainability Report,

In January 2020, our company changed its name from CENTROTEC Sustainable AG to CENTROTEC SE in a reflection of the change of corporate form. Yet its code of values is unaffected: sustainability is and remains a central focus, and is the basis of our business model. Our products are sustainable because they create a healthy interior climate and at the same time help to save fossil fuels or replace fossil energy altogether with renewable energy. Our entrepreneurial actions are sustainable because they are designed for sustainable, profitable growth rather than short-term success. And they accommodate the interests of all groups associated with the company: our customers and employees along with their families, our business partners and shareholders, and in fact our society as a whole, including the needs of generations to come.

Motivated, enterprising employees who engage with our customers and their projects while pursuing the interests of the company have always been the key building block of our success. Regard for our employees was therefore our priority in the crisis brought on by the coronavirus pandemic. We took swift action to protect their health. Thanks to their dedicated efforts, we are now able to address and combat the effects of the looming global economic crisis. Nor should we lose sight of the continuing climate crisis. In order to document our own influence on the environment and reduce critical effects, the company has explicitly been reporting on the topic of sustainability since 2010. As part of the end-of-year reporting process that sets the bar especially high for listed companies such as CENTROTEC, since 2017 a “Separate Non-Financial Group Report” has moreover been subjected to a review by the independent auditors. The focus of this report is on environmental and employee matters: our consumption of resources and our carbon footprint that is created by such actions, as well as the safety and health of our workforce. We – the management and all employees of the CENTROTEC Group – aim to keep improving in that regard – as a motivation to ourselves and to others.

On behalf of the management and all employees of the CENTROTEC Group



Dr Thomas Kneip

[Management Board]



Bernhard Pawlik

[Management Board]



Günther Wühr

[Management Board]



Sustainability Report 2019

For us, the topic of CO₂ emissions – product or company related – is especially material. Through the steadily growing use of more efficient systems, we want to reduce (product-related) CO₂ emissions at the customer. At the same time, we actively manage our own (company-related) CO₂ emissions.



Separate Non-Financial Group Report (pursuant to German CSR Directive Implementation Act)

In the separate Non-Financial Group Report – referred to in the following as “Non-Financial Report” or “NFR” – CENTROTEC SE, hereinafter also CENTROTEC or the CENTROTEC Group, reports outside the framework of the Group Management Report for the 2019 financial year in accordance with the current statutory requirements of the German CSR Directive Implementation Act (hereinafter German CSR-RL-UG) on the reporting of non-financial information. In presenting this non-financial report pursuant to sections 315c in conjunction with 289c to 289e of the German Commercial Code, CENTROTEC fulfils the resulting duty of accountability. The business model of the CENTROTEC Group is described in the Group Management Report of the year 2019.

The option of taking reporting frameworks for sustainability topics as the basis for the compilation of the NFR was not used because the adoption of a uniform reporting framework appeared excessively cumbersome given the highly non-central, heterogeneous corporate structure, combined with generally locally organised management of the relevant topics.

The auditors PricewaterhouseCoopers GmbH WPG have performed an audit of the Non-Financial Report with limited assurance to auditing standard ISAE 3000 (Revised). Please see the associated audit report in the annual report of the year 2019.

Reporting scope and reporting boundaries

For the 2019 reporting year and previously already for the years 2017 and 2018, the Non-Financial Report contains disclosures on all comprehensively consolidated CENTROTEC companies. The exception is one subsidiary only acquired in the period under review, which was consolidated from a financial perspective on a time proportional basis but will only be captured for the Non-Financial Report from the 2020 reporting year. The non-financial data is submitted using the “Tagetik” financial reporting system established within the Group, starting with the data that is recorded for the departments of the individual companies and ultimately consolidated at Group level.

From the 2017 reporting year the Management Board, in consultation with the Supervisory Board, resolved to meet its reporting obligation in the form of a separate Non-Financial Group Report.

References to disclosures outside the Group Management Report constitute further information and do not form part of the Non-Financial Report.

Materiality analysis and selection of report contents

Pursuant to Section 289c (3) of HGB, disclosable non-financial aspects are to be identified according to the double materiality qualifier. Under this approach, those disclosures that are required for understanding the business progress, business result, situation and the impact of activity on these aspects are material.

The decision to continue using the non-financial aspects selected in the previous two years was taken jointly by the Supervisory Board and Management Board at a Supervisory Board meeting held on September 19, 2019. Its decisions were based on the criteria of the aforementioned double materiality qualification and in particular the criteria of industry relevance, own corporate structure plus the core values of the Group. Through a variety of business projects – to some extent in cooperation with those holding responsibility for individual Group companies – the Management Board analysed which non-financial aspects are material for sustainable business development both from an internal perspective and from the perspective of the various external target groups (customers, business partners, employees, shareholders, suppliers as well as the general public). In the course of these, it made assumptions for external target groups concerning the significance and impact on the above sustainability aspects.

The topic of carbon emissions was identified as especially material, with the need to differentiate between product-related and company-related emissions. With regard to the impact of the activities of the CENTROTEC Group, we assess the product-related carbon emissions to be especially material, specifically with regard to the impact at customers, where considerable reductions in carbon emissions can be achieved through the use of efficient systems. This is because the modern systems that CENTROTEC produces and sells often consume lower amounts of energy or ventilate buildings more efficiently than their predecessor models did. However CENTROTEC does not report on a concept for this matter within the meaning of German CSR-RL-UG because it does not follow any central management approach here, and it is not feasible to collect data on emissions at customers with reasonable effort. Nevertheless, at least in the highly relevant area of heat-generating systems the adoption of the Europe-wide energy efficiency label to which CENTROTEC products conform renders the environmental friendliness of the product portfolio suitably transparent. While the company-specific carbon emissions of the CENTROTEC Group are comparatively speaking less relevant in terms of their environmental impact, we do see them as being equally relevant to our business and adopt an active management approach, which we present in the concept description under Environmental matters. Sections of the supply chains of the Group companies are also covered here, because we also include preliminary stages for the commodities used when calculating emissions.

Another area of focus in our non-financial reporting is “employee matters”, because employees are often exposed to high burdens in manufacturing companies, and our employees and their well-being are very important for the further development of the company specifically at a time when there is a growing shortage of specialist labour. Within the materiality analysis, the matter of occupational safety was identified as material in line with German CSR-RL-UG. In addition, the aspect of “combating bribery and corruption” contains an explanation of the relevant CENTROTEC concept, identified as the third material aspect. Above and beyond that, CENTROTEC was not able to identify any further mandatory disclosures as material based on the double materiality qualifier.

To a large extent CENTROTEC covers the topics of “social issues” and the “upholding of human rights” indirectly through the Code of Conduct and accompanying internal and external regulations. In addition CENTROTEC generates the bulk of its revenue in Europe, where the relatively high standards achieved with regard to respect for human rights and social issues mean that from the company’s perspective these aspects are already extensively covered by statutory requirements. For that reason, the aspects of social matters and respect for human rights are not considered separately in view of the assessment under the double materiality qualification.

Risks

Reportable risks are those that are associated with the company’s own business activities, business relationships, products or services, and very probably have or will have a serious negative impact on the material aspects.

The risk management system described in the Group Management Report of the Annual Report 2019 assures the recording and evaluation of corresponding risks in the financial sphere, while simultaneously enabling the inclusion of risks from the non-financial sphere. Starting with the gross recording of the risks, including the measures, a net assessment of the risk exposure is made and risks are managed on the basis of these net values.

CENTROTEC is not aware of any reportable risks that have been taken by CENTROTEC companies or are associated with the business relationships, products and services of the companies and, with a high probability, have or will have a serious negative impact on the reportable aspects.

Environmental matters

To protect the environment, committed to its core values, but also for business reasons, CENTROTEC has set itself the goal of keeping its own consumption of resources and therefore direct and indirect CO₂ emissions as low as possible within an economically justifiable framework.



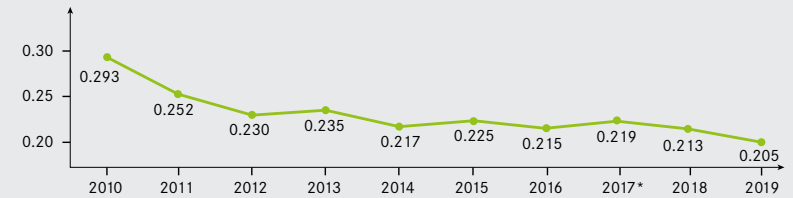
Environmental matters

CENTROTEC regards the use of resources and the associated carbon footprint as a material non-financial aspect for the company and its environment. Out of a commitment to protect the environment through its core values, but also for business reasons, CENTROTEC has set itself the goal of keeping its own consumption of resources and therefore the direct and indirect CO₂ emissions as low as possible, to the extent that is economically justifiable. In keeping with this objective and in a reflection of the Group's non-central organisation, CENTROTEC places the emphasis on individual measures that can be implemented by the individual companies. The time horizon for target attainment equally depends on the measures selected in each case, and is not laid down Group-wide. The material effects in the sphere of emissions reduction are achieved through the consumption of material and are in the core interests of all Group companies in view of the major business significance of this topic. Examples of other specific measures to reduce carbon emissions within operating processes are the use of internally produced co-generation plants (CHP/ Mainburg, Germany), the targeted buying of electrical energy from renewable sources (Brilon, Germany / Doesburg, Netherlands) and the implementation or partial implementation of the internal guideline on the construction of carbon-neutral buildings (Fulda, Brilon, Germany / Staphorst, Netherlands). These measures are part of a continuous improvement drive that is not enshrined in a Group-wide formal set of rules. Although systematic tracking of target attainment as so far not been practised, the executive management of the individual companies as well as the Group Management Board are informed of the individual measures and their impact.

Multi-year analysis beyond the Separate Non-Financial Group Report

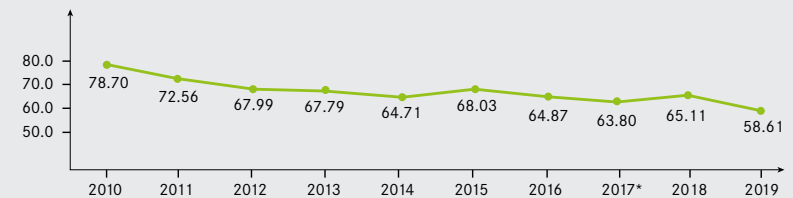
DIRECT AND INDIRECT CO₂ EMISSIONS

[from direct business processes and the purchase of electricity, transport and use of materials]
[to revenue in t CO₂/EUR'000]



RAW MATERIAL CONSUMPTION

[to revenue in kg/EUR'000]



* In 2017, the non-manufacturing units and the subsidiary in Macedonia added in 2017 were included for the first time. In years before 2017, only the producing group companies were included; comparative figures with these years are therefore only of limited significance.

The carbon emissions figures for the CENTROTEC Group increased by only just over two percent in 2019 compared with the previous year despite a 5.9% rise in revenue. For greater ease of comparing the development in CO₂ emissions, CENTROTEC therefore also reports relative CO₂ emissions. To that end, total emissions are placed in the context of revenue in euros.

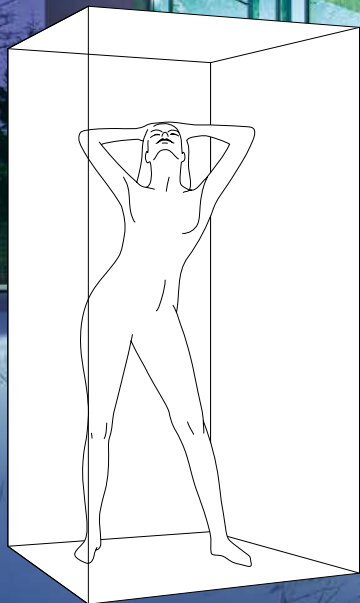
The direct business processes and the procurement of electrical energy result in carbon emissions amounting to 12.3 Kt (thousand tonnes) for the year under review of 2019 (previous year 13.8 Kt). This decrease, despite the higher business volume, is attributable to the slightly reduced consumption of electrical energy and the improved power mix from emissions aspects, with a shift away from electrical energy generated from coal and gas, towards wind and water power. This development more than compensates for the slightly increased consumption of primary energy, specifically natural gas, in the CENTROTEC Group.

Carbon emissions from transportation in 2019 rose in proportion to revenue, while there was an overproportional rise in carbon emissions from travel, among other reasons because of the increased level of international activities. The consumption

of commodities was by some distance the biggest contributor to carbon emissions caused by CENTROTEC companies. Emissions caused by the consumption of commodities amounting to 106.7 Kt remained broadly at the prior-year level (105.2 Kt) despite the marked rise in revenue. The takeover of a competitor's production facilities increased the aluminium component of the product mix, which outweighed the other carbon emissions saved from commodities consumption.

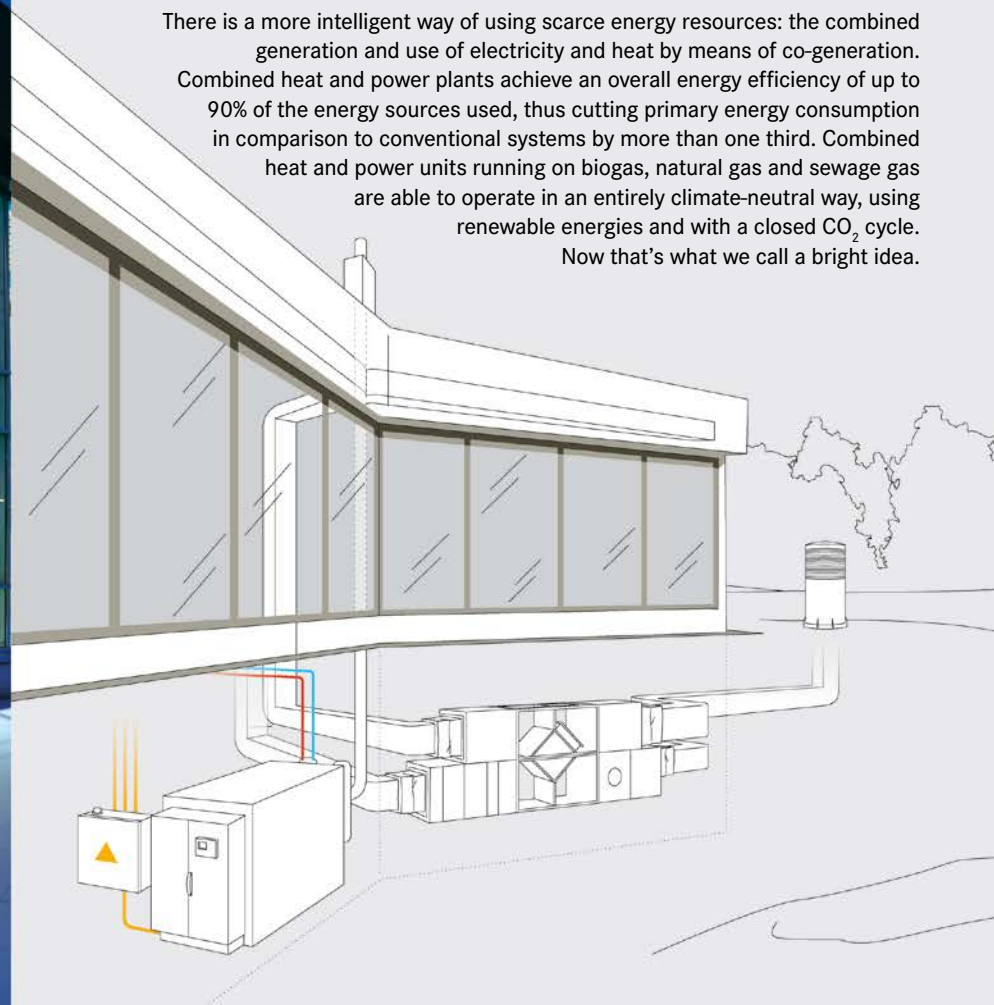
Overall, CENTROTEC caused 133.2 Kt (previous year 131.1 Kt) of carbon emissions directly and indirectly. Relative to consolidated revenue, specific emissions declined to 0.205 t CO₂ per thousand euros of revenue in the period under review (previous year 0.213 t CO₂ per thousand euros of revenue).

		2019	2018
Direct and indirect carbon emissions (from direct business processes, the procurement of electrical energy, transport and use of materials)	Tonnes	133,204	131,051
Consolidated revenue	EUR '000	650,979	614,739
Carbon emissions to revenue	t CO ₂ /EUR '000	0.205	0.213



Combined heat and power plants

There is a more intelligent way of using scarce energy resources: the combined generation and use of electricity and heat by means of co-generation. Combined heat and power plants achieve an overall energy efficiency of up to 90% of the energy sources used, thus cutting primary energy consumption in comparison to conventional systems by more than one third. Combined heat and power units running on biogas, natural gas and sewage gas are able to operate in an entirely climate-neutral way, using renewable energies and with a closed CO₂ cycle. Now that's what we call a bright idea.



Employee matters

Especially in times of increasing shortages of skilled workers, our employees are crucial for our further corporate development. Because of the often high strain in manufacturing companies, their health and safety should be specifically promoted.



Employee matters

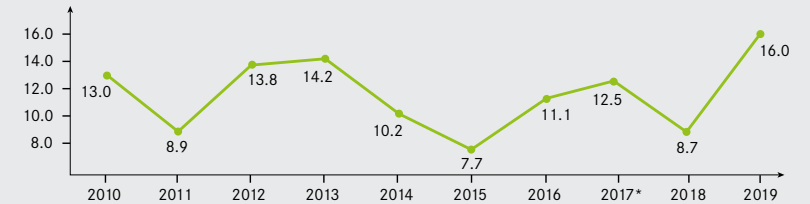
In its dealings with people, CENTROTEC attaches considerable importance to sustainable action, as specified in the core values. Its aim here is to provide a safe and healthy place of work in order to protect all employees against harm and promote their health. To achieve this, the CENTROTEC companies have implemented health and safety programmes, rules and regulations at the various locations. CENTROTEC supports its employees and expects them to comply with the health and safety regulations. The same applies to the planning of workplaces, operating equipment and processes as well as to safety and personal behaviour in day-to-day work. Standards and certifications (e.g. EN ISO 9001, EN ISO 14001 and ISO 16949), which are met in various forms at virtually all locations, constitute an additional – albeit not Group-wide uniform – framework for coordinated practices that are designed with the well-being of the workforce in mind. Every CENTROTEC employee and every CENTROTEC manager is responsible for caring for others. The well-being sought for the individual also has a lasting positive impact on the development of all the different areas of CENTROTEC, with the aim that it will ultimately yield economic success.

At a time when the shortage of skilled labour is a growing issue especially in trade and industry, the health and occupational safety of employees is a key argument in endeavouring to hold onto employees or attract new ones. The continuous reduction in work related injuries correspondingly represents a key target especially for the Group's manufacturing companies.

Multi-year analysis beyond the Separate Non-Financial Group Report

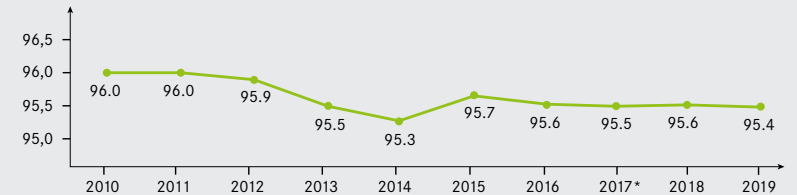
WORK RELATED INJURIES

[to 1 million working hours]



EMPLOYEE HEALTH QUOTA

[in %]



* In 2017, the non-manufacturing units and the subsidiary in Macedonia added in 2017 were included for the first time. In years before 2017, only the producing group companies were included; comparative figures with these years are therefore only of limited significance.

The total number of reported work related injuries that resulted in temporary incapacity for work climbed to 77 in 2019, up from 42 in the previous year. Relative to the number of working hours, the figure increased to 16.0 work related injuries per million working hours (previous year 8.7). However these figures should be interpreted more as benchmarks because CENTROTEC has previously only given the Group companies in the various countries a general definition of the term “work related injuries”. For that reason, and in view of variations in the national statutory regulations that the Group companies have to observe specifically on this topic, this benchmark has not yet been recorded in an entirely uniform way. A uniform way of determining this benchmark is currently being established. At most Group companies, first-time application of the Group-wide definition in the period under review contributed to this rise e.g. because of this adjustment.

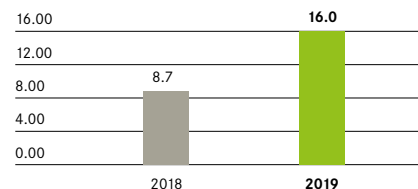
Because of the non-central Group structure, there are a large number of different measures to increase occupational safety at the subsidiaries of the CENTROTEC Group. They are based on consistent compliance with the statutory minimum standards, the customarily higher standards of the heating, climate control and ventilation technology industry as well as the medical technology sector, and in almost every case satisfy the latest certifications in each industry affected. In addition there are further measures that promote occupational safety and employee health, such as traffic training for apprentices at certain locations, financing of health training,

participation in smoking cessation courses, the free provision of fruit at the workplace and the creation of ergonomic workplaces tailored to employees. The executive management of the individual companies as well as indirectly, above them, the Group Management Board are regularly informed of the respective measures and their impact.

Total number of work related injuries	2019	2018
Working hours (h)	4,806,774	4,838,390
Reported work related injuries	77	42
Work related injuries per 1 million working hours	16.0	8.7

WORK RELATED INJURIES

[per 1 million working hours]



Combating corruption and bribery

Derived from the core values, integrity is a material feature of CENTROTEC's entrepreneurial action. For CENTROTEC, integrity means a comprehensively fair, transparent, honest and incorruptible way of behaving, both for the enterprise and by each individual. What this means for CENTROTEC is that its actions are compelling and transparent. This applies to all divisions, departments and companies of the CENTROTEC Group.

By way of a uniform situation analysis of the existing management tools and risk exposure in the CENTROTEC Group, initial surveys were conducted a few years ago to identify structures that are susceptible to bribery and corruption. The areas considered to be at risk, e.g. Purchasing and Sales, were then addressed in a targeted, systematic way. The existing processes, safeguards and methods were categorised and divided into risk areas. For the sphere of "corruption and bribery" in question here, our focus was particularly on risk areas such as money laundering, gifts, entertainment and sponsoring. In response to these surveys, the results were analysed and recommended actions developed.

In the year under review of 2019 the internal Group guidelines on compliance were sent out to new managers of the CENTROTEC Group to raise their awareness of the issue. The focus was on the following documents:

- ❖ Code of Conduct
- ❖ Guideline on Business Conduct
- ❖ Guideline on Gifts and Invitations
- ❖ Rules of Internal Procedure for the Group.

The Managing Directors of all the Group's operational companies have undertaken to comply with the corresponding regulations. In addition, a digital whistleblower system was created in 2018 to offer employees scope to report infringements and suspected cases anonymously. The customary reporting channel and a mailroom also continue to be available to receive anonymous reports.

There are plans for the current financial year of 2020 to stage another drive to raise awareness of this issue among all managers.

Other measures include training for employees, especially upon joining the CENTROTEC Group. These mainly take the form of face-to-face training sessions. In subdivisions of the CENTROTEC Group, individual modules are also already available as webinars or using e-learning. Efforts are being made to use the scope for face-to-face and online training on a wider scale.

No incidents or suspected cases in the sphere of corruption, bribery or money laundering came to light in the Group in the year under review of 2019. Where cases that involve compliance breaches are identified or measures such as internal investigations are launched, the Group Management Board is briefed on the situation by the Legal area.

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