



NON-FINANCIAL CONSOLIDATED STATEMENT

This PDF is
an extract from the
Pfeiffer Vacuum
Annual Report
2020

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NON-FINANCIAL CONSOLIDATED STATEMENT 2020

LEGAL FRAMEWORK OF THE NON-FINANCIAL CONSOLIDATED STATEMENT

For the 2020 fiscal year, Pfeiffer Vacuum Technology AG (“Pfeiffer Vacuum”) prepared a non-financial Group Statement in accordance with the “Law to Strengthen the Non-Financial Reporting of Companies in their Management Reports and Group Management Reports” (“CSR-RUG”). This report meets the requirements of §§ 315b and 315c in conjunction with §§ 289c to 289e of the German Commercial Code (“HGB”). In the same way as for financial reporting, it shows how material non-financial issues are managed for the entire Group. Information that does not relate to the entire Group is indicated accordingly.

The content of this statement was audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, on behalf of the Supervisory Board.

A business audit was performed to obtain limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). The audit report is found following the Independent Auditor’s Report of the Consolidated Financial Statements and of the Group Management Report. References to statements outside the Group Management Report are additional information and are not part of the non-financial Group Statement.

For a structured description of the contents pursuant to § 315c in conjunction with §§ 289c to 289e of the German Commercial Code (HGB) in the non-financial consolidated statement, Pfeiffer Vacuum follows the standards of the Global Reporting Initiative (GRI). The description of the concepts required by the HGB is based on the structure of the GRI management approaches. This is applied in the description of the materiality analysis (GRI 101 management approach) as well as in the management approaches to “environmental concerns”, “respect for human rights”, “employee concerns” and “combating corruption and bribery” (GRI 103 management approach). In addition, a GRI Content Index compares the GRI indicators with corresponding reporting. The GRI Content Index is published from [page 174](#) of the Pfeiffer Vacuum Annual Report 2020. The information on the fulfillment of GRI indicators as well as references to information outside the Group Management Report or Consolidated Financial Statements are additional information and not part of this non-financial Group Statement.

For a description of Pfeiffer Vacuum’s business model, please refer to the section entitled “Corporate Profile” (see [from page 29](#)).

Sustainability approach

The Group’s approach to sustainability focuses on employees, responsible operations and innovation. It relates to the corporate strategy: sustainability is understood as a long-term value driver that brings benefits on an economic, ecological and social level, for example by reducing both the environmental impact and cost of our customers through higher energy efficiency of our products.

Our claim is to consider economy, ecology and social issues together as part of our value creation. This does not only apply to our own business activities, it is our declared goal to develop sustainable, innovative and energy-efficient vacuum technology solutions for our customers in numerous industries.

In order to achieve our goals, we have developed our sustainability management further globally. By appropriately managing non-financial goals, Pfeiffer Vacuum is thus creating the foundation for long-term corporate success.

Organizational structure

Various sustainability committees drive the issue of sustainability at Pfeiffer Vacuum and ensure that responsible corporate governance is also reflected in economic success. CEO Dr. Britta Giesen is responsible for this area at Management Board level. She is also a member of the Global CSR Board, which includes representatives from all of the Group’s divisions. They define Pfeiffer Vacuum’s sustainability strategy, determine the roadmap for implementing goals and measures, and discuss all major issues relating to sustainable action. The work of the Global CSR

Board is supported by the Global CSR Coordinator. This staff unit is where the group-wide organization and communication of CSR-relevant issues converge. The three Regional Managers and 20 General Managers play a decisive role in implementing the sustainability roadmap. They are responsible for the implementation of CSR measures in the respective regions, position the innovations with the customers and check whether the collection and evaluation of data is carried out correctly.

During the 2020 fiscal year, Pfeiffer Vacuum was intensively involved in the Company's strategic alignment, its collaboration with the Busch Group as well as actively and prudently mastering the coronavirus situation. The data collection processes were further developed throughout the Group and are reflected in the disclosure of additional sustainability-related information. The measures undertaken demonstrate Pfeiffer Vacuum's active commitment to sustainability. Through the definition of key topics, structured reporting and organizational integration, a foundation has been laid for the sustainable alignment of the entire company. Based on this, Pfeiffer Vacuum will be able to define non-financial goals in the coming years.

Material issues

The present statement provides information on the main developments in the 2020 fiscal year with respect to the five legally required aspects of environmental issues, respect for human rights, employee concerns, social issues and the fight against corruption and bribery. The aspect relating to social issues was not considered to be of material significance.

Pursuant to § 289c of the German Commercial Code ("HGB"), disclosures must be made that are essential for an understanding of the course of business, business results and business situation and the effects on the five aspects. The management concepts in each case, including the due diligence applied, the results of the concepts and key performance indicators, must be described. According to § 289c (3) Nos. 3 and 4 of the German Commercial Code ("HGB"), material risks associated with business activities, products and services and which may very likely or will have serious negative effects on the five aspects must also be disclosed.

This report covers a number of management concepts and key figures for the Group's main production sites. These include the German sites in Asslar, Göttingen and Dresden, Annecy in France, Cluj in Romania, Asan in South Korea, Indianapolis, Yreka and Nashua in the USA and Ho Chi Minh City in Vietnam. Wuxi in China was included for the first time. The following information all relates to this scope, unless specified otherwise. Adjusted figures from 2019 have been highlighted in indicated sections. Due to the coronavirus pandemic, data concerning energy, fluctuation and accidents cannot be used as benchmark for previous or future reporting. Significant deviations from the previous year are indicated or described in more detail at the relevant points.

For this statement, the non-financial issues to be reported, were identified for the first time in 2017 within the framework of a three-step materiality analysis and were reassessed in 2019. After compiling a catalog of topics as a basis for selecting the material issues, an internal analysis with prioritization and subsequent validation and review followed.

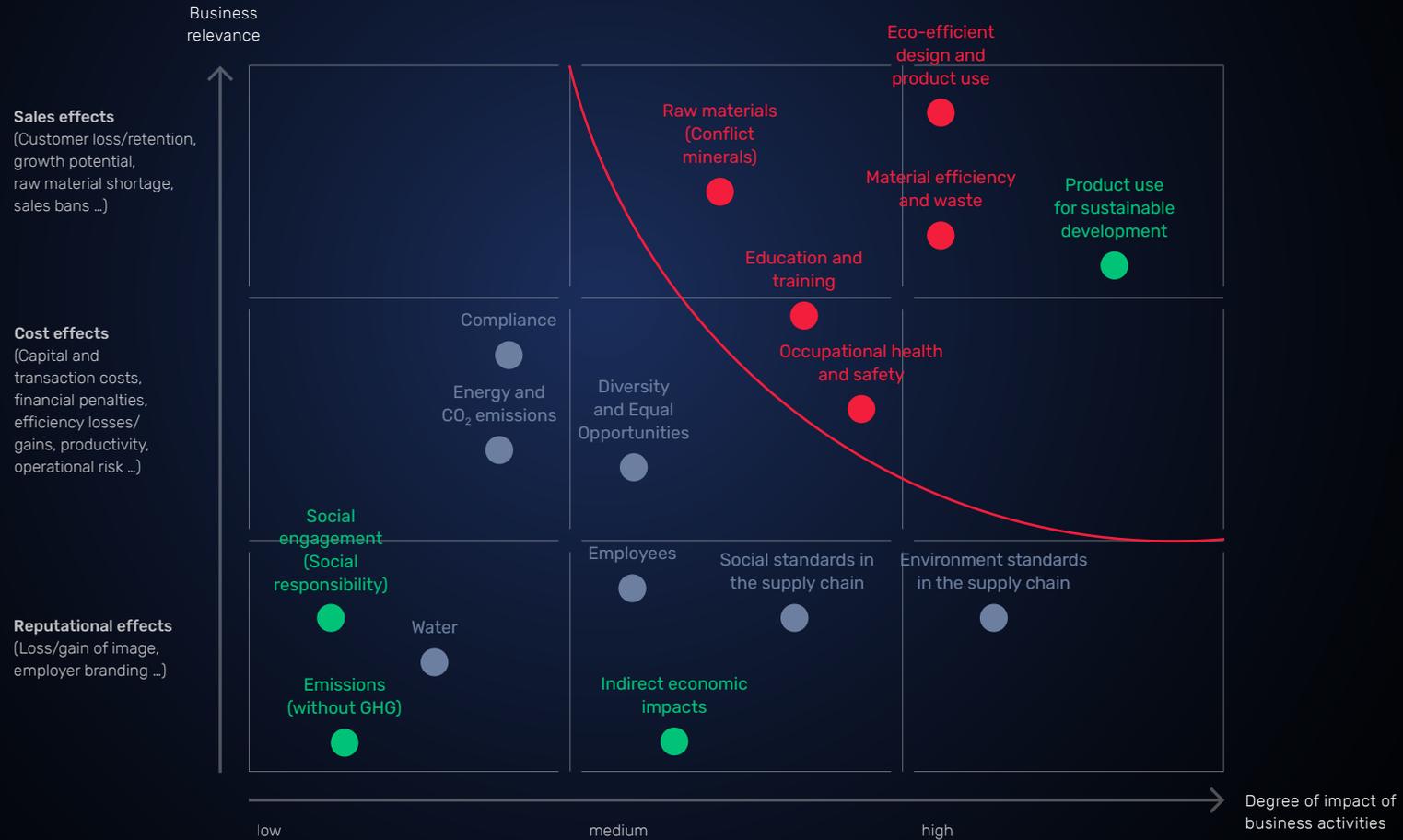
For the external analysis, a comprehensive list was compiled of relevant topics that occur in the Group's value chain and which are taken into account by sustainability standards such as GRI, relevant rating agencies and institutional investors. Managers and employees from a wide range of specialist areas scrutinized this list in terms of its impact on society and the environment and its relevance to business.

These were evaluated and documented with risks and measures. In a final evaluation, those issues were prioritized where business activities have a high impact on the environment and society and which are also of major business relevance for the Group.

For the reporting period 2020 we have validated our topics of material importance on the basis of a comprehensive peer group analysis and internal evaluation by those responsible within the Group for sustainability reporting.

The following graphic shows the results of the materiality analysis.

MATERIALITY OF SUSTAINABILITY TOPICS



The following table allocates the material issues of Pfeiffer Vacuum identified in the course of the materiality analysis to the aspects of the non-financial Group Statement:

INDEX TO THE NON-FINANCIAL STATEMENT

NFS aspects	Material issue	Section/Page
Employee concerns	<ul style="list-style-type: none"> • Education and training • Occupational health and safety • Employees • Diversity and equal opportunities 	Responsibility for employees, from page 64
Environmental concerns	<ul style="list-style-type: none"> • Eco-efficient design and product use • Material efficiency and waste • Energy and CO₂-Emissions • Water • Environmental standards in the supply chain 	Environmental concerns, from page 58
Combating corruption and bribery	<ul style="list-style-type: none"> • Compliance 	Combating corruption and bribery, from page 70
Respect for human rights	<ul style="list-style-type: none"> • Raw materials (conflict minerals) • Social standards in the supply chain 	Respect for human rights, from page 63

Risk assessment of the non-financial reporting

Pfeiffer Vacuum has established a Group-wide risk management system in order to identify risks at every level of the organization and to take appropriate measures to counter them. During the year under review, after taking into consideration risk mitigation measures, we were unable to identify any risks that are associated with our business operations, our business relationships as well as our products and services and that are very likely to, or will have serious negative impacts on the aspects presented in the table of aspects and issues of the non-financial consolidated statement. For more on the procedures of our risk management system, please refer to the section entitled "Risk and Opportunities Report" (see [✉ pages 72–81](#)).

ENVIRONMENTAL CONCERNS

Products from Pfeiffer Vacuum have an impact on the environment in all phases of their life cycle, from development through to disposal. Raw materials, semi-finished products, pre-products, energy and water are required in connection with manufacturing processes. The consumption of resources in the supply chain begins with procurement. During the manufacturing phase, electricity, water and materials such as stainless steel, aluminum and grey cast iron are consumed at all production sites and waste is generated, for example in the form of metal chips. In the utilization phase, the main factors are electricity consumption, noise emissions and material characteristics in the respective application.

Continuous improvement at the Anneck, Asslar and Asan production sites is supported by certification to the environmental management standard ISO 14001. We have set ourselves the goal to implement the ISO 14001 standard at all production sites by the year 2025.

We would like to foster our efforts of sharing environmental best practices and lessons globally as part of our existing corporate culture. This aspiration is independent of the certification process and thus also includes non-certified production sites as well as administrative sites.

Environmental standards in the supply chain

The careful use of natural resources and the adherence to environmental standards throughout the entire value chain is crucial for Pfeiffer Vacuum. We consider environmentally responsible action as an ethical and corporate duty – whether in the supply chain, within the framework of our own processes in manufacturing, sales and administration or at a later stage in the utilization phase of our products at the customer's premises. We want to save energy and CO₂ emissions along our value chain and thus make a positive contribution to global climate goals.

Pfeiffer Vacuum procures pre-products from a large number of suppliers. Inadequate environmental standards on the part of suppliers can result in air, soil and water pollution, as well as climate damage or loss of biodiversity. For this reason, Pfeiffer Vacuum strives to collaborate with

partners along the entire supply chain who observe environmental regulations, for example through an environmental management system.

Doing otherwise could not only constitute an infringement of local laws and regulations but also have a negative impact on our reputation as well as on our internal business processes. This might lead to cost increases or sales loss. We mitigate these risks by carefully analyzing and selecting our potential suppliers in the fields of environmental risks and by conducting ongoing supplier qualification programs.

Having organized the responsibilities for managing the corporate supply chain globally at the beginning of December 2019, we made some progress concerning a uniform Group-wide approach at Pfeiffer Vacuum to environmental standards in the supply chain over the course of the reporting period. Further global networking of management and standardization of supplier policies are planned for the coming years.

At Pfeiffer Vacuum's major manufacturing locations, the primary responsibility for ensuring compliance with environmental standards in the supply chain is decentralized and lies with the local operations at each production site. They report directly to the Global Head of Supply Chain.

Code of Conduct as guiding principle for business relationships

We require our suppliers to comply at a minimum with the legal environmental regulations. There is a Supplier Code of Conduct for this purpose, which calls for compliance

with statutory requirements and the implementation of environmental measures. Suppliers who are considered for series delivery of production-related parts must accept these conditions. This Supplier Code of Conduct was implemented and promoted in seven languages during the year 2020. It applies to all new suppliers of Pfeiffer Vacuum and we also ask our existing business partners to acknowledge it. The Code is based on the principles of the UN Global Compact and includes provisions on human rights, working conditions, environmental protection and preventing corruption and bribery. Suppliers to Pfeiffer Vacuum shall adhere to any applicable environmental laws, provisions and standards. It is furthermore expected that the supplier develops and uses an efficient environmental management system (for example their own written policy, ISO 14001 or other standards), in order to identify and minimize the environmental impact and hazards. In this respect, we expect the supplier to make a reasonable provision for protection of the environment in its own business activities.

Before entering into a new business relationship, we carry out a business partner review for critical areas. For this purpose, we have developed a Group-wide concept for sustainability in the supply chain and rolled out a special software for supplier management and risk assessment, which has been introduced on Group level. This software solution has been in operation at the Annecy site since 2018 and has proven its worth. The global use ensures that suppliers to every production location will be subject to the same binding requirements relating to environmental regulations and standards.

With the support of a software solution linked to leading global risk management systems, counterparty risks, country risks, environmental risks and geopolitical events are monitored and checked for their impact on the Group's supply chains. Changes in risk assessment and risk situations are communicated immediately to all relevant areas of the Group. This enables Group-wide supply chains and suppliers to be assessed for risks in real time and measures to limit risks to be implemented any harm is caused. These may include hazardous materials used during supply chain operations, environmental pollution, energy consumption or carbon emission.

Sustainable supply chains and compliance

Supply chain security can only be guaranteed if the mandatory requirements are checked for compliance. The main production sites monitor compliance with environmental standards by carrying out quality audits at the individual suppliers' sites. The audits are based on the international quality and environmental management systems such as ISO 9001 or ISO 14001. Thus, in addition to a catalog of requirements, it is also examined whether certified management systems exist or if any conspicuous features can be identified during site inspections.

Greening the supply chain mainly aims at integrating the environmental practices into the ordinary supply chain flow. This is one of the reasons why we regularly analyze sustainability issues in the Pfeiffer Vacuum supply chain. Due to the high importance of this topic for us, we would like to sensitize our business partners to it instead of just

imposing contractual conditions on them. Therefore, it corresponds to our approach to run awareness campaigns and conduct compliance courses for the suppliers where feasible. Last but not least, we pursue the goal to conduct sustainability audits of identified key suppliers by the year 2025. This may be implemented by self-assessment, on-site audits or audits conducted by third parties.

Energy

The operation of the production facilities and administration buildings requires energy. This is not only a cost factor, but also causes harmful emissions in the form of CO₂ and other greenhouse gases. Even though the manufacture of vacuum pumps is not very energy-intensive compared to the mechanical engineering industry, Pfeiffer Vacuum reports on energy management in view of the overall social relevance of the topic.

The responsibility for energy management lies with the individual sites. In the future, the tracking of energy consumption will be supported by the Head of Global Quality & EHS. In the reporting year, we continued at the Annecy and Asslar sites to install energy consumption meters with measuring systems for analyzing and controlling energy requirements. The metering systems are equipped with sensors for diagnostics and predictive maintenance. The aim is to implement these metering systems throughout the Group within the next years. When new equipment is purchased, Pfeiffer Vacuum requests proof of the installed capacity, electricity consumption and energy class from the supplier and strives to achieve an increase in

energy efficiency. New buildings, as well as renovations and extensions to existing buildings, such as the expansion of production operations in Annecy that commenced in 2019, are planned and implemented with a focus on energy-efficiency. For the coming years, Pfeiffer Vacuum is seeking to modernize, expand and run operations in an energy and resource efficient manner.

For environmentally friendly energy production, there is a combined heat and power plant in Asslar and a local biomass plant in Annecy. Photovoltaic systems for their own consumption and for feeding into the grid are installed in Asslar and will be analyzed for other locations. Further energy-saving measures will be implemented throughout the Group in the coming years. The installation or replacement of conventional light sources with LED lighting at the locations in Asslar, Annecy, Asan and Yreka was continued in the reporting year. In Asan, for example, the ventilation fans of the shop floors are controlled by automatic timers to reduce running times and, thus, energy consumption. Self-closing speed doors help to avoid loss of energy and heat as well. By carrying out regular "Gemba walks" on-site we identify further potential for saving energy and CO₂ emissions. In Annecy, new buildings are constructed based on sustainability standards. Thanks to wall insulation, presence detector lighting and automatic heat cut-off when windows are opened, energy efficiency is increased by 20 % on average compared to older buildings.

A briquetting plant has been in operation at the Asslar site since 2019, which briquettes aluminum chips from the production process for efficient disposal. In addition, to

lower CO₂ consumption during transportation, this measure enables the Group to achieve a higher resale value for the waste materials.

Certified energy management systems in accordance with ISO 50001 and/or environmental management systems in accordance with ISO 14001 are in place at the Asan, Asslar and Annecy sites. In 2020, Asslar and Annecy obtained their ISO 50001 re-certification. Group-wide standardization and further implementation of certified management systems is planned for the coming years. Local energy officers at the sites coordinate all measures and obligations to meet local statutory requirements.

At locations where services were provided by external energy service providers in previous years, the company has employed its own staff since 2019. Evaluations and analyses of energy consumption are discussed in energy circle meetings with related departments such as Facility Management, Purchasing and Engineering, and specific improvement measures are identified. Regular energy audits serve to comprehensively analyze and review the measures. In addition, promising employee suggestions are welcomed.

The primary source of energy at Pfeiffer Vacuum is electricity. A further energy source for obtaining heat is gas in the form of natural gas and/or liquified gas.

The following table shows the consumption of electricity and natural gas at the key production sites. A total of 34,612 MWh of electricity (previous year: 34,514 MWh) and

15,062 MWh of gas (previous year: 10,467 MWh) were consumed in the reporting year. This results in an increase in energy consumption of 10 %. This increase can be attributed on the one hand to the expanded scope of consolidation (2020 Wuxi site included) and on the other hand to hygiene measures due to the Corona pandemic (e.g. increased operation of the ventilation systems).

One of the main impacts of energy consumption is the emission of greenhouse gases such as carbon dioxide (CO₂), which is shown in the following table. The basis for

assessment is determined using the internationally recognized calculation standard of the Greenhouse Gas Protocol. Pfeiffer Vacuum reports direct emissions from the operation of its systems and buildings, as well as indirect emissions from purchased energy, on this basis.

At the production sites in Europe, Asia and the USA listed in the table below, 15,405 t CO₂^e (previous year: 13,999 t CO₂^e) – expressed as carbon dioxide equivalents – were emitted in the electricity and natural gas consumption categories under consideration. In 2020, the intensity of emissions

(emissions per sales in € million) was 24.9 t CO₂^e (previous year: 22.1 t CO₂^e). An expanded inventory, data collection and reporting of greenhouse gas emissions is planned for the coming years.

Water

The supply of drinking water is a global challenge of increasing relevance. Water use is managed decentrally at the production sites of Pfeiffer Vacuum. The establishment of global water management has been initiated.

Since 2019, Pfeiffer Vacuum collects its Group-wide water consumption on a monthly basis. The total water withdrawal in fiscal year 2020 amounted to 46,774 m³ (previous year: 50,307 m³).¹ Particularly in terms of the adequacy of global supply and availability, Pfeiffer Vacuum plans to comprehensively analyze and further track its Group-wide water consumption.

Water is employed in manufacturing and cleaning processes, as a coolant, industrial water or drinking water within the corporate Group. At our Asan site, the water used in cleaning processes is recycled by an efficient wastewater recycling system and re-used again. Furthermore, there is a sewage treatment plant at the industrial complex where all other water is sent to.

We will further develop our management and monitoring of water consumption worldwide over the next few years and report on this accordingly.

¹ Indication without Yreka site

ENERGY CONSUMPTION¹

	2020			2019 ²			Total	
	Europe	Asia	USA	Europe	Asia	USA	2020	2019
Consumption category	in MWh	in MWh	in MWh	in MWh	in MWh	in MWh	in MWh	in MWh
Electricity	24,449	8,879	1,284	24,970 ³	7,168 ³	2,376 ³	34,612	34,514³
Natural gas	13,666	155	1,241	9,024 ³	156	1,287	15,062	10,467³

¹ Indication without Yreka site

² 2019 adjusted due to expanded scope of consolidation: Dresden included.

³ Figure adjusted due to subsequent reporting of consumption data.

CO₂^e-EMISSIONS¹

	2020			2019 ²			Total	
	Europe	Asia	USA	Europe	Asia	USA	2020	2019
Emissions per consumption category	in t	in t	in t	in t	in t	in t	in t	in t
CO ₂ ^e from electricity	6,499	4,841	541	6,826 ³	3,949 ³	726 ³	11,881	11,500³
CO ₂ ^e from natural gas	3,262	32	230	2,229 ³	32	237	3,524	2,498³

¹ Indication without Yreka site

² 2019 adjusted due to expanded scope of consolidation: Dresden included.

³ Figure adjusted due to subsequent reporting of consumption data.

Environmental friendliness and energy efficiency of products

A variety of resources are consumed during the manufacturing phase of our products. In terms of environmental impact, it is the choice of materials in product development and the use of materials in the production process that are decisive. Pfeiffer Vacuum has significant influence on material efficiency and the environmental compatibility of its products during the entire life cycle – starting from the product development process itself, followed by the utilization phase and ending with recycling. In order to manage research and development throughout the corporate Group, a Global Technology Organization is in place, which reports to the CEO.

As an innovative company, Pfeiffer Vacuum will be defining the goals of resource efficiency, reduction of material consumption and emissions in the corporate process chains in the coming years. Strategic measures include Group-wide coordination and steering of global research and development activities, the implementation of a Group-wide IT strategy as well as the advancement of digitization technologies. The comprehensive digitalization of our products in the coming years will enable us to monitor the performance of our products on our customers' application much more closely. We will use the findings for process and product improvements, which also leads to material and energy savings along the life cycle.

Due to the individuality and physical limitations of our different product technologies, there are no Group-wide targets for energy, environmental or resource efficiency in operations. However, depending on the area of application and the manufacturing process, there are different specifications to take into account resource and environmental protection aspects. The specifications include, for example, increasing energy efficiency, assuring the environmental friendliness of the materials used, reducing the amount of raw materials used, processes to reduce emissions and waste, and the avoidance of hazardous substances. By using an appropriate product design, products can be developed, for example, with smaller dimensions and modern drives, which allow for savings and conservation of the materials and resources used.

In the production process, Pfeiffer Vacuum strives to increase material efficiency and to handle all materials employed in an environmentally compatible manner.

In addition to the environmental aspects mentioned above in the design and manufacturing phases, the energy efficiency of the products during the utilization phase is also an important design aspect. This is an integrated part of all new energy using product specifications and leads to innovative products with state-of-the-art technologies.

In 2019, we introduced our HiLobe product line. These intelligent, high performance Root pumps for low and medium vacuum applications are particularly innovative with their exceptional short pump-down times, power and energy efficiency. They consume 30 % less power and, furthermore, HiLobe has 50 % reduced volume and weight compared to its predecessors.

The innovative technology of our dry process pumps in the XN range reduces maintenance frequency, allows multiple reuse of cleaned parts and increases pumping lifetime. The cost of ownership is drastically reduced, as well as the tool downtime. It also offers more energy saving mode capabilities which result in up to 50 % lower power consumption in operation than other products and an optimized N₂ purge.

Our recently introduced HiScroll oil-free vacuum pumps are especially characterized by their high performance when evacuating against atmosphere due to their unique features. Their powerful IPM (Interior Permanent Magnet) synchronous motors achieve an efficiency that is up to 15 % higher than that of conventional drives. This results in up to 30 % lower power consumption compared to competing products. The pumps are also characterized by their very compact design and extremely quiet and low-vibration operation. Therefore, they are ideal for use in quiet working environments, such as research & development institutes or laboratories, where, for example mass spectrometers or leak detection systems are used.

Increasing the material efficiency of aluminum, for example, results in a reduced environmental impact (under the same production conditions) since large quantities of energy are required for aluminum manufacturing and, in some cases, environmentally hazardous waste materials are produced. We will therefore work continuously on reducing the use of this raw material in our products. Pfeiffer Vacuum adheres to statutory requirements for hazardous materials to ensure the environmentally compatible handling of the raw materials and preproducts used. Examples

here include the EU's REACH chemicals directive and the RoHS directive for restricting the use of certain hazardous substances in electrical equipment.

With the international Future Factory Project, Pfeiffer Vacuum brings its manufacturing sites up to a worldwide high level in the use of sustainable state-of-the-art technologies and efficient workflows. The project at the Asslar site was launched in 2019, and extensive modernization work was also carried out at our sites in Wuxi, China, and Nashua, USA. In Asslar, for example, the measures comprise:

- Replacing old equipment with energy-efficient and low-noise machines
- Amalgamation of related departments
- Optimization of the material flow
- Centralization of logistics
- Implementation of continuous lean manufacturing and improvement processes

Our sustainable Future Factory Project will be continued at other locations worldwide within the coming years.

RESPECT FOR HUMAN RIGHTS

Conflict minerals

According to Pfeiffer Vacuum's ethical standards, we have installed processes to assure our products do not contain any conflict minerals. The term "conflict minerals" refers to the raw materials tantalum, tin, tungsten and gold if their extraction and trade in these raw materials contribute to financing or otherwise supporting armed groups in the Democratic Republic of Congo or its neighboring countries. These conflicts endanger human rights and the protection and development of local communities.

For many years, Pfeiffer Vacuum already lives up to its responsibility in the supply chain within the framework of a voluntary commitment to avoid conflict minerals. Pfeiffer Vacuum utilizes the potentially critical minerals tantalum, tin, tungsten and gold primarily in connection with bought-in electronic components.

Since Pfeiffer Vacuum does not procure metals directly from the smelters, the supply chains are examined in collaboration with our direct suppliers. At the manufacturing locations with their own procurement departments in Asslar, Annecy, Yreka and Ho Chi Minh City, suppliers are required to confirm any potential use of conflict minerals. If the absence of conflict minerals cannot be confirmed, suppliers are obliged to implement measures within a reasonable period of time to ensure compliance. If necessary, conflict-free components are procured from a different supplier.

Due to the high degree of complexity and dynamic nature of the issue, Pfeiffer Vacuum has outsourced the process at its Asslar facility to a specialized service provider. It offers a goal-oriented online platform that is used in Asslar since 2016 and was implemented at the site in Annecy over the course of 2020. Currently, we are evaluating whether a special software can be a valuable support and should be rolled out successively to other parts and sites of the Group in the coming years. For its production locations in Asslar, Annecy and Yreka in particular, Pfeiffer Vacuum is also pursuing the objective of continuing to utilize only raw materials that originate from certified smelters in accordance with the appraisal of the Responsible Minerals Initiative (RMI). Certified smelters extract ores and minerals in accordance with defined environmental and social standards.

The subsidiaries in Asslar, Yreka and Ho Chi Minh City provide a conflict mineral statement to their customers if required. This commitment to conflict-free products includes a standardized conflict mineral reporting template ("CMRT") of the Responsible Minerals Initiative, which contains detailed information on the country of origin of all smelters and refineries used. In Yreka and Ho Chi Minh City, new suppliers are also required to sign a conflict mineral reporting template. This document was sent to all suppliers for initial compliance and to new suppliers upon initial qualification. Throughout the reporting year, no suppliers were excluded due to the use of conflict minerals at any location.

Social standards in the supply chain

Pfeiffer Vacuum strives to comply with social legislation and standards worldwide. Observance of social standards includes respect for human and labor rights, as well as safety in the workplace. This also has an indirect impact on the protection and development of local communities. Since Pfeiffer Vacuum's principal manufacturing facilities are located in industrialized countries, Pfeiffer Vacuum has classified the likelihood of social standards being violated as rather low, given the strict legal requirements that apply in each case. The major risks for the violation of social standards therefore lie in the global supply chains.

Since 2019, suppliers have been required by the Code of Conduct to confirm their compliance with legal obligations concerning human rights and compliance with all health and safety regulations when concluding a contract. Our requirements are based on the international principles of the "Global Compact" and the "Universal Declaration of Human Rights" of the United Nations and the labor standards issued by the International Labor Organization, taking into due account the applicable laws and regulations in different countries and at different sites. They are supplemented by our internal standards and core values. The Supplier Code of Conduct is available in all seven corporate languages of the Pfeiffer Vacuum Group.

In September 2020, we aligned our Code of Conduct for suppliers with that used by the Busch Group. All new contractual partners must sign this code before we begin a business relationship.

We want to expand audits of identified key suppliers by way of self-assessments, on-site audits or via audits performed by third parties by the year 2025.

RESPONSIBILITY FOR EMPLOYEES

The successful development of Pfeiffer Vacuum can be attributed in particular to the competence, high level of commitment and outstanding performance of our people. With great loyalty each day, they make a significant contribution in their respective positions to advancing the transformation process initiated by the Group. Every employee is valuable to us. That is why we are interested in long-term cooperation. We invest in the development of each individual employee. These issues also are a decisive factor for us for strategic reasons – today and in the coming years.

In order to get a picture of the satisfaction of our employees, we have decided to conduct a Group-wide employee survey for the first time in 2020. 1,580 employees participated in the survey and the results clearly show that our colleagues are committed and enjoy working for Pfeiffer Vacuum. However, they also reveal where we can still improve in our role as a preferred employer.

In order to derive the greatest possible benefit from the employee survey, the General Director and the Human Resources Manager of each site were given the task of evaluating the results of the survey in detail for their respective areas and deriving recommendations for action from them.

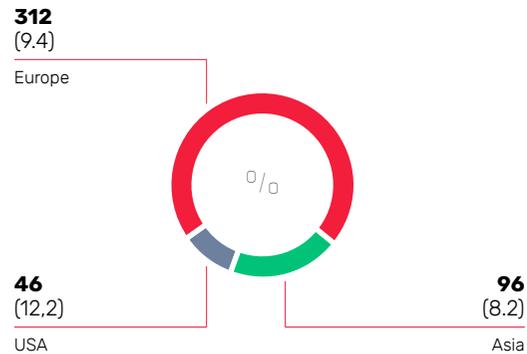
Employee structure

At the end of 2020, a total of 3,309 people were employed at Pfeiffer Vacuum (previous year: 3,276) (source: Notes to the Consolidated Financial Statements: Number of employees). This represents an increase of 1.01 % compared to the previous year. This is essentially attributable to the fact that the Company has expanded its expert structures. In addition, further personnel support is needed to prepare for implementation of the planned growth strategy.

In the reporting year, the employee fluctuation rate varied depending on the Company's geographical location.

FLUCTUATION RATE BY REGION

Number (in %)



Diversity and pluralism as a strategic objective in personnel recruitment

Pfeiffer Vacuum has positioned itself as a globally operating group. This is why a large number of people from a variety of backgrounds work for us under one umbrella brand.

Consequently, cooperation between people of different cultures and nationalities is commonplace at Pfeiffer. Employees are sensitized not to treat their colleagues differently from others because of their origin, age, gender, sexual orientation, disability or religious beliefs. Pfeiffer Vacuum

REGIONAL DISTRIBUTION OF EMPLOYEES

	2020		2019		2018	
	Number	in %	Number	in %	Number	in %
Europe	2,048	62	2,060	63	1,968	61
Asia	884	27	836	25	837	26
USA	377	11	380	12	399	13
Total	3,309	100	3,276	100	3,204	100

has been a member of the "Diversity Charter" initiative launched by the German federal government for several years. It is an expression of a fundamental commitment to fairness and appreciation of people in companies. In order to raise awareness of intercultural differences, diversity and compliance among our colleagues, we again held numerous training sessions in the past 2020 financial year, where participants were able to learn about our Code of Conduct covering key aspects of the broad area of diversity.

A total of 375 employees took part in the newly introduced intercultural training courses in 2019. In 2020, we held a total of 22 training sessions, attended by 214 employees, on such intercultural topics. To emphasize the importance of diversity, we have also included the topic in our training courses on the compliance complex. For further information please refer to the [✉ Compliance chapter from page 71](#).

Of our 3,309 employees, 609 are female, 2,700 are male and we have no employees who indicated the third gender. This means that women make up 18 % of the total workforce (previous year: 18 %).

Since October 2017, the chair of the Supervisory Board of Pfeiffer Vacuum has been held by a woman. Since January 2020, the percentage of women on the Management Board has been one third. With the restructuring of the Management Board that has been resolved, the percentage of women will be 50 % from January 2021.

Continuous education and training despite coronavirus

Good training and the readiness to adapt to changes in market forces by continuous development are thus the best prerequisites for all employees, regardless of age, in order to secure jobs and sustain professional success. For this reason, the continuous education and training of all our employees plays an outstanding role in our company.

We do not differentiate according to the length of service with the company, the area of application or the career level of the employee or the specific location but make suitable offers in each case. The provision of further training options is generally linked to the local conditions and requirements.

Despite certain restrictions due to the comprehensive hygiene and safety measures in connection with the coronavirus pandemic, we succeeded in implementing qualification measures in 2020. Some of them were based on newly developed concepts. In addition, we were able to hold some employee training courses, which were previously held as face-to-face events, as online training courses during the coronavirus crisis. We held mandatory information events on safety and health at work at all sites very soon after the outbreak of the pandemic.

Our goal is to offer every employee at least one full-day training session at our in-house Pfeiffer Vacuum Academy.

In addition to training our employees, we also provide customer-specific courses. These technical training courses impart knowledge and skills that are specifically required when working with vacuum technology components and systems. They cover a broad spectrum from basic training to specific customized training. By the end of 2023, we intend to be a leading provider for customer training in the vacuum market.

Vocational training for young professionals

Our corporate culture focuses on people, who are able to develop their potential in an appreciative working environment with equal opportunities. Pfeiffer Vacuum offers training in a variety of vocations. The promotion of young talent is of great importance for the Company. Therefore, we regularly offer company apprenticeships for industrial mechanics, in the business administration area, as well as in warehouse logistics at various locations. Due to disparities in the context of the coronavirus pandemic, which will probably continue at least until mid-2021, we did not provide any exchange programs for trainees or students over the course of 2020. Since the health of our employees is our top priority, we have decided with a heavy heart to continue this practice in the year 2021. However, as soon as it is possible for the exchange programs to be carried out again without any health risk, we will revive the offer immediately. In 2020, Pfeiffer Vacuum employed a total of 82 apprentices worldwide.

In addition to the company apprenticeship, Pfeiffer Vacuum in Germany participates very successfully in the "Studium Plus" project, a dual degree program of the Technical University of Mittelhessen. Furthermore, a partnership exists with the Georg-August University Göttingen in relation to the company apprenticeships. In this way, we secure our young talent in industrial and mechanical engineering as well as in the area of business informatics.

Develop competencies, expand know-how

The success of Pfeiffer Vacuum is decisively based on the expertise, the loyalty, and the high motivation of our employees. The expert knowledge of our service and sales employees, in particular, plays an important role in the collaboration with our customers. They benefit from the many years of experience which our experts can draw upon in relation to physical and chemical reactions of the most diverse molecules and substances under vacuum conditions.

Most projects are developed by our customers together with our Sales and Market teams which, in turn, also consult the relevant experts from the areas of Research & Development as well as Production and Service as necessary. The skilled knowledge of our employees is also of major importance in the manufacture and installation of our products. The ultimate goal is to offer our customers a perfect vacuum solution for their application.

PROFESSIONAL QUALIFICATIONS OF THE WORKFORCE

	2020 ¹	2019	2018
	Number	Number	Number
Graduates of universities, colleges, and universities of applied sciences	1,246	1,236	1,201
Employees with professional training	1,454	1,496	1,448
Employees without professional training	344	452	459
Apprentices	82	92	96
Total	3,124	3,276	3,204

¹ Indication without Nashua site, concerns 185 employees.

RELATIVE DISTRIBUTION OF THE PROFESSIONAL QUALIFICATIONS OF THE WORKFORCE¹

in %

46

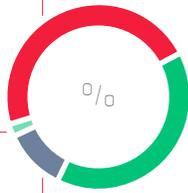
Employees with professional training

3

Apprentices

11

Employees without professional training



40

Graduates of universities, colleges, and universities of applied sciences

¹ Indication without Nashua site

GROUP-WIDE KEY FIGURES FOR TRAINING AND EDUCATION

	2020	2019	2018
	Number	Number	Number
Training measures ¹	5,300	3,000	2,100
Training participants ¹	20,200	12,600	11,000

¹ The figures were rounded to the nearest hundred.

Our Company is active in very special markets that require know-how in this field. Therefore, all of our new employees complete an introductory course in the basic principles of Vacuum Technology while sales and service employees receive advanced training courses about products and service measures.

Long-standing employees with relevant experience receive adequate training opportunities to specialize and take advantage of appropriate career opportunities within the Group.

Furthermore, the Company pays attention to specialized advanced training to transfer technical innovations within Pfeiffer Vacuum. German, English or French language courses are offered depending on the respective location and need. For example, in Vietnam, we held English online courses with three workshops over six months.

We support and promote the transfer of knowledge between employees in all areas of our company. At our Chinese site in Wuxi, for example, we developed and implemented a "train-the-trainer project". In this project, an employee is provided with comprehensive information on a product or specialist area as part of an internal company knowledge transfer. He can then pass this on to colleagues in other departments or locations.

We hope that the infection incidence over the course of 2021 will offer the company the opportunity to conduct employee training with innovative tools. This should include face-to-face training without endangering health and safety.

Corporate management and executive training

Due to their outstanding position, we pay particular attention to the continuous training and development of our managers and employees who wish to develop themselves. Contents include management techniques, employee leadership or the training of rhetorical skills. They are related to the comprehensive Group restructuring that we have been pursuing since 2018 in order to exploit our growth potential even more efficiently.

As part of the new organizational structures that we have been preparing since 2018, a new management culture is being introduced into our company. This is characterized by nine key competencies and particularly outstanding values that have been developed in the course of several workshops for managers. Participants are responsible to define the attributes for their locations.

The series of seminars was held during the course of 2020, initially at the headquarters in Asslar and then, due to Corona, increasingly on an online basis. The key competencies are:

- Open mindedness,
- Trust,
- Communication,
- Thinking strategically/creatively,
- Being courageous and accountable,
- Being humble,
- Ethical sensitivity/compliance,
- Resilience/facing adversity,
- Fostering a culture of empowerment, commitment and collaboration

One of the first workshops dealt with the topic “leading a team from a distance”, which will be continued to be held in 2021.

At our sites in the USA, we held a series of seminars entitled “Leadership in times of crisis” up to May 2020, which were attended by a total of 18 executives.

Furthermore, we have implemented the format of a so called “360-degree feedback” at the first level of management at Pfeiffer Vacuum, including the members of the Management Board, General Managers and Regional Managers worldwide. The purpose of this tool is to improve the communication with employees which we consider a crucial part of the leadership culture. The first management level at Pfeiffer Vacuum were anonymously assessed by their employees, colleagues and direct superiors. All managers assessed received two individual sessions with an external coach.

In the further course of the evaluation of the survey results, it is planned that the managers will have further training in the form of group coaching.

Remuneration and incentive schemes

The incentive scheme of Pfeiffer Vacuum also differs according to local conditions and customs. In addition to personal KPI's and company profit, personal development is also included in the bonus calculations. The sales personnel basically receive performance-related incentives via a

bonus scheme oriented to sales growth and profit. Depending on the location, there are additional bonus, incentive or employee participation schemes.

Perspectively, we will evaluate our ESG targets for inclusion in bonus schemes for executive levels.

The pension scheme is similarly varied in the individual locations. Apart from a purely public scheme in France funded by the French subsidiary, the worldwide pension scheme includes additional measures and payments into pension funds, the offer of a pension plan and direct insurance with the additional option of deferred compensation.

Occupational health and safety

Due to the great expertise and engagement of our employees, which was supported by our hygiene concept, we came through the year of the coronavirus pandemic 2020 well in our opinion. The physical safety and safe working conditions for our employees are paramount.

The health of its workforce, operations and the conditions of the buildings are key factors in the creation of value within the corporate Group and is a major prerequisite for satisfying the high quality and safety requirements that apply to the products and services of Pfeiffer Vacuum. As a responsible employer, Pfeiffer Vacuum strives to limit the number of accidents and the frequency of days lost due to illness as far as possible. This benefits not only every employee, but also the corporate Group itself, since inadequate occupational safety and health protection can result in costs due to absenteeism, reduced production capacity

and lower product quality. For this reason, we pursue the goal of ensuring that occupational safety and health protection are at a high level.

In the areas of production, service, administration and sales, there are different requirements for occupational safety in each case. Hence, the following comments refer primarily to the Company's principal production sites in Germany, France, Romania, China, South Korea, Vietnam and the United States of America.

The topic of occupational safety and health protection has been managed within the Group according to an occupational safety policy. In this field too, we comply with legal requirements at a local, national and international level. We seek to identify sources of danger in our processes, to analyze suggestions for improvements made by our employees and to implement concrete measures. Compliance with the respective country-specific legal requirements is the minimum applicable requirement for occupational safety and health protection throughout the Group. The requirements specified in our guidelines go beyond this in many cases.

Since the year 2019, all of our Group sites use a software-based information and collaboration platform. They are required to provide coherent data in the fields of environment, occupational health and safety (EHS) every month. For each LTI (Lost Time Injuries) a report including detailed evaluation is generated and shared with the Chief Operating Officer, the General Managers, the Head of EHS and the other sites EHS managers.

With our global EHS policy we pursue a preventive approach. We seek to avoid all potential risk situations that may occur at Pfeiffer Vacuum, including accidents involving machinery. The wearing of safety equipment is mandatory throughout the Group and includes all employees and other persons who are present in the production areas.

At our sites in Asan and Asslar we carry out weekly "Gemba walks". This enables us to identify imminent safety risks, optimization possibilities in production processes or synergy effects resulting from standardization at the production sites.

Such measures include, for example, the updated escape and rescue plans, training of employees to deal with a special crane for approximately 200 employees or the creation of standard templates for instructional documents such as work instructions and process descriptions.

The table below shows the key indicators for occupational health and safety at the principal production sites in the regions Europe, Asia and the USA.

The accident frequency (lost time injuries frequency rate (LTIFR): accidents with lost working time of at least one day/shift) was 9.9 in 2020 (previous year: 14.3). We explain the decline in the rate, primarily caused by fewer accidents at European sites, mainly by the effect of occupational health and safety prevention measures, as well as increased risk awareness due to the Corona pandemic. There were no fatalities in 2020.

Preventive health protection

We protect the health of our employees by preventing work-related disorders and occupational diseases. We pay particular attention to ergonomics in the workplace. In this context we follow our philosophy of prevention, treatment and rehabilitation.

Health protection at our production sites is generally managed by the respective environment, health and safety department. The health protection concept at the production site in Asslar is managed by the HR department and includes measures such as health consultations with a company physician, a vaccination program and fitness club memberships for employees. Pfeiffer Vacuum in Annecy offers employees similar programs and has also established a cross-departmental committee that develops measures to increase the well-being of employees. At Yreka for example, the ergonomic assessment of workplaces is crucial. Various recommendations were implemented, such as mobile workplaces and optimized lighting. Employees also have the opportunity to proactively suggest improvements to the employee suggestion committee. Using systematic analyses, we are able to derive measures to improve working conditions on an ongoing basis. This includes setting up workplaces in line with ergonomic criteria and setting up comfortable workstations.

In this context, we have managed to implement a global safety culture during the reporting period. Our goal to reduce accidents is of common interest and of particular importance to us. It should be manifested in the consciousness of each individual employee. Thus, we developed "12 rules of workplace safety and health", translated them into nine languages, printed them on posters and displayed them at different places at our sites.

FREQUENCY OF ACCIDENTS AND FATALITIES¹

Key accident figures	2020			2019 ²			Total	
	Europe	Asia	USA	Europe	Asia	USA	2020	2019
LTI (Lost Time Injuries: Accidents requiring at least one day of absence)	43	2	1	53	5	1	46	59
LTIFR (Lost Time Injuries Frequency Rate: LTI per 1 million working hours)	14.9	2.1	1.3	19.4	6.7	1.5	9.9	14.3
Work-related deaths	0	0	0	0	0	0	0	0
FAR (Fatal Accident Rate: frequency of fatalities) in %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %

¹ Indication without Indianapolis and Wuxi sites

² 2019 adjusted due to expanded scope of consolidation: Dresden included.

To accompany this, we conduct training courses on EHS topics and have produced a film illustrating general safety requirements, protective measures and other key issues of the subject area. The training courses are held at regular intervals throughout the Group, during which specific findings are also discussed in order to continuously expand the knowledge and experience of all employees.

Our EHS managers are responsible for the ongoing improvement of our workplace safety and regularly carry out safety checks and audits within the Group. Hence, they are driving the process forward to achieve the implementation of ISO 45001 certification at all production sites by the year 2025, starting with Anancy, Asslar and Göttingen.

COMBATING CORRUPTION AND BRIBERY

In Pfeiffer Vacuum's oligopolistically structured market, we are exposed to the risk of corruption and antitrust incidents as a result of its widely ramified supply chains and global business relationships. Relevant offenses can distort market conditions and impede fair competition. Violations are associated with repercussions for customers and business partners, as well as for economic performance as a whole. If an infringement is discovered, there is a potential risk of heavy fines, damage to reputation and loss of customers.

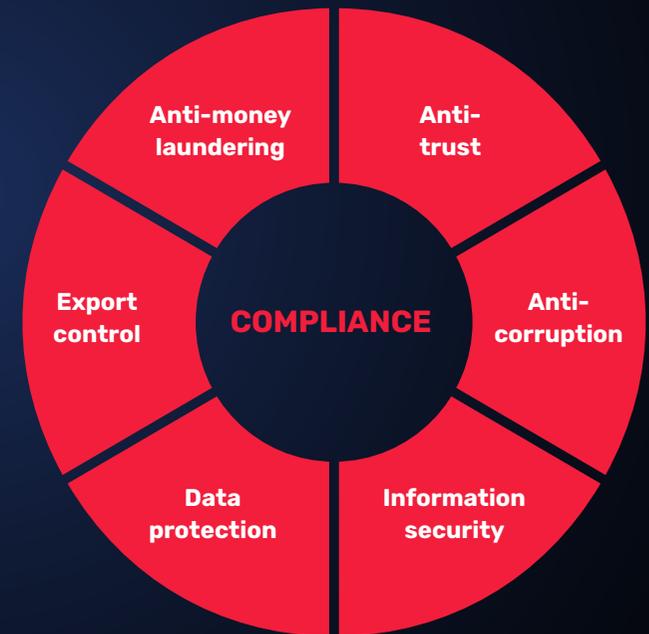
Code of Conduct as the Group-wide basis for compliance

The central element of Pfeiffer Vacuum compliance management is our Code of Conduct. This code serves as the fundamental basis for the daily actions of all employees and corporate bodies worldwide, in their dealings with one another and with all stakeholders, including customers, business partners and the general public. Since the 2019 fiscal year, the Code of Conduct is now available in all corporate languages through the Company's websites in the different countries as well as in the Group-wide intranet. Every employee is trained in understanding the individual rules and their application via software-based e-learning or face-to-face training. In addition to this, we have introduced different global compliance policies for our key compliance topics.

The guidelines were translated into twelve languages to ensure that every employee fully understands them. In 2019, around 80 % of employees worldwide participated successfully in the Code of Conduct training courses and confirmed their understanding and binding application in a

COMPLIANCE POLICIES

Code of Conduct as the Group-wide basis for compliance



corresponding written declaration. Since we take this complex of topics very serious and wish to keep it present in the minds of our employees, we plan to repeat the e-learning on a regular basis. Irrespective of this, all new employees must attend a training course on the Code of Conduct. In 2020, 191 employees received this training as planned.

Additional training regarding the global compliance policies was provided for all process owners, supervisors, department heads and general managers. It is our plan to proceed with regular training courses in 2021.

Altogether during the reporting period 1,028 employees took advantage of the compliance training courses.

Compliance Management

The Global Head of Compliance and her international team are responsible for the Group-wide coordination and management of compliance. The team consists of several employees with responsibility for operational compliance issues, risk management and export control in the different regions. The Global Head of Compliance reports directly to the Chief Executive Officer. The Supervisory Board is informed regularly about current developments and issues. Further reports are made as required.

In addition to implementing the Group-wide Pfeiffer Vacuum compliance program, the principal tasks of the compliance organization include the formalized assessment of risks and opportunities, including the annual review of the internal control system. By means of internal audits, international subsidiaries and corporate divisions, such as Sales and Purchasing, are regularly evaluated and reviewed with respect to particularly risk-exposed issues.

In order to assure continuous accessibility of the relevant documents on compliance issues for our colleagues, we implemented further measures in the course of 2020. For example, we created a presence on the intranet and on our corporate website, where we present the significance of this topic, the global policies and the compliance team at Pfeiffer Vacuum. An image film dealing with the most relevant aspects of Compliance was produced and published on the communication platform, where the Group's internal communication takes place.

All of our business partners are obliged to comply with the legal requirements in all business dealings.

Whistleblowing system

For the prevention and clarification of possible violations, we introduced a Group-wide whistleblowing online system last year for anonymously reporting violations. The whistleblowing system can be used by employees as well as by external stakeholders. It was promoted in the whole Group by posters and flyers that were translated into the local languages of every subsidiary. Additionally, the system was uploaded to our internal media to ensure all employees have equal access to the content and to the Group website to ensure that all external people have access as well.

In addition, employees and external third parties can contact the compliance department in confidence at any time.

In 2020, we had one case of bribery and one case of harassment that had immediate consequences for the employee concerned, but otherwise had no further impact on Pfeiffer Vacuum.