



Endress+Hauser Group Sustainability Report

The idea of sustainability is deeply rooted in the culture of our family business. Our goal is therefore to combine economic success with ecological and social responsibility. The sustainability report, which we are now presenting for the fifth time, is intended to help us make further progress along this path.



Responsibility at Endress+Hauser

Sustainability concept We view sustainability as a holistic concept encompassing an economic, social and ecological dimension. All three dimensions are closely linked 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 hand, only economically successful companies can exercise their responsibility in regard to environment and society.

The sense of sustainability is deeply rooted in our family company. The Spirit of Endress+Hauser, which translates our corporate culture into words, explicitly identifies comprehensive responsibility as one of our central values. We strive to develop trustful and loyal relationships with customers, employees and shareholders and maintain an open and constructive dialogue with these stakeholders. For us, acting responsibly as a corporation also means being environmentally aware and conserving natural resources.

Sustainability reporting In 2014 we laid the groundwork for comprehensive Group-wide sustainability reporting. Beforehand 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 suitable key indicators related to our sustainability.

In recent years, we have created corresponding internal structures and processes to capture the defined key indicators on a Group-wide basis. Trailblazers in this area are our production centers, which are required to provide the relevant data for environmental and sustainability audits. Three years ago, we also began collecting and documenting sustainability indicators in our sales centers, which we have now evaluated for the first time and incorporated into our sustainability reporting.

The report covers the fiscal year 2018. The data corresponds to the year-end figures and includes key indicators from all Endress+Hauser production facilities, our support and sales centers around the world and the Analytik Jena subsidiary. So far, the environmental performance of three smaller production companies has not been recorded.

Strategic sustainability indicator Since 2015, we have also measured our success by the result of the annual sustainability audit by EcoVadis. EcoVadis operates a global platform to evaluate suppliers in accordance with ecological, social and ethical criteria. The results also highlight areas where there is room for improvement. More than 50,000 companies around the globe use EcoVadis to reduce risks, create transparency and build trust.

Our goal is to rank among the top 25 percent of the companies evaluated. In 2018 Endress+Hauser was able to further improve its performance in the EcoVadis audit and again achieved gold status with 68 out of 100 points (2017: 66 points). The audit examined 21 criteria in the areas of environmental protection, work conditions, business practices and procurement. Endress+Hauser scored above-average in all areas to make it to the top 5 percent of all companies that were evaluated.

Sustainability strategy and sustainable management

Corporate strategy According to our corporate mission, about 14,000 employees globally support our customers to improve their products and manufacture them more efficiently. Our goal is to further expand our position as a leading provider of products, solutions and services for process and laboratory automation. How we intend to achieve this goal is outlined in our Strategy 2020+.

We established a set of ambitious goals under the framework of this strategy, the core of which is formed by seven strategic focal points: promote the further development of our employees, strengthen our international network, deepen the industry focus, align our portfolio more precisely, improve our order and delivery chain, handle risks in a responsible manner and expand our digital expertise.

For laboratory analysis, our subsidiary Analytik Jena AG revised its own business strategy in close cooperation with the Group management. It plans to expand and strengthen the product portfolio and to address the markets and customers more broadly.

Shareholder structure As the shareholder family states in its Family Charter, Endress+Hauser shall remain a family company. The goal of the Family Charter, created in 2004, is to strengthen solidarity within the family over the long term and consistently keep family issues away from the company. Various institutions foster the family members' relationships with the company and introduce in particular the younger generation to the company.

A Family Council makes important decisions regarding the relationship between the family and the company. As shareholders, the family exercises influence over the company at the Annual General Meeting. In addition, two members of the Endress family currently sit on the Group's Supervisory Board – Klaus Endress as President and Hans-Peter Endress as a member of the board.

In the period under review, the Endress family worked on a new version of the Family Charter. In future, family members should be able to work at all levels of the company and no longer just as managing directors of a Group company or the Group's CEO. The aim is to strengthen the link between the family and the company by increasing the number of family members working with Endress+Hauser.

Management and 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. Business and organizational regulations define 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



The human factor: Committed and competent employees drive Endress+Hauser's success.

in each business process or that the results of a process are examined by a second employee. This rule also applies to the members of the Executive Board.

Corporate culture The Endress+Hauser Group corporate culture is still heavily influenced by the shareholder family and their representatives in the company. The Spirit of Endress+Hauser explains in written form what distinguishes this culture and establishes important values and principles.

Without specifically referencing the principle of sustainability, the Spirit of Endress+Hauser relies on numerous aspects of sustainable corporate management. Key elements of the corporate culture include comprehensive responsibility for the company, a commitment to ethical behavior and a management principle that deemphasizes profit maximization. The Spirit of Endress+Hauser furthermore contains statements regarding customer relationships, the employees, a culture of quality and communications.

Ethical behavior The Endress+Hauser Code of Conduct provides a binding, Group-wide guideline for dealing with customers, coworkers, partners and suppliers. It encompasses guidance on products and services, personal integrity, corporate integrity, personnel policies, company assets and corporate responsibility.

All employees are obligated to be familiar with the Code of Conduct in accordance with their tasks and responsibilities.

The main content is conveyed via an interactive training module that comes in the style of a video game. Endress+Hauser was recognized in 2017 for its forward-looking training program by research and consulting firm Brandon Hall Group.

From our suppliers we expect the same level of sound ethical behavior and to adhere to ethical and social principles. They must undertake to comply with the Code of Conduct of the German Electrical and Electronic Manufacturers' Association (ZVEI). We verify the compliance by means of regular on-site audits. A pilot project is currently underway to have our suppliers evaluated according to globally uniform criteria using the EcoVadis platform.

Economic sustainability

Business approach We concentrate only on businesses we understand and which are a good fit for us. This is the foundation of our sustainability-aligned business approach. Our portfolio is based on our core expertise in process and laboratory automation.

To us, profit is not the goal, 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 modern

buildings, promote our employees, train young people and support the Group's social engagement.

With an equity ratio of 71.0 percent, a cash flow from operating activities of 304.1 million euros and cash and cash equivalents of 538.2 million euros (2018 fiscal year figures), we are well positioned to make the investments needed to ensure a solid and successful future, without relying on external sources, and to grow our Group from within. This ensures the independence and autonomy of Endress+Hauser.

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 our net sales. This minimizes the impact of individual customers, economic cycles, regional or sectoral business developments, currency fluctuations, political crises or natural disasters.

Our understanding of responsible corporate management includes fair wages and working conditions, adherence to social standards and the efficient and smart use of energy and resources. Measures aimed at improving sustainability include issues such as occupational safety, employee retention and recruiting and environmental protection.

Production and products 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 optimize our products so that they diminish our customers' resource consumption.

We contribute to sustainability and sustainable growth through our products, solutions and services as well. With our support, our customers aim to operate their plants safely, reliably, cost-effectively and in an environmentally friendly way. Therefore our global business activities help to improve quality of life, to conserve resources and protect the environment.

Innovation In 2018 we invested 184.2 million euros in research and development, 7.9 percent more than in the prior year. That equates to 7.5 percent of our net sales. We brought 54 product innovations to the market and introduced

452 new device options. 287 patent applications around the world are proof of the innovative spirit of the Group, which boasts an intellectual property portfolio of nearly 7,800 active patents and patent applications.

More than 1,000 employees in research and development ensure that the innovation engine continues to run at full speed. Endress+Hauser also acquires cutting-edge technologies through company takeovers, cooperates closely with universities and institutes, collaborates with customers and partners and invests in start-ups that can quickly advance new developments with a great deal of freedom.

Customer, partner and supplier relationships Long-term success is possible only by sharing ideas and maintaining a constant dialogue. We are convinced that combined strengths make us more successful. We live out this philosophy in our relationships with customers and partners. Loyal relationships show that openly sharing ideas, trust-based collaboration and mutual learning bring benefits to all participants.

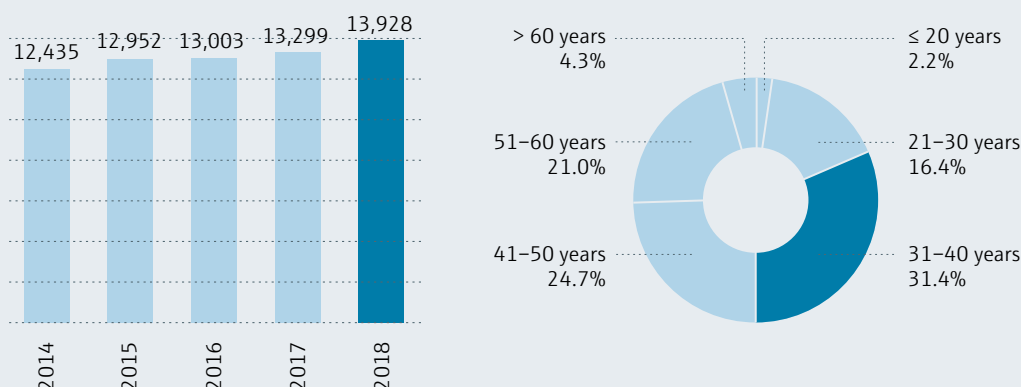
Customers around the world place their trust in us. We capture and monitor this by regularly measuring their level of satisfaction. We systematically analyze those aspects that can be optimized and address them with individual measures to continually improve. Regular survey cycles reveal long-term developments and make the success of the various actions visible and measurable.

Social sustainability

Social responsibility We view creating and retaining secure jobs as an important part of our social responsibility as a company. In addition, the taxes generated by our operations make a significant contribution to social well-being around the world.

In our Code of Conduct we commit ourselves to adhering to applicable laws and regulations. That means not only

Endress+Hauser Group employee headcount and demographics



following the letter of the law, but the respective spirit. For this reason, we refrain from developing tax avoidance strategies and reject any business structures designed to evade taxes. We utilize tax advantages and tax relief only to the extent they accrue in the course of normal business operations and only if we are legally entitled to them.

We strive at all locations to maintain a transparent, professional and constructive working relationship with tax authorities. This includes providing correct and timely information. In 2018 we paid a total of 83.2 million euros in income taxes worldwide, 16.7 million euros more than in the prior year. Our effective tax rate is currently 26.4 percent.

Employees Committed and competent employees are the driving force behind our success. They create relationships with our partners based on trust, drive product innovations forward and generate added value for our customers, thus forming the essential foundation of our growth and profitability.

To provide our employees with a good working environment, we offer performance-based compensation, above-average social benefits, attractive opportunities for career development and a comprehensive program that allows them to strike an effective work-life balance, including access to childcare services and flexible work models. We furthermore invest in the health of our employees and promote their growth through targeted personnel development and training programs.

We strive to continually improve our attractiveness as an employer. We monitor the satisfaction of our employees with regular surveys based on a Group-wide standard to ensure the results provide a comparison. We utilize the outcome of the surveys to align the company with the needs of the workforce in a targeted fashion and to enhance employee satisfaction, because only satisfied employees will deliver outstanding performance for our customers.

Workforce in numbers On a global average, our employees have been working for Endress+Hauser for 10.0 years. The

Group-wide turnover rate for Endress+Hauser is 7.7 percent, slightly higher than 2017 (6.4 percent). This reflects the solid economic environment in many countries, where unemployment is correspondingly low. In 2018, a total of 13,928 people (including temporary employees) were employed by the Endress+Hauser Group (prior year: 13,299).

Diversity is a key principle with respect to our employees as well, reducing risks and making us less susceptible to external influences. Employee diversity increases productivity, encourages innovation, strengthens customer retention and helps us compete for talent.

At the end of 2018, people from 96 countries worked for the Endress+Hauser Group. Women represent 30.1 percent of the workforce, a figure that rose slightly from the prior year (29.9 percent) and which is relatively high compared to companies in the industrial sector. The age groups are equally distributed across the Group, with little change experienced compared to 2017.

Occupational health and safety With respect to Group-wide occupational safety, we put significant effort into ensuring our employees enjoy a safe, pleasant and productive work environment. The number of occupational accidents with lost days reached 5.2 per 1,000 employees. It was slightly below the previous year's figure of 5.4 and thus still at a low level.

We initiate accident prevention, risk awareness and work safety measures at our locations depending on the business activities and the local environment. Our occupational safety specialists are generally involved in workplace-related decisions at a very early stage. Company restaurants at numerous locations all around the world offer our employees a varied and well-balanced selection of nutritional meals. Our Group companies also develop individual activities for health promotion and prevention.

Young talent and personnel development As a technology company, we depend on highly qualified professionals and young talent. To attract new employees,



¹ Based on Endress+Hauser production, sales and support centers and Analytik Jena

the Endress+Hauser Group strives to continuously improve the working conditions for its employees and strengthen its internal and external image with targeted employer branding.

Endress+Hauser made a commitment to train and educate young people. Particularly in Germany and Switzerland, we train the vast majority of our specialists internally. Endress+Hauser had 306 apprentices in 2018, which equates to a trainee ratio of 2.3 percent. For many years, we have been in a position to offer virtually every apprentice a permanent position upon completion of their vocational training program.

We view the training of young people worldwide as an important part of our social responsibility. With this in mind, at our production facility in Aurangabad, India, we have started a program comparable to the dual vocational training offered in Germany and Switzerland. We are currently training eight young people there in a one-year course to become electronics technicians, thereby opening up new career prospects for them. We want to establish similar programs in the USA and China.

As part of the Endress+Hauser Masterclass program, we offered our employees in 2018 a broad range of 1,768 courses, seminars and events. Last year we had 52,299 course bookings, a slight decrease compared to the previous year. We established a strategic 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.

Social engagement Endress+Hauser is engaged in volunteer activities wherever the company is located in the world. We sponsor select projects involving social, cultural, educational, scientific and sports activities, as well as the promotion of young talent. In the area of charitable contributions, we focus our assistance mainly on non-profit initiatives and social organizations.

We maintain research and education partnerships with scientific facilities and training centers around the world. We enjoy close partnerships with 15 universities and research

institutes. We maintain relationships with education facilities and research centers in 36 countries, which we equip with measurement instruments or complete process technology training systems.

There is no central accounting of the money invested in our broad range of charitable and sponsor activities, and in our research and education partnerships in the form of monetary and equipment donations and personnel resources, because these activities are the responsibility of the Endress+Hauser Group subsidiaries.

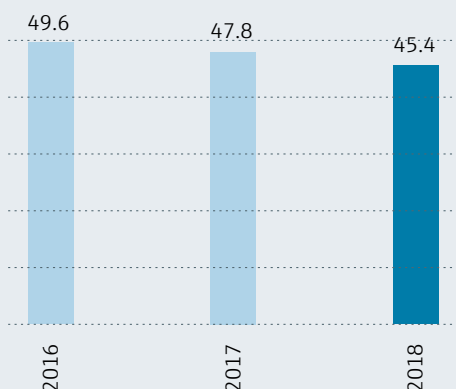
Environmental sustainability

Environmental footprint As a globally active Group of companies, it is necessary for us to consume energy and resources. We nevertheless strive to continually reduce the amount of resources consumed by our business operations and production facilities, as well as the resulting emissions and pollutants, and thus our overall impact on the environment.

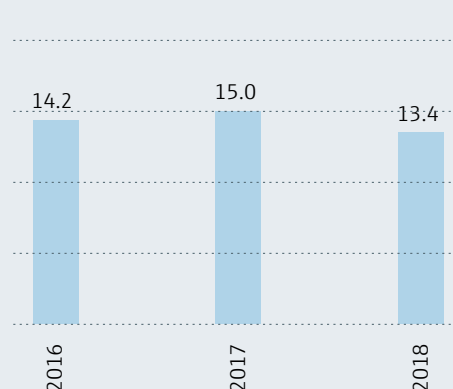
To examine our environmental footprint, each year we capture corresponding data related to energy and water consumption, carbon dioxide emissions and waste accumulation. The data encompasses all Endress+Hauser domestic and overseas production sites, our subsidiary Analytik Jena and since 2016 our sales and support entities all over the world. So far not incorporated in the figures are three smaller Group companies: Swiss sensor manufacturer Innovative Sensor Technology IST, plus US-based SpectraSensors and Kaiser Optical Systems.

Energy Energy consumption for plants and machinery is comparatively 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 declined over the past few years

Energy consumption for heating and electricity (in MWh/EUR millions in sales¹)



Carbon dioxide emissions (in tonnes/EUR millions in sales¹)



as a result of measures to increase energy efficiency. In 2018, it amounted to 45.4 megawatt hours per million euros of sales, a decrease from the previous year (47.8 megawatt hours).

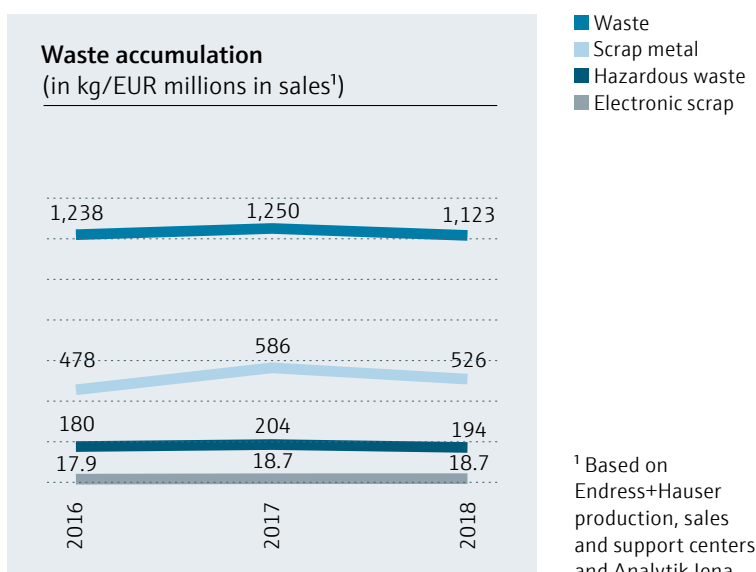
Carbon dioxide Carbon dioxide is considered the key greenhouse gas produced by humans. Experts estimate that it contributes as much as 60 percent of the increase in the greenhouse effect. It thus plays a significant role in the anthropogenic impact on the climate. In 2018, our CO₂ emissions fell to 13.4 tonnes per million euros of sales compared to the previous year's 15.0 tonnes per million euros of sales.

Water consumption At Endress+Hauser, water is required primarily for sanitary and cleaning purposes. We successfully reduced our water consumption last year. Water consumption in 2018 was 109 cubic meters per million euros in sales compared to 110 cubic meters the prior year.

Waste Waste accumulation within the Endress+Hauser Group fluctuates from year to year in relation to the various types of waste, resulting for example from changes in the product mix or reflecting special effects such as construction work or inventory adjustments. Because the information regarding the amount of waste is derived from the disposal company invoices, the various pickup schedules also influence the yearly numbers.

In the 2018 financial year, our worldwide operations accumulated 1,123 kilograms of municipal waste per million euros in sales, a significant decrease from the 1,250 kilograms the year before. The volume of hazardous waste fell from 204 to 194 kilograms per million euros in sales, while the amount of scrap metal shrank from 586 to 526 kilograms per million euros in sales. The volume of electronic scrap remained unchanged in the reporting period at 18.7 kilograms per million euros in sales.

Certification and auditing Sustainability is becoming a focus for our customers as well. How to deal with social and environmental standards has long been a vital part of many procurement processes. All Endress+Hauser production centers are certified in accordance with ISO 9001/14001 (quality management and environmental management) and OHSAS 18001/ISO 45001 (occupational health and safety). Endress+Hauser furthermore analyzes the sustainability of its own business processes by undergoing the EcoVadis audit.





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