Our brands and locations

Local production/assembly
- Washington
- Moscow
- Paris
- Lisbon
- Prague
- Budapest
- Copenhagen
- Berlin
- Belgrade
- Brussels
- Amsterdam
- Ljubljana
- Bern
- Madrid
- Rome
- Warsaw
- Skopje
- Sarajevo
- Bratislava
- London
- Tirana
- Zagreb
- Athens

Local sales organisations
- Ubbink B.V.
  Doesburg, NL
- Brink Climate Systems B.V.
  Staphorst, NL
- Möller Medical GmbH
  Fulda, DE
- Centrotherm Systemtechnik GmbH
  Brilon, 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
Gas Flue Systems

Product examples from the field:
Gas flue systems and air ducting systems

Medical Technology & Engineering Plastics

Product examples from the field:
Medical technology

Plastic flue systems for condensing technology
Metal flue systems
Air ducting systems
Vertebroplasty cannulas
Blood transfusions
Neurosurgery
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.

The Management and Supervisory Board

Dr. Thomas Kneip
Dr Thomas Kneip (1971) has been on the Management Board of CENTROTEC Sustainable AG since January 2014. Prior to joining the CENTROTEC Group, Mr Kneip – a Doctor of Business Administration – 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, with a focus on sales and growth projects. As well as his functional responsibility in the board for Strategy, M&A and HR, Dr Kneip heads up the Climate Systems segment. He has also been Managing Director of Wolf GmbH since July 2016.

Bernhard Pawlik
Bernhard Pawlik (1967) has been a Management Board member of CENTROTEC Sustainable AG 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 operational functions, Mr Pawlik is Management Board member with responsibility for the Gas Flue Systems segment, in the management of which he has been involved since 2014.

Günther Wühr
Günther Wühr (1960) has been a Management Board member of CENTROTEC Sustainable AG since April 2019. He joined the CENTROTEC Group in 2015, since when he has been a manager 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 he 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, Mr Wühr is in charge of the Medical Technology & Engineering Plastics segment.
Dear interested parties of CENTROTEC Sustainable AG,

Sustainability is one of the core elements of our Code of Values. Our products are sustainable because they help to save fossil fuels or replace them with renewable energies. Our company acts sustainably, because we feel committed to the people in our environment and also to future generations.

Sustainable action is supplemented in our Code of Values by entrepreneurial action. We promote entrepreneurship through the greatest possible freedom for our employees and for all subsidiaries of our corporate group. Because we want to grow profitably: in a team, with partners, for our customers.

In doing so, we are aware of our social responsibility for our employees and the wider business environment. Their needs are important to us, as are the interests of society and our shareholders.

We are ethical. We do what we say and report transparently and honestly on the results of our actions: in financial reports that meet the high standards of the Prime Standard on the Frankfurt Stock Exchange. And in Non-Financial Group Reports such as this.

For the first time, as a "Separate Non-Financial Group Report" that forms part of the 2017 Annual Report, the following Sustainability Report focuses on environmental and employee issues: our resource consumption and our associated carbon footprint and the safety and health of our employees. We aim to become even better in the future.

For the management and all employees of the CENTROTEC Group

Dr Thomas Kneip  
[Management Board]

Bernhard Pawlik  
[Management Board]

Günther Wühr  
[Management Board]
For us, the topic of CO₂ emissions (product and 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, CENTROTEC Sustainable AG – hereinafter also CENTROTEC or the CENTROTEC Group – reports outside the framework of the Group Management Report for the 2018 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 separate non-financial Group report (hereinafter “Non-Financial Report” or “NFR”) pursuant to sections 315b, 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 Board Report of the year 2018.

The option of taking generally valid 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 2018.

Reporting scope and reporting boundaries
For the 2018 reporting year and previously already for the year 2017, the separate Non-Financial Group Report covers disclosures on all active, comprehensively consolidated CENTROTEC companies. The data is submitted using the “Tagetik” financial reporting system established within the Group, starting with the data recorded for the departments of the individual companies that is ultimately consolidated at Group level.

CENTROTEC started to record non-financial data for the manufacturing units of the Group from the 2010 financial year because the data was intended to help provide transparency on the development of the uniform core values of the Group introduced in 2011.

From the 2017 reporting year the CENTROTEC Management Board, in consultation with the Supervisory board and in light of the introduction of mandatory non-financial reporting, had resolved to prepare a separate Non-Financial Group Report.

References to disclosures outside the Group Management Report constitute further information and are not part of the Non-Financial Report.
Materiality analysis and selection of report contents

Pursuant to Section 289 (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 non-financial aspects were selected by the Management Board. 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 emissions 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 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 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 have not been 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 from page 54 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.
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 carbon 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 (CHPs / Mainburg, Germany), the targeted buying of electricity 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]

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<tbody>
<tr>
<td>Emission</td>
<td>0.286</td>
<td>0.293</td>
<td>0.252</td>
<td>0.230</td>
<td>0.235</td>
<td>0.217</td>
<td>0.225</td>
<td>0.215</td>
<td>0.219</td>
<td>0.213</td>
</tr>
</tbody>
</table>

**Raw material consumption**
[to revenue in kg/EUR’000]

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<tbody>
<tr>
<td>Consumption</td>
<td>77.82</td>
<td>78.70</td>
<td>72.56</td>
<td>67.99</td>
<td>67.79</td>
<td>64.71</td>
<td>68.03</td>
<td>64.87</td>
<td>63.80</td>
<td>65.11</td>
</tr>
</tbody>
</table>

* 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 only slightly by just under one percent in 2018 compared to the previous year despite a 3.5% rise in revenue. For greater ease of comparison, CENTROTEC also reports relative carbon emissions. To that end, total emissions are placed in the context of revenue in euros.

The direct business processes and the procurement of electricity result in carbon emissions amounting to 13.8 Kt (thousand tonnes) for the year under review of 2018 (previous year 16.8 Kt). The reason for this decline, despite the increased volume of business, is a below-average rise in electricity consumption measured against revenue, along with the reduced consumption figures e.g. for natural gas. In addition, a higher proportion of electricity was procured from sources that generate less CO₂, for example coal-fired power generation.

Carbon emissions from transportation were significantly reduced in 2018 by optimising freight volumes. The same applied to carbon emissions from air traffic. On the other hand there was a rise in the volume of emissions caused by the use of leased vehicles and the still-negligibly low emissions from rail traffic. The consumption of commodities was by some distance the biggest contributor to carbon emissions caused by CENTROTEC companies. In this category, there was a slightly overproportional rise compared with revenue growth to 105.2 Kt in the period under review (previous year 100.8 Kt).

Overall, CENTROTEC caused 131.1 Kt (previous year 129.8 Kt) of carbon emissions directly and indirectly. Relative to consolidated revenue, specific emissions declined to 0.213 t CO₂ per thousand euros of revenue in the period under review (previous year 0.219 t CO₂ per thousand euros of revenue).

<table>
<thead>
<tr>
<th>Direct and indirect CO₂ emissions</th>
<th>2018</th>
<th>2017</th>
</tr>
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<tbody>
<tr>
<td>(from direct business processes and the procurement of electricity, transport and use of materials)</td>
<td>Tonnes</td>
<td>131,051</td>
</tr>
<tr>
<td>Consolidated revenue</td>
<td>EUR '000</td>
<td>614,739</td>
</tr>
<tr>
<td>CO₂ emissions to revenue</td>
<td>t CO₂/EUR '000</td>
<td>0.213</td>
</tr>
</tbody>
</table>
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.
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. 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 Sustainable AG, 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, occupational safety provides a basis for holding onto employees or attracting new ones. The continuous reduction in work related injuries correspondingly represents a key target especially for the Group’s manufacturing companies.

* 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 fell to 42 in 2018, down from 67 in the previous year. Relative to the number of working hours, the figure was brought down to 8.7 work related injuries per million working hours (previous year 12.5). 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 is not recorded in an entirely uniform way. The reduced number of working hours in the 2018 financial year is attributable to the reorganisation carried out in 2017 in individual areas of the company, resulting in the outsourcing of human resources management to external companies. This also changed the ratio of productive to non-productive employees, with the result that the comparability of the benchmarks for work related injuries is subject to certain restrictions.

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 as well as the customarily higher industry standards, 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.

<table>
<thead>
<tr>
<th>Health and safety</th>
<th>2018</th>
<th>2017</th>
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<tbody>
<tr>
<td>Working hours</td>
<td>4,838,390</td>
<td>5,338,839</td>
</tr>
<tr>
<td>Reported work related injuries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(no specific definition)</td>
<td>42</td>
<td>67</td>
</tr>
<tr>
<td>Work related injuries per 1 million working hours</td>
<td>8.7</td>
<td>12.5</td>
</tr>
</tbody>
</table>
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.

Various regulations and internal guidelines on compliance were again refined in 2018. These are in particular:

- 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 the year under review of 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.

Other measures involve training courses for employees and training courses for new employees upon joining the CENTROTEC Group. These are held predominantly in traditional training classrooms, with the employees present. In subdivisions of the CENTROTEC Group, individual modules are also already available as webinars or using e-learning. Experience with online training has been increased. Efforts are being made to use this option 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 2018. 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.