

# Sustainability Report

## Our corporate social responsibility strategy

For AIXTRON, Corporate Social Responsibility (CSR) means reconciling economic, environmental and social requirements within the scope of its business activities. The integration of sustainability into all areas and processes of the company is strived for. Based on a materiality matrix, AIXTRON is currently developing a company-wide CSR strategy. Dialogue with key stakeholders, such as customers, employees, shareholders and policy makers, as well as scientific and non-governmental organisations, forms an essential basis of this process.

Building on the three-pillar model for sustainable development, the CSR strategy defines selected fields of action with the thematic focus areas of economy, ecology and social issues. Social, environmental and governance factors will be considered in the core business.

AIXTRON strives to continue its social commitment in the future and, if possible, intensify it by targeted support. AIXTRON will focus on supporting social and environmental projects.

## Values, principles, standards and code of conduct

### Values

AIXTRON's values are the basis of the entrepreneurial activity. They determine how the company deals with each other, as well as with the customers and partners. AIXTRON strives to achieve always a leading position by means of goal-oriented action, acts in a forward-looking manner and actively provides impetus for future development. Open and direct communication ensures a healthy corporate culture in which the group meet their responsibilities.

### Leadership principles

The leadership principles are important elements of AIXTRON's leadership culture and provide an important framework for all company executives. They require all managers to identify the customer needs and then derive clear, success-oriented corporate goals from these. Decisions are made sustainably in order to secure the group's future. AIXTRON's managers are keen to act as role models, to encourage their employees to take responsibility. They also endeavour for continuous improvement through a partnership-based and constructive feedback culture.

### Conflict Minerals

AIXTRON commits itself and its suppliers to ethical and moral standards for the purchase and usage of conflict minerals (gold, tantalum, tin and tungsten). AIXTRON is continuously striving for transparency regarding the origin of these minerals.

## Environmental and energy management

### Energy management

For AIXTRON, the responsible handling of energy is both ecologically and economically equally important. Among other things to optimise energy consumption, in 2013 a systematic energy management was introduced, which was certified according to ISO 50001 in 2014. (Further information are available under "1.4. Business model"). Because of the required heating temperatures of the MOCVD systems, their operation is very energy-intensive. This causes appreciable consumption of electricity and gas every year. Ensuring clean room conditions in the laboratory a considerable amount of work is involved.

AIXTRON has achieved a reduction in energy consumption and associated costs by implementing targeted measures to make energy use more efficient. In the past two years, this has led to a reduction in energy consumption about 21% (2014: 19,178,660 kWh; 2016: 15,207,294 kWh) and in CO<sub>2</sub> emissions from 4,219 tonnes of CO<sub>2</sub> in 2014 to 3,346 tonnes of CO<sub>2</sub> in 2016, which corresponds to a saving of around 1,600 tonnes of CO<sub>2</sub> over both years.

### EnergyEfficiency network

In the future, AIXTRON will initiate and implement projects to further reduce energy consumption where possible. For this purpose, AIXTRON has teamed up with several companies from the Aachen region for the "EnergyEfficiency Network". Under the guidance of the Chamber of Industry and Commerce (IHK) Aachen, energy experts from the participating companies will exchange knowledge for three years under expert supervision. The goal is the continuous improvement of the energy footprint in the respective companies.

### Environmental Protection

AIXTRON preserves resources on its way to the paperless office: At AIXTRON Ltd., UK, the usage of paper was reduced from 108,000 sheets of paper per Quarter in 2011 to 59,000 sheets of paper per Quarter in 2016.

## Social commitment

AIXTRON is part of a social development which requires a growing network and an ongoing dialogue with its environment. Because of its values, AIXTRON strives to create a good neighbourly environment as an active partner in order to meet its social responsibilities and to actively shape its role in society.

### Employees

The performance and motivation of the employees is the prerequisite for AIXTRON's success. Without the highly-qualified employees, the company would not be able to develop the latest technologies by transferring current research results into marketable products.

### **Code of Conduct**

The Code of Conduct worldwide governs the principles of how management deals with employees, as well as how employees relate to each other. However, this also provides an orientation framework for topics such as conflicts of interests, involvement in public affairs, dealing with corporate assets and confidential information, behaviour in competition, protection of the environment, etc. Compliance with the AIXTRON code of conduct is binding for all employees of AIXTRON and is an essential part of company culture.

### **Employee selection and culture**

For information on the employee selection see the management report under "1.10. Employees"

### **Innovation management**

As part of its innovation management process, AIXTRON has a world-wide employee suggestion scheme. This allows all employees the opportunity to submit their suggestions for improvement. These are remunerated appropriately by the company. Since its introduction in autumn 2014, more than 300 proposals for improvement have been submitted, of which nearly 100 have been accepted and implemented. The number of proposals submitted and approved has steadily grown since the launch.

### **Temporary work at AIXTRON SE**

AIXTRON is dependent on the use of temporary workers due to times of drastic fluctuations in demand. AIXTRON cooperates exclusively with well-known engineering service providers and temporary employment agencies. AIXTRON ensures an equivalent remuneration of temporary employees compared to AIXTRON's employees in comparable functions.

In addition to the same payment, AIXTRON also upholds the principle of equal treatment of temporary workers and permanent employees, for example in the case of premiums, the use of the canteen, or in relation to participation in company events.

Last year, the average number of agency workers was 10, and varied between 1 and a maximum of 19 temporary workers. If, in individual cases, the temporary employment lasts for longer than 12 months, a re-examination of employment takes place.

### **Education**

In Germany, AIXTRON also invests in the future viability of the company through the systematic training of young people. AIXTRON offers prospects for young women and men in various training courses and dual studies - from computer science, through industrial clerk, to the dual studies of business management, or the mathematical-technical software developer. Again and again, trainees from AIXTRON are honoured for their outstanding performance by the IHK Aachen.

In financial year 2016, the group employed a total of 11 trainees and students in dual courses. It is important for AIXTRON to provide young people with a prospect after successfully completing their education. For this reason, the company was able to accept all trainees and dual students who wanted to remain in the company in the past years.

### **Further education**

Further education and qualifications have an important role in AIXTRON. A continuous learning process is an essential prerequisite for AIXTRON to continue developing technologically sophisticated products in the future. In 2016, all AIXTRON employees participated in an average 19 hours each of further training.

### **Employee discussion**

As an important management instrument, AIXTRON has regularly held employee meetings for many years. One goal of the discussion is for management and employees to give each other feedback and discuss measures with which the cooperation can be further improved. Another important component of the employee discussion is training planning for employee development.

### **Trusting cooperation**

Team work based on trust and partnership between the employer's and the employees' representatives is an essential part of the corporate culture and is in keeping with AIXTRON's conception of a constructive relationship.

### **Leadership & Team development**

Leadership skill has a great impact on the company's success. Therefore, AIXTRON promotes these skills through a specific leadership program, in which executives receive coaching on management and team development techniques.

Cooperation is an essential part of the work within the company. In order to promote teamwork, AIXTRON has chosen the team management system as a valid and effective tool to enable teams to analyse, to develop and improve their own performance. At present, this tool is being introduced and implemented permanently and company-wide at AIXTRON. All the employees have gone through team development workshops for this that support the development of the respective teams. The goal is to establish high-performing teams throughout the company. In addition, employees receive important stimulus for their own professional development.

### **Support for charitable organisations**

AIXTRON supports several charitable organisations. For example, in the USA, the group supported charitable purposes by giving gifts to disadvantaged children, but also by donating food baskets or money to families where sufficient food supplies could not be guaranteed.

AIXTRON has deliberately refrained from sending printed Christmas cards for a long time. For years, AIXTRON has been donating the money put aside for this purpose to a charitable society for the care of children with cancer in Aachen.

In addition, AIXTRON's employees, in cooperation with the Institute for Transfusion Medicine (Hospital Aachen), support the provision of health care by donating blood. In addition, the financial compensation for the blood donation is donated completely by the staff to charitable institutions.