



Manz AG's Corporate Governance Statement and Corporate Governance Report for the 2015 Fiscal Year

As a listed company, Manz AG hereby submits the following Corporate Governance Statement for the 2015 fiscal year pursuant to Article 289a of the German Commercial Code (HGB). In addition, the following report contains information from the Managing Board and Supervisory Board about corporate governance at Manz AG pursuant to item 3.10 of the German Corporate Governance Code ("Code").

I. Statement Pursuant to Section 161 of the German Stock Corporation Act (AktG)

Pursuant to section 161 of the German Stock Corporation Act (Aktengesetz – AktG), the Managing Board and Supervisory Board of a listed company must make an annual declaration that they have complied with the recommendations of the "Government Commission on the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official section of the online German Federal Gazette, and that they will continue to do so in the future or indicate which recommendations have not been, or will not be, applied. Furthermore, any deviations from the recommendations must be justified. This statement must be permanently accessible to the public on the company's website.

Pursuant to section 161 of the German Stock Corporation Act, the Managing Board and Supervisory Board of Manz AG submitted, on December 15, 2015, the following "Statement of Compliance for December 2015" relating to the recommendations of the "Government Commission on the German Corporate Governance Code."

"Pursuant to section 161 of the German Stock Corporation Act (Aktengesetz - AktG), the Managing Board and the Supervisory Board of Manz AG hereby declare that, since submission of the last compliance statement on December 9, 2014, Manz AG has complied with the recommendations of the "Government Committee on the German Corporate Governance Code" published by the German Federal Ministry of Justice in the official section of the online German Federal Gazette as amended on June 24, 2014 and that Manz AG will, in the future, comply with the recommendations set out in the Code in its amended form dated May 5, 2015."

II. Disclosures on Corporate Governance Practices Applied Above and Beyond the Legal Requirements

Manz AG aspires to conduct all business operations in an ethical and legally sound manner. The Managing Board has developed a mission statement for this purpose, which is designed to help the employees of Manz AG and its subsidiaries to act responsibly and make the right decisions when carrying out their daily activities. This corporate mission statement describes our principles of sustainable and socially responsible economic activity.

III. Description of the Mode of Operation of the Managing Board and Supervisory Board

Manz AG is a company incorporated under German law and is subject, in particular, to the provisions of the German Stock Corporation Act (AktG), upon which the German Corporate Governance Code has also been developed. A basic principle of German stock corporation law is the dual management system by the executive bodies of the Managing Board and the Supervisory Board. According to this principle, the Managing Board manages the company while the Supervisory Board advises and monitors the Managing Board. Simultaneous membership on both boards is not permitted. The Manz AG Managing Board and Supervisory Board work together in a close and trustful relationship, striving to increase the value of the company for its shareholders in the long term.

Managing Board

In the fiscal year 2015, the Managing Board of Manz AG consisted of two members until the end of July 2015, and three members as of August 2015. Information on the members of the Managing Board can be found on Manz AG's website at www.manz.com in the "Company" section under "Group Structure" in the "Management" subsection.

The Supervisory Board has issued rules of procedure for the Managing Board that assign specific central management areas to members of the Managing Board to manage independently. This notwithstanding, all members of the Managing Board bear joint responsibility for the overall management of the company. The Managing Board as a whole decides on matters of particular importance. Furthermore, specific measures of company management also require Supervisory Board approval. The internal rules of procedure also contain stipulations on the procedure for meetings and resolutions of the Managing Board, as well as the tasks of the chairman and his deputy.

According to the rules of procedure, the Managing Board is responsible for preparing a report on future business policy and corporate planning for the respective following year and two additional fiscal years and presenting it to the Supervisory Board for approval. Furthermore, the reporting obligations of the Managing Board vis-à-vis the Supervisory Board are described in detail in the rules of procedure. The rules of procedure stipulate that the Managing Board must inform the Supervisory Board of all issues involving planning and business development, the risk situation and risk management, and compliance with legal regulations and internal guidelines relevant to the company and the Manz Group regularly, promptly, and in full. In particular, it must report on the profitability of the company annually and the company's overall situation at regular intervals.

Supervisory Board

The Supervisory Board of Manz AG consists of three members, who were elected by the shareholders at the Annual General Meeting. Information on the members of the Supervisory Board can be found on Manz AG's website at www.manz.com in the "Company" section under "Group Structure" in the "Management" subsection. No Supervisory Board committees have been formed.

In addition to monitoring and advising the Managing Board, the Supervisory Board's tasks include appointing and dismissing members of the Managing Board and defining the compensation system for the Managing Board and the level of compensation for individual members of the Managing Board. Furthermore, it examines the annual and consolidated financial statements prepared by the Managing Board and reports to the Annual General Meeting on the results of its examination.

The Supervisory Board has given itself rules of procedure that regulate the internal organization of the Supervisory Board. The rules of procedure contain stipulations on the selection and tasks of the chairman of the Supervisory Board and his deputy. Furthermore, they lay down how meetings are convened and chaired as well as how resolutions are passed by the Supervisory Board. As a rule, the Supervisory Board of Manz AG convenes for a planned meeting five times a year, at least once each quarter, and holds additional ad hoc meetings as required. In urgent cases, it can also pass resolutions by means of written correspondence or conference calls.

The rules of procedure stipulate that members of the Supervisory Board must disclose conflicts of interest and that significant and more than just temporary conflicts of interest shall lead to termination of office.

The Supervisory Board has stipulated targets for its composition and, in particular, requirements profiles for Supervisory Board members in its rules of procedure. The Su-

pervisory Board should always be composed of members who, taken as a whole, have the required special skills and experience from different fields that are material to the company.

The Supervisory Board examines the efficiency of its own activity on a regular basis by means of a set of questions. According to the rules of procedure, particular elements of this examination include the procedures within the Supervisory Board and the supply of information to the Supervisory Board, in addition to qualitative criteria.

IV. Implementation of the German Corporate Governance Code

The Code presents essential statutory regulations for the management and supervision (governance) of German listed companies and contains internationally and nationally recognized standards for good and responsible governance. The Code aims to increase the confidence that international and national investors, customers, employees, and the general public have in the management and supervision of listed German companies.

The Managing Board and Supervisory Board of Manz AG are guided by the recommendations set out in the Code. They view themselves as having an obligation to safeguard the company's continued existence and its sustainable creation of value in harmony with the principles of a social market economy. In the 2015 fiscal year, the Managing Board and Supervisory Board once again intensively addressed the recommendations set out in the Code.

Diversity in Executive Positions at the Company

When filling management positions at the company, the Managing Board pays attention to diversity in accordance with the recommendation in item 4.1.5 of the Code, striving, in particular, to give due consideration to women. These goals should be striven for in addition to a well-balanced level of technical qualifications. As an international company, the Manz Group has a large number of foreign employees and managers, particularly in Asia. Employees and managers from 30 countries work at the Group's various subsidiaries, and employees from 27 countries work at Manz AG alone. The Managing Board has taken further measures to promote a greater degree of international diversity at senior management level. For example, in addition to two annual international strategy meetings, the Managing Board has developed and implemented a wide range of tools for employee management and their development at international level.

At the end of the 2015 fiscal year, women accounted for more than 16.5 % of all Manz Group employees. However, women are not yet commensurately represented in man-

agement positions. The company offers flexible working hours, which make both part-time and flextime schedules possible.

Diversity in the Composition of the Managing Board

In order to implement the recommendation in item 5.1.2, para. 1, sentence 2 of the Code, the Supervisory Board has passed a resolution stipulating that it will pay attention to diversity when forming the Managing Board. In so doing, the Supervisory Board will aim in particular to take women into consideration through striving in the framework of the process of selection of Managing Board members to ensure that qualified women will also be included as members.

Goals Pertaining to the Composition of the Supervisory Board

Furthermore, pursuant to item 5.4.1, para. 2 of the Code, the Supervisory Board has specified the following concrete objectives pertaining to its composition and has included them in the Supervisory Board rules of procedure. In consideration of the company's specific situation, these objectives take the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members as defined in item 5.4.2 of the Code, a predefined age limit for Supervisory Board members, and diversity into account and, in particular, make provision for appropriate involvement of women:

- The Supervisory Board generally strives to ensure that its composition is such that, taken as a whole, its members have the knowledge, skills, and technical experience required to carry out duties.
- Basic requirements for members of the Supervisory Board include personal integrity, sufficient life and professional experience, independence, and good communication skills. Furthermore, the members must have a basic knowledge of business, corporate law, and industry-specific technical information as well as knowledge of the Manz Group or must be willing to acquire such knowledge at the beginning of their term of office. In addition, members of the Supervisory Board must clearly demonstrate that, in consideration of their other professional responsibilities and seats on other boards, they have sufficient time to devote to their duties as a member of the company's Supervisory Board.
- The Supervisory Board should always be composed of members who, taken as a whole, have the required special skills and experience from different fields that are material to the company. During the process of nominating potential members of the Supervisory Board to the Annual General Meeting, the Supervisory Board

must strive to ensure that the following requirements are met by at least one member in each case:

- Experience as a member of senior management at a medium-sized company
 - Knowledge and experience in the application of accounting principles and internal control procedures
 - Knowledge and experience in the mechanical engineering industry or in other industries in which the Manz Group is active
 - Experience in management at companies with international operations
- In most cases, only those individuals who have not yet reached 70 years of age should be nominated for a position in the Supervisory Board.
 - The Supervisory Board will endeavor to ensure, in the context of the selection process for nominations to the Annual General Meeting, that, given corresponding qualifications, it also includes women as members.
 - The Supervisory Board should include at least two independent members as defined in the German Corporate Governance Code.

Also in September 2015, a provision was added to the rules of procedure for the Supervisory Board, according to which only those individuals may in general be recommended for election to the Supervisory Board who were not already a member of the Supervisory Board for five full mandates in terms of sec. 102 subsect. 1 AktG or 25 years, unless there are special circumstances that would justify an exception from this rule in a particular case.

The sitting members of the Supervisory Board were elected during the 2011 Annual General Meeting and fulfill the stated requirement profiles to the full extent thanks to their professional experience, technical knowledge, and their personal characteristics. As a result of his knowledge and experience stemming from his occupation as a public auditor and corporate consultant, Professor Dr. Heiko Aurenz was elected as an independent member of the Supervisory Board with expert knowledge in the field of accounting and auditing financial statements (section 100(5) of the German Stock Corporation Act). In addition to his technical expertise, Dr.-Ing. E.h. Dipl.-Ing. Peter Leibinger also contributes knowledge and experience to the work of the Supervisory Board from his position as Deputy Chairman of the Managing Board of the TRUMPF Group, which is active worldwide in the mechanical engineering industry. Professor Dr.-Ing. Michael Powalla has extensive knowledge of, and experience in, the photovoltaics industry, in

particular, thanks to his time spent as the head of the photovoltaics division and a member of the Board of Directors at the Centre for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW) as well as Professor of Thin-Film Photovoltaics at the Karlsruhe Institute of Technology (KIT).

V. Definition of targets for the equal representation of women and men in management positions

The Supervisory Board of Manz AG has set a target of one third for the women's quota in the Supervisory Board, which is to be reached or exceeded by 30 June 2017.

The Supervisory Board of Manz AG has set a target of 0 % for the women's quota in the Managing Board, which is to be reached or exceeded by 30 June 2017.

For the women's quota in the top management level below the Managing Board (these are the division heads), the Managing Board of Manz AG has set a target of 0 %, which is to be reached or exceeded by 30 June 2017.

For the women's quota in the second management level below the Managing Board (these are the department heads), the Managing Board of Manz AG has set a target of 3 %, which is to be reached or exceeded by 30 June 2017.

VI. Preventing Conflicts of Interest and Independence of Supervisory Board Members

Companies of the TRUMPF Group, at which the member of the Supervisory Board Dr.-Ing. E.h. Dipl.-Ing. Peter Leibinger is the Managing Director, maintain business relationships with the company in their role as suppliers. During the 2015 fiscal year, the company paid them a total of 4.493 thousand euros for their deliveries of laser systems. No concrete conflict of interest resulted from this business relationship.

Supervisory Board member Professor Dr. Michael Powalla is head of the photovoltaics division and a member of the Board of Directors at the Centre for Solar Energy and Hydrogen Research Baden-Württemberg (ZSW), which maintains a business relationship with the Manz Group. During the 2015 fiscal year, ZSW received license fees and payments totaling 1.753 thousand euros from Manz CIGS Technology GmbH, a subsidiary of Manz AG, for the granting of patent licenses and expertise in the field of thin-film photovoltaics as per the contract concluded in 2011, and for services in the field of research and development. Also in this case, there has been no concrete conflict of interest resulting from the business relationship.

Otherwise, there were no conflicts of interest on the part of members of the Managing or Supervisory Boards that had to be disclosed to the Supervisory Board.

After thorough examination, the Supervisory Board believes that the aforementioned business relationships do not affect the judgment of the members concerned and do not interfere with the independent consultation with, and monitoring of, the Managing Board by the Supervisory Board. It is the opinion of the Supervisory Board that they are not likely to constitute a significant and more than just temporary conflict of interest. The Supervisory Board believes that it includes a sufficient number of independent members.

VII. Manz Shares Held by Members of the Managing and Supervisory Boards

As of February 29, 2016, CEO Dieter Manz held 1,909,700 shares in the company, corresponding to around 35.2% of the capital stock of Manz AG. At the same time, Dieter Manz's wife held 205,854 shares, corresponding to approximately 3.8% of the capital stock. On the same date, member of the Managing Board Martin Hipp held 522 shares of the company, which corresponds to around 0.01% of capital stock. On the same date, member of the Managing Board Martin Drasch held 300 shares of the company, which corresponds to around 0.01% of the capital stock.

As of February 29, 2016, members of the Supervisory Board held a total of 150 shares in the company.

VIII. Manz Performance Share Plan 2012 and 2015

Basic Principles

The goal of the subscription rights to Manz shares granted pursuant to the stipulations of the Manz Performance Share Plan 2012 and those granted and to be granted on the basis of the Manz Performance Share Plan 2015 is to encourage the members of the Managing Board and additional members of management to effect a lasting increase in the company's internal and external value, effectively tying their interests to the interests of the company's shareholders as well as other stakeholders.

Manz Performance Share Plan 2015

Authorization

At the Annual General Meeting held on July 7, 2015, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 59,000 subscription rights ("Performance Shares") to up to 118,000 no-par value bearer shares of Manz AG to executives of affiliates of Manz AG as well as to Manz's own managers below the Managing Board and to managers of affiliates below the executive level, both domestic and foreign, on one or more occasions until June 30, 2020. Furthermore, the Supervisory Board was given authorization to issue a total of up to

56,000 subscription rights (“Performance Shares”) to up to 112,000 no-par value bearer shares of Manz AG to members of the Manz AG Managing Board, on one or more occasions, until June 30, 2020.

Manz Performance Share Plan 2015

The vesting period for exercising the subscription rights is more than four years. If subscription rights are exercised after the end of the vesting period and within the exercise periods of three months after the respective Annual General Meeting, Manz AG shares at the exercise price equal to the legally stipulated minimum issue price, currently 1.00 euro each, will be issued to the beneficiaries.

The subscription rights can be exercised following the expiry of the vesting period, if and insofar the respective performance target was reached. The performance targets for exercising the subscription rights are the EBITDA margin and the development of the Manz AG enterprise value. With regard to the EBITDA margin performance target, the average value of the EBITDA margins pursuant to the consolidated financial statements for Manz AG during the performance period of four fiscal years, which begins with the fiscal year in which Performance Shares are granted, shall be authoritative. With regard to the development of the enterprise value performance target, the increase of the market capitalization of Manz AG during the performance period of four years, which begins with the start of the issue period in which the Performance Shares are granted, shall be authoritative.

The EBITDA margin and development of the enterprise value success targets are each assigned a weighting of 50% for measuring the total degree of target attainment. There is an objective, a minimum value and a maximum value for each target. The objective defines the value, at which the degree of target attainment for the specific target is 100%. The minimum value defines the lower end of the target corridor, at or below which the degree of target attainment for the specific target is 0%. The maximum value defines the value, at or above which the degree of target attainment is 200%.

For the EBITDA margin target, the minimum value for an EBITDA margin is 5%. The objective is an EBITDA margin of 10%. The maximum value for the EBITDA margin target is reached with an EBITDA margin of 15%. For the development of enterprise value target, the minimum value is 0%. The objective is a business growth rate of 20%. The maximum value for the development of the enterprise value target is attained if this value reaches 30%.

For each initial number of Performance Shares, up to two Manz AG shares may be issued for the respective tranche in accordance with the total degree of target attainment. However, the value of the Performance Shares when exercised is limited to

300% of the value of the Performance Shares at the time they were allocated; as a result, the final number of Performance Shares will be reduced accordingly if this value is exceeded (Cap). In the event of extraordinary developments, the Managing Board and Supervisory Board are also authorized, at their discretion, to limit the exercise of the Performance Shares granted to the members of the Managing Board and other managers.

Manz AG may fill exercised Performance Shares with the issue of new no-par value bearer shares from the conditional capital II, which was created for this purpose. Manz AG is also authorized to deliver own shares. Furthermore, in lieu of delivering shares, Manz AG is entitled to pay out the value of the shares that would have to be delivered following the exercise of Performance Shares (less the exercise price).

Subscription rights granted on the basis of the Manz Performance Share Plan 2015

The Supervisory Board granted members of the Managing Board a total of 8,028 subscription rights to up to 16,056 Manz AG shares in the 2015 fiscal year on the basis of the Manz Performance Share Plan 2015. In addition, in the 2015 fiscal year the Managing Board granted a total of 6,835 subscription rights to up to 13,670 Manz AG shares to members of the Managing Boards of affiliates and members of Manz AG management below the Managing Board level and members of management of affiliates below the executive level in the 2015 fiscal year on the basis of the Manz Performance Share Plan 2015. Following the expiry of the vesting period and attainment of the targets, the subscription rights may be exercised no earlier than during the 2019 fiscal year.

Manz Performance Share Plan 2012

Authorization

At the Annual General Meeting held on June 19, 2012, a resolution was passed authorizing the Managing Board, with Supervisory Board approval, to issue a total of up to 27,000 subscription rights for subscription of a total of up to 108,000 no-par value bearer shares of Manz AG to executives of affiliates of Manz AG as well as Manz AG's own managers below the Managing Board level and managers of affiliates, both domestic and foreign, on one or more occasions until May 31, 2017. Furthermore, the Supervisory Board was given authorization to issue a total of up to 37,000 subscription rights for subscription of a total of up to 148,000 no-par value bearer shares of Manz AG to members of Manz AG's Managing Board, on one or more occasions, until and including May 31, 2017.

The authorization was revoked by a resolution passed at the Annual General Meeting of July 7, 2015, insofar as no subscription rights had been issued on the basis of this authorization.

Manz Performance Share Plan 2012

The vesting period for exercising the subscription rights is more than four years. If subscription rights are exercised after the end of the vesting period and within the exercise periods of three months after the respective Annual General Meeting, Manz AG shares are issued to the beneficiaries at a price of 1.00 euro each.

The subscription rights may, however, be exercised only if and insofar as the respective target has been achieved (performance component). The target for each individual tranche comprises the average of the EBIT margin (ratio of earnings before interest and taxes to revenue) disclosed in the Manz Group's audited and approved consolidated financial statements pursuant to IFRS for the fiscal year in which the vesting period ends as well as the previous three fiscal years. The subscription rights may be exercised only if the company achieves an EBIT margin of at least 5% (minimum target). If the minimum target is achieved or exceeded, a success factor will be applied when calculating the number of shares to be issued for each subscription right. This factor is based on a scale that increases progressively above the standard target as detailed in the Manz Performance Share Plan 2012. The scale of the success factor ranges from a factor of 0.5 upon achieving the minimum target to a factor of 1.00 when achieving an EBIT margin of 10% (standard target) and up to a factor of 2.0 upon achieving an EBIT margin of at least 15% (stretch target).

The number of shares that the subscription rights entitle beneficiaries to acquire is also dependent on a loyalty component. That is to say that, when exercising subscription rights, the number of shares granted increases the longer the subscription rights are held by the respective beneficiary up to an additional four years after the end of the initial four-year vesting period. According to the scale explained in more detail in the Manz Performance Share Plan, this loyalty factor ranges from a factor of 1.0, which applies when exercising the subscription rights within the fifth calendar year after their issue, to a factor of 2.0, which applies when exercising the subscription rights in the eighth calendar year after their issue.

The number of subscription rights exercised by the respective beneficiary is multiplied by the applicable success factor, which is determined according to the degree to which the target has been achieved, as well as by the applicable loyalty factor, which is calculated according to the length of time that the subscription rights have been held. The number calculated using this formula is equal to the number of shares that the beneficiary will receive by exercising the tranche in question in return for payment of the is-

sue price per share. As a result, each subscription right entitles the holder to purchase – upon application of the maximum success factor of 2.0 and the maximum loyalty factor of 2.0 – up to four Manz AG shares.

The Managing Board and Supervisory Board have made provision, in the conditions for subscription right plans, for an option to limit the ability of members of the Managing Board and other members of management to exercise granted subscription rights in the event of extraordinary developments.

Subscription rights granted on the basis of the Manz Performance Share Plan 2012

During the 2012 fiscal year, the Supervisory Board did not grant any subscription rights to Manz AG shares to members of the Managing Board. Similarly, the Managing Board did not grant any other members of management within the Manz Group any subscription rights to Manz AG shares in the 2012 fiscal year.

The Supervisory Board granted members of the Managing Board a total of 2,827 subscription rights to up to 11,308 Manz AG shares in the 2013 fiscal year on the basis of the Manz Performance Share Plan 2012. In addition, the Managing Board granted a total of 6,820 subscription rights to up to 27,280 Manz AG shares to members of the Managing Boards of affiliates and members of Manz AG management below the Managing Board level and members of management of affiliates below the executive level in the 2013 fiscal year on the basis of the Manz Performance Share Plan 2012. Due to the expiry of subscription rights, such rights still exist for a total of 3,805 subscription rights for up to 15,220 Manz AG shares as of 29 February 2016. Following the expiry of the vesting period and attainment of the targets, the subscription rights may be exercised no earlier than during the 2018 fiscal year.

The Supervisory Board granted members of the Managing Board a total of 2,658 subscription rights to up to 10,632 Manz AG shares in the 2014 fiscal year on the basis of the Manz Performance Share Plan 2012. In addition, the Managing Board granted a total of 2,536 subscription rights to up to 10,144 Manz AG shares to members of the Managing Boards of affiliates and members of Manz AG management below the Managing Board level and members of management of affiliates below the executive level in the 2014 fiscal year on the basis of the Manz Performance Share Plan 2012. Due to the expiry of subscription rights, such rights still exist for a total of 4,824 subscription rights for up to 19,296 Manz AG shares as of 29 February 2016. Following the expiry of the vesting period and attainment of the targets, the subscription rights may be exercised no earlier than during the 2019 fiscal year.

Amount of existing Performance Shares

The table below shows the Performance Shares (subscription rights) held by members of the Managing Board and other members of management of the Manz Group as at 29 February 2016, as well as the maximum number of Manz AG shares that must be issued if these rights are exercised.

Beneficiaries	Performance Share Plan 2012		Performance Share Plan 2015	
	Subscription rights	Max. shares ¹⁾	Subscription rights	Max. shares ¹⁾
Dieter Manz (Chief Executive Officer)	3,479	13,916	3,440	6,880
Martin Hipp (Member of the Managing Board)	2,006	8,024	2,294	4,588
Martin Drasch (Member of the Managing Board)	0	0	2,294	4,588
Executives of affiliates	2,102	8,408	3,047	6,094
Other managers	3,869	15,476	3,788	7,576
Total	11,456	45,824	14,863	29,726

1) Maximum number of shares to be issued if Performance Shares are exercised

Reutlingen, March 2015

Manz AG

The Managing Board The Supervisory Board