

Endress+Hauser Group Sustainability Report

As a family-owned company, sustainability is deeply ingrained in our values. In order to better meet our responsibilities in the future, last year we launched the development of a comprehensive sustainability report.



Responsibility at Endress+Hauser

Sustainability report From our experience in the field of process engineering, we know that you can only control that which you measure. This is one of the reasons why we began submitting a Group sustainability report last year. We have to know where we stand, so that we can fulfill our responsibility as a company.

In 2015 we laid the groundwork for comprehensive Group-wide sustainability reporting. Based on the results of a master's thesis, we defined those issues that are most important to us, analyzed their significance to the company and various stakeholders and ascertained to what extent these issues can be influenced by us. The materiality matrix that grew out of this effort helped us develop key indicators, measures and goals related to our sustainability.

In the meantime, we have created corresponding internal structures and processes to capture the defined key indicators on a Group-wide basis. The results and the findings also found their way into our new Strategy 2020+, which incorporates various objectives closely associated with the issue of sustainability.

As a consequence, for the first time we are also measuring our success based on the results of the EcoVadis audit, which we utilize to examine the sustainability of our business processes each year. Our aim is to place in the top 25 percent of the audited companies. Producing good results from our regular customer and employee surveys will be one of our strategic goals in the future as well. By combining this data with economic indicators such as sales growth, return on sales and equity ratio, we gain a holistic picture of the company's development.

In an intermediate step, for 2015 we further improved the integrity and uniformity of the underlying figures for the sustainability report. For the first time, production-related key indicators include not only Endress+Hauser operations from around the world, but also our Analytik Jena subsidiary.

Sustainability concept We view sustainability as a holistic concept encompassing an economic, social and ecological dimension. All three dimensions are closely linked to and dependent on each other. Only when we are able to fulfill our social and ecological responsibilities can we achieve long-term economic success. On the other side of the coin, only economically successful companies have the long-term ability to advocate environmental and social responsibility.

Responsibility plays a significant role in Endress+Hauser's corporate values. We strive to develop loyal relationships with customers, employees and shareholders and maintain an open and constructive dialog with these stakeholders. For us, acting responsibly as a corporation also means being environmentally aware and conserving natural resources.

Employee Code of Conduct Our foundation rests on a deeply rooted corporate culture. The values and beliefs that are important to us are set down in the Spirit of Endress+Hauser. We maintain a Group-wide Code of Conduct that each employee must commit to. Both documents embody ideas and principles for sustainable action.

The Code of Conduct encompasses guidelines for products and services, personal integrity, corporate integrity, personnel policies, company assets and corporate responsibility. To ensure that our employees adhere to the Code of Conduct, we employ awareness training and education programs. In addition, more than 9,000 employees of the Group have completed an e-learning program that raises the awareness of the risks of bribery and corruption and teaches correct behavior.

Participation in the e-learning program is mandatory for all sales center and support organization employees, as well as for production center employees who have contact with customers, suppliers and authorities. We will make this training an integral part of the Group-wide induction process that is currently under further development.

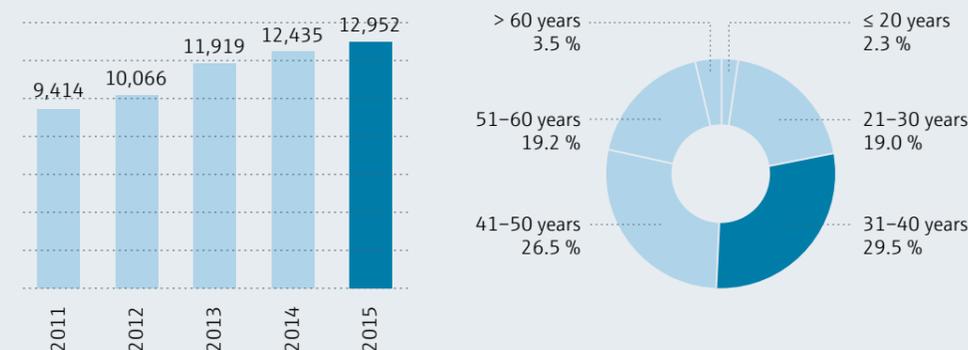


Successful strategy: we support more and more customers with comprehensive automation solutions, for example to manage inventories.

Code of Conduct for suppliers The Code of Conduct obligates Endress+Hauser to act in a sustainable and ethical manner that is beyond reproach in all areas of the business. Because our suppliers play a significant role in helping us meet these responsibilities, we also expect them to maintain strict

adherence to these ethical principles in areas such as working conditions, environmental protection, safety and health and management systems.

Endress+Hauser employee headcount and demographics



Employee turnover (in percent)



Occupational injuries with lost working days (per 1,000 employees)¹



¹ Based on all Endress+Hauser production centers worldwide and Analytik Jena; not including Innovative Sensor Technology IST, Kaiser Optical Systems and SpectraSensors

Economic sustainability

Family company Because we are a family company, we do not think in terms of the next quarter, but in terms of the next generation. Our goal is the pursuit of sustained business success, which we strive to achieve through a clear strategic direction and prudent corporate behavior. The family shareholders want to continue to participate in shaping this sustainable development into the future. This is part of the Family Charter issued by the Endress family in 2006, the core of which was confirmed in 2015.

The objective of the charter is to strengthen the solidarity of the Endress family and to keep family issues removed from the company. Furthermore, fixed institutions were established that integrate young members of the family. The Family Council makes important decisions regarding the relationship between the family and the company. Including the third and fourth generations, the Endress family has grown to more than 70 members.

The family exercises decisive influence over the company at the Annual General Meeting. The eight children of company founder Dr Georg H Endress and their families each own 12 percent of the company. Another 4 percent is held by the non-profit Georg H Endress Foundation. In addition, two members of the Endress family sit on the Supervisory Board of the Group.

Corporate strategy One of our guiding principles is that we concentrate on business we understand. The products and services are built on our core expertise in laboratory and process measurement engineering. Our comprehensive portfolio of sensors, instruments and systems for laboratory and process automation is complemented by an array of service offerings and comprehensive solutions.

We prefer to develop and enhance our core expertise from within the company. Acquisitions help us obtain additional expertise and open up new markets. One example is our stake in Analytik Jena, a manufacturer of analytical instrumentation and bioanalytical systems. This move was aimed at expanding our activities into laboratory instrumentation, a field closely linked to process automation. With this strategy we want to be at the customer's side at the beginning of product and process development and bolster our core business over the long term.

We serve customers in various industries and have sales and production centers around the world. Our largest key accounts represent less than 1.5 percent of consolidated sales. This minimizes the impact of individual customers, economic cycles, regional or sectorial business developments, currency fluctuations, political crises or natural disasters. We also view employee diversity as an important factor in strengthening the resilience of our organization.

For us, profit is not the ultimate aim, but the result of good management. The vast majority of our earnings are reinvested in the company to develop better products, open up new markets, purchase more efficient plants, construct new buildings, train our employees and educate young people.

Our equity ratio, which we raised to 73.0 percent in 2015, testifies to the financial strength of the Endress+Hauser Group. It allows us to self-manage all of the investments required for a successful future, thus safeguarding the independence and autonomy of the company even in economically challenging times.

Corporate governance The Endress+Hauser Group comprises a network of legally independent companies managed and coordinated by Endress+Hauser AG. Management is in the hands of the Executive Board of Endress+Hauser AG, chaired by the CEO. Organizational regulations outline the responsibilities and roles of the Executive Board and the independent Supervisory Board.

The Supervisory Board as a supervisory and advisory body is granted an important role in corporate governance. Its task is to oversee the work of the Executive Board by providing constructive feedback. Fundamental and far-reaching decisions are taken with the approval of the Supervisory Board.

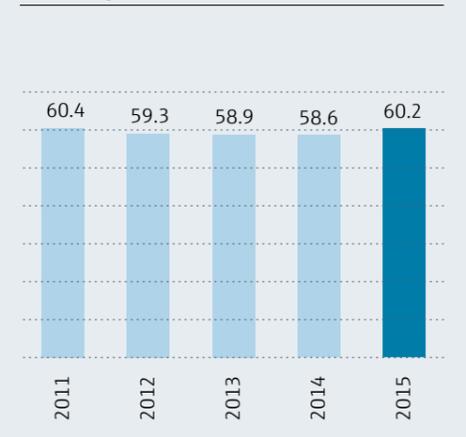
We apply the 'four-eye' principle across the entire Endress+Hauser Group. That means two or more employees participate in each business process or that the results of a process are always examined by a second employee. This rule also applies to the members of the Executive Board.

Social sustainability

Our employees The skills, commitment and loyalty of our employees is the foundation of our business success. We offer our workforce performance-based compensation, generous social benefits and attractive opportunities for career development. Striking a balance between family and working life is increasingly important for our employees. More and more Group companies underline their desire to be family-friendly employers with the provision of childcare and flexible working models.

We monitor the satisfaction of our employees with regular surveys based on a Group-wide standard to ensure the results provide a fair comparison. We want to use the outcome to

Energy consumption for heating and electricity (in MWh/EUR millions in sales)¹



¹ Based on all Endress+Hauser production centers worldwide and Analytik Jena; not including Innovative Sensor Technology IST, Kaiser Optical Systems and SpectraSensors



Human factor: our company's success depends on the knowledge, skills and commitment of our employees all over the world.

enhance employee satisfaction, because only satisfied employees will deliver outstanding performance for our customers.

Training and education The professional and personal development of our employees is a matter of interest for all of us. Through Endress+Hauser Masterclass, we offer our employees a comprehensive range of internal training programs and courses. Masterclass currently lists more than 2,300 different offerings. Last year we had over 51,000 course bookings, a significant increase compared to the previous year.

We continually enhance these offerings and adapt them to the needs of our business and our overall requirements. We have established a Group-wide goal of setting aside 2.5 percent of all personnel expenses for training. This equates to roughly five days of training per employee each year.

Particularly in Germany and Switzerland, we train the vast majority of our specialists internally. We offer trainees highly qualified supervision and extensive hands-on experience. Endress+Hauser had more than 325 trainees by the end of 2015. That represents around 2.5 percent of the workforce. For many years, we have been in a position to offer nearly every apprentice a job upon completion of their vocational training program.

Many of our trainees elect to follow up with a further course of study at a university. Vocational training programs are supplemented by so-called dual and integrated study programs that involve a combination of an internship in the company and theoretical studies at a technical college or a university.

Education partnerships Our commitment to training and education includes cooperation with various schools and universities. Education partnerships have a long tradition at Endress+Hauser. We maintain relationships with education facilities and training centers in 36 countries around the world, which we equipped with measurement instruments or complete process training units that give trainees hands-on experience with our technology.

Our aim is to stir young people's enthusiasm for technology and to enhance the quality of their education. We regard both as our social obligations. At the same time, education partnerships also help us position Endress+Hauser an attractive employer. Because these activities are the responsibility of the Group subsidiaries, there is no central accounting of the money spent on training partnerships. Furthermore, the activities often involve equipment donations and personnel resources (guest lectures and professional advice) instead of money.

A remarkable project was launched in Laos in 2014. At the Lao-German Technical College in the capital city of Vientiane, we are helping develop the country's first training program for instrumentation specialists. We supplied a process training unit, all teaching material and a web-based training course. We have also trained the trainers. The first participants are preparing to complete their training course. The project is being partially funded through a 200,000 euro grant from the German Federal Ministry of Economic Cooperation and Development, as well as a 250,000 euro contribution from Endress+Hauser.

The workforce in numbers One important contribution that we make to society is the creation of employment. Worldwide, we added 517 new jobs last year. The global workforce, including temporary positions, grew to 12,952, an increase of 4.2 percent. In pure numbers, Europe experienced the highest growth with the addition of 353 jobs. Percentage wise, Africa and the Middle East developed at the fastest pace with an increase of 8.9 percent.

Demographically speaking, the Endress+Hauser workforce is distributed evenly and remains unchanged from the previous year. At more than 29 percent, the ratio of female employees is relatively high compared to other companies in the industrial sector.

We were able to fill many open positions with internal candidates. Numerous employees have been with the company for many years, including some who began their training with us. This high level of loyalty is reflected in a slightly increased, but still low Group-wide turnover rate of 5.7 percent. Even in regions where job changes are not uncommon, an above-average number of our employees remain committed to the company.

Occupational safety Endress+Hauser expanded its training program in the area of occupational safety in 2015. The measures that were implemented for accident prevention, risk awareness and work safety had a positive effect. The number of occupational injuries that led to lost working days decreased significantly over the past several years. With respect to the Endress+Hauser production centers and Analytik Jena, the statistics fell to a low of 9.1 occupational injuries per 1,000 employees.

Environmental sustainability

Environmental impact Although our production has a low impact on the environment, we nevertheless continually search for ways to reduce it further. We make a concerted effort to design our production to be as energy- and resource-efficient as possible and to optimize our products so that they diminish our customers' resource consumption.

The following data encompasses all domestic and international Endress+Hauser production centers, as well as Analytik Jena, which is included for the first time. This also provides new comparisons that are retroactive to prior years. The figures still do not include Swiss sensor manufacturer Innovative Sensor Technology IST or Kaiser Optical Systems and SpectraSensors. Nor do the statistics incorporate any environmental impact stemming from our sales and support centers, such as our office and IT infrastructures and employee travel.

Energy Energy consumption for plants and machinery is low. The production centers use a large part of the energy for heating and lighting, as well as for the office and IT infrastructures. Energy consumption for heating and electricity has remained stable over recent years for the most part. For 2015, it amounted to 60.2 megawatt hours per one million euros of sales, a slight increase from the previous year (58.6 megawatt hours).

Several production centers have installed cogeneration plants, allowing them to improve their energy footprint and

reduce carbon dioxide emissions. The sum of various individual measures, such as swapping out large numbers of older illumination sources for energy-efficient LED technology at flow measurement specialist Endress+Hauser Flowtec, also had an impact.

Carbon dioxide In 2015, carbon dioxide emission levels remained the same with 16.1 metric tons per million euros in sales. The changes from last year's published figures can be traced to the inclusion of Analytik Jena and a revision to the underlying CO₂ emission factors for individual Group companies.

Water consumption At Endress+Hauser, water is required primarily for sanitary and cleaning purposes. Water consumption in 2015 was 157 cubic meters per million euros in sales compared to 160 cubic meters the prior year.

Waste Last year the Endress+Hauser production centers accumulated 912 kilograms of waste per million euros in sales compared to 823 kilograms the year before. The volume of electric scrap decreased from 19.4 to 18.3 kilograms per million euros in sales during the same time period. Special waste increased to 269 kilograms per million euros in sales from 220 kilograms the year before. Fluctuations resulted mainly from the different time frames in which the disposal companies collected the waste.

Last but not least, our level and pressure measurement engineering plant in Maulburg equipped a new mechanical manufacturing facility with a centralized cooling lubricant supply and treatment system with an eye toward sustaining the environment. This measure reduced by half the amount of lubricant that has to be disposed of. Due to continuous treatment, the lubricant has also become less irritating to the skin. The plant is furthermore saving real money, such as through the decreased demand for new lubricants. Even the quality of the manufactured mechanical parts has improved.

Compared to the previous year, 2015 saw a decreased accumulation of scrap metal at our production facilities

from 845 kilograms per one million euros in sales to 779 kilograms. This development can be partly explained by the fluctuating demand for large-diameter flowmeters, which produce more waste when they are machined.

Certification and auditing Endress+Hauser carries out an EcoVadis audit each year to assess the sustainability of its business processes. EcoVadis aims to improve the environmental and social practices of companies by leveraging the influence of global supply chains. Endress+Hauser once again successfully completed the EcoVadis audit in 2015. We had noticeably improved and were given an above-average rating. The significance of the audit to many of our customers persuaded us to make the EcoVadis evaluation a key strategic indicator.

All Endress+Hauser production centers are certified in accordance with ISO 9001/14001 and OHSAS 18001 (Occupational Health and Safety Assessment Series). An increasing number of Endress+Hauser customers are demanding an audit in accordance with the so-called Supplier Ethical Data Exchange (Sedex) guideline. With Sedex, a recognized certification organization examines the extent to which a supplier lives up to its social responsibilities. The company must satisfy several guiding principles with respect to workers' rights, employee satisfaction, occupational safety and health and environmental protection, in addition to meeting general legal requirements. Endress+Hauser again completed the Sedex audit last year with flying colors.

