



SUSTAINABILITY REPORT

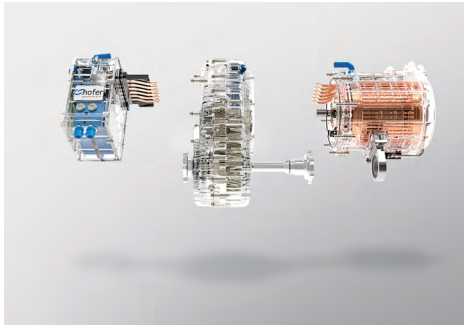
2017

elringklinger



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## Sustainability Report 2017



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Ladies and gentlemen,

“Nothing in the history of life is more constant than change,” noted Charles Darwin in the 19th century. Constancy and change might appear to be opposites on the face of things, but they can actually serve to symbolize our company’s development. In almost 140 years, ElringKlinger has evolved from a Stuttgart-based trading firm selling technical products and services into a global automotive supplier that is synonymous with cutting-edge technology and premium quality.

Today, the automobile industry is going through what is surely the greatest transformation in its history. Nobody can say when the last combustion engine will roll off the assembly line, but for now sales of all-electric cars remain low: they are still relatively expensive, tend to have a short range, and there is often a shortage of local charging stations. That said, we expect these hurdles to be steadily overcome in the years ahead – and ElringKlinger has a wholly positive attitude toward this trend thanks to a corporate culture that regards change as an opportunity.

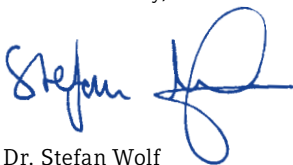
After all, we are influencing tomorrow’s world in our everyday activities. Through our innovative products, we are continually contributing to the mobility of the future in core areas such as battery technology, fuel cell technology, and electric powertrains.

Moreover, our corporate values provide a stable foundation in times of profound change: our entrepreneurial outlook and commitment to sustainability are reflected in everything we do. We are always mindful of our corporate responsibility to our employees, customers, business partners, and shareholders as well as wider society and the environment.

In this report, we will illustrate how ElringKlinger has developed in reporting year 2017 across the key areas of Products and Innovations, Environment and Quality, Employees, and Social Commitment. In each section, you will see how we are actively driving change within the sector, which areas we are treating as development priorities, and what we hope to achieve in the future.

I hope you enjoy reading our latest report.

Yours sincerely,



Dr. Stefan Wolf  
Chief Executive Officer



» **E**very day, we immerse ourselves in forward-looking ideas as we actively contribute to the mobility of tomorrow.«

Dr. Stefan Wolf,  
CEO of ElringKlinger AG

# PROFILE AND PERIOD COVERED BY THE REPORT

**To comply with the legally required disclosure of non-financial information in line with an EU guideline coming into force in 2018, ElringKlinger published a non-financial statement at the end of March 2018; this statement was duly audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. To avoid repetition between the non-financial statement and this sustainability report, the statement is referenced at various points of the report.**

In addition, ElringKlinger will use this sustainability report to address non-financial themes and indicators for the seventh year in succession. The Group is thus committed to its stakeholders and to demonstrating its focus on sustainability across the entire value chain.

This report outlines the company's performance in this area on the basis of non-financial indicators. General information on the Group's financial position and a detailed review of its business model, financial objectives, and business developments in 2017 can be found in ElringKlinger's latest annual report.

This sustainability report is based on the new standards of the Global Reporting Initiative (GRI), which were published in October 2016. According to our assessment, we meet the criteria for the 'core' option. The contents of the report have not been reviewed by an independent external auditor.

## **Contents and structure**

Each of the issues covered in this report has been checked for relevance and allocated – by function holders who are in daily contact with key stakeholders – to one of the Group's four core areas: Products and Innovations, Environment and Quality, Employees, and Social Commitment.

## **Reporting period and other information**

Unless otherwise specified, the report covers the financial year 2017 (January 1 to December 31, 2017) and applies to the entire ElringKlinger Group. Reporting does not extend to investees and entities beyond the consolidated group. The sustainability report is available in both German and English. Additional information can be found on the ElringKlinger website. For purposes of legibility, we have avoided using both forms of grammatical gender (masculine and feminine) simultaneously. General designations referring to people relate to all persons, irrespective of gender. Values stated have been rounded to improve legibility.



## COMPANY PROFILE

Megatrends such as technological progress, climate change, and globalization have triggered a process of transformation that is permeating the entire vehicle industry. Automobile manufacturers and suppliers are working flat out to develop efficient drive systems that also have the lowest possible emissions. This is precisely where ElringKlinger's product portfolio comes into play. Modern lightweighting concepts developed by ElringKlinger through rightsizing or downsizing, optimized combustion engines, and alternative drive technologies are all helping to cut emissions.

ElringKlinger has a global network of production plants and sales offices of strategic relevance. Within the value chain, the company maintains direct lines of contact with the majority of key vehicle and engine manufacturers. To derive active benefit from the numerous advantages of a globally networked world, the Group supplies innovative products to the three biggest economic areas of Europe, NAFTA, and Asia-Pacific. At the same time, ElringKlinger operates in emerging economies as well as South America.

ElringKlinger is of the firm belief that growth in all business areas is compatible with business success and environmentally sound production processes. For the Group, therefore, being a sustainable company means securing profitable growth over the long term, while maintaining a balance between people, the environment, and profit. Given that sustainable business activity is a fixed element of our corporate strategy, the importance that ElringKlinger attaches to sustainability is reflected in the Group's guidelines.

Headquarters in  
**Dettingen/Erms,**  
Germany

**9,611**

employees worldwide as of the end of 2017

Ratio of  
performance assessments  
**77** %

**4.6** R&D ratio  
%

Founded in  
**1879**

**49** sites  
worldwide

# STAKEHOLDER DIALOGUE

## Trust, respect, and transparency

are the watchwords that best describe ElringKlinger's stakeholder dialogue.

Mutual appreciation and transparent relationships based on trust between the Group and its stakeholders guarantee respectful dealings – around the globe.

ElringKlinger maintains a continual and intensive dialogue with its stakeholders: as long as the Group is aware of the needs, attitudes, concerns, and views of these groups, it can make corporate decisions accordingly. Exchange with stakeholders is fundamentally important to ElringKlinger, as the various stakeholders have direct or indirect connections to the business and exert an influence in various ways.

ElringKlinger also believes it is critical to instill the knowledge, expectations, and opinions of stakeholders in the company so that the organization can adopt an all-embracing sense of responsibility.

To ensure a full and transparent dialogue, ElringKlinger uses the communication channels depicted in the diagram in addition to its website.

S T A K E -  
H O L D E R  
D I A L O G U E

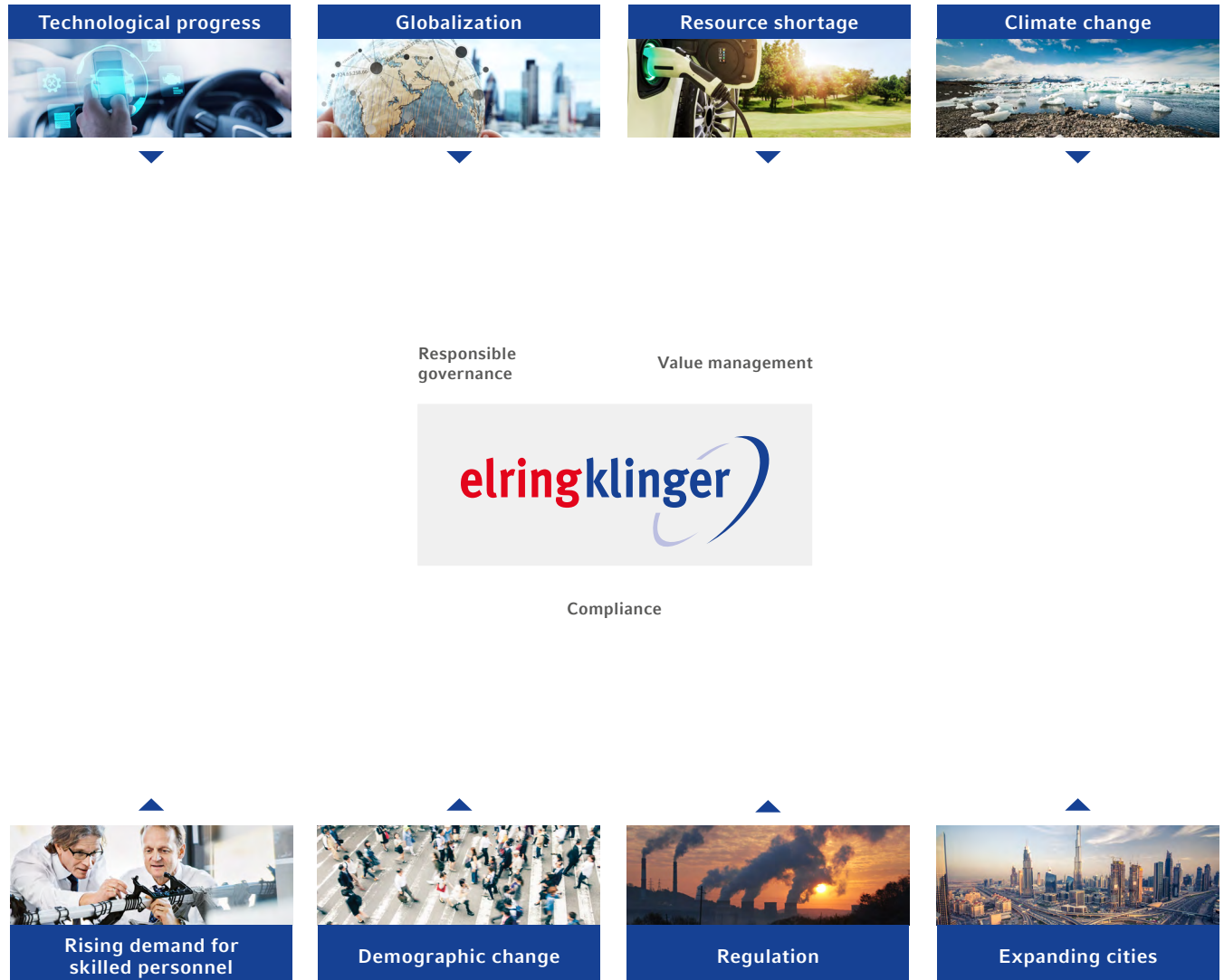


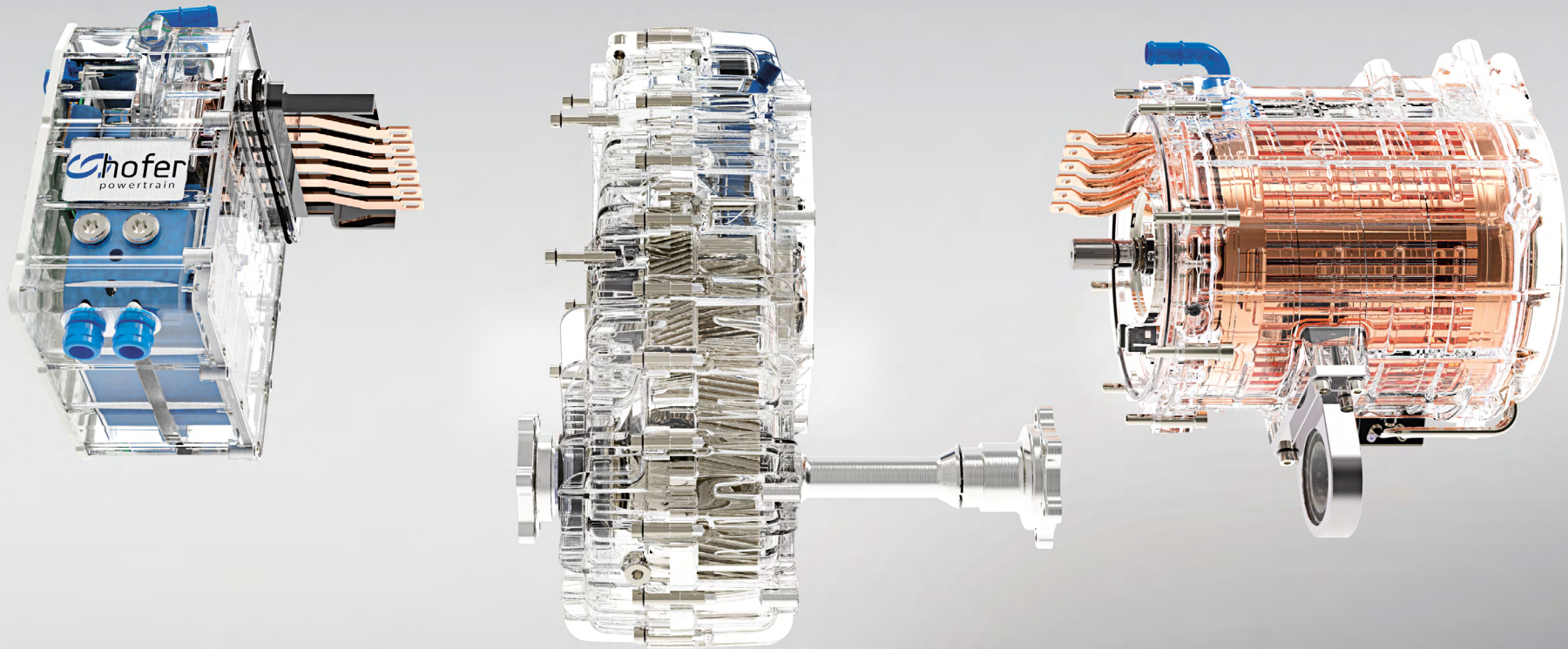


# THE FOUR SPHERES OF SUSTAINABILITY ACTIVITY

Macroeconomic trends affect the general business of ElringKlinger and determine day-to-day activity. They also define the spheres of activity that contribute to sustainable development. Over the following pages, the Group will outline the ways in which ElringKlinger is strategically addressing this theme in its day-to-day business activity.

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# PRODUCTS AND INNOVATIONS

ElringKlinger's entire product portfolio for the area of automotive original equipment revolves around sustainable mobility. From gaskets for the high-temperature range and weight-saving lightweight components that substitute plastic for metal to shielding systems for efficient thermal management, all products are carefully designed to save fuel and cut carbon emissions. ElringKlinger also set its sights on electromobility at an early stage. The Group now offers components for lithium-ion batteries, complete battery modules, and fuel cell stacks. ElringKlinger has significantly expanded its product and service portfolio for electric drive systems through its holding in hofer AG.



# FOCUS ON RESEARCH AND DEVELOPMENT

## ElringKlinger equipped for future mobility

The automotive industry is undergoing radical transformation. The main challenges on the road to the new era of mobility fall into the categories of resource-friendly drive technologies, digitalization and networking, autonomous driving, and the shared use of vehicles. Other key drivers in the refinement of innovative vehicle technologies include the enhancement of safety and comfort in cars. For many years, ElringKlinger has played an active role in shaping the mobility of the future by focusing its research and development work on improving efficiency and cutting emissions. The Group is also switching its R&D focus to lightweighting and alternative drive technologies. ElringKlinger wants to cement its leading market position, and do so without sacrificing its skills when it comes to optimizing the traditional combustion engine.

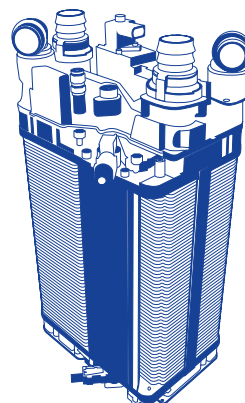
## High research and development ratio

Among other things, ElringKlinger's corporate philosophy is all about being close to the customer, spotting trends early, and actively helping to shape innovation. The company has invested some 5 % of its revenue in research and development in recent years, a relatively large amount compared to the industry as a whole. These funds underpin the strong competitive position enjoyed by the ElringKlinger Group.

Research and development (including capitalized development costs) expenses amounted to EUR 75.9 (74.8) million in the 2017 financial year. This equates to an R&D ratio of 4.6 % (4.8 %), just below the Group's target range of 5-6 %. Alongside investments in the Group's traditional fields of business centered around cylinder-head and specialty gaskets, expen-

EUR  
**75.9**  
million

was devoted to research and development in 2017.



diture was directed in particular toward the Lightweighting/Elastomer Technology, Shielding Technology, and E-Mobility (battery and fuel cell technology) divisions. The Group is thus pursuing its strategy of prioritizing its highly promising areas of business when it comes to allotting significant resources.

	2017	2016
R&D expenditure <sup>1</sup> (in EUR million)	75.9	74.8
R&D ratio <sup>1</sup>	4.6 %	4.8 %
Capitalization ratio <sup>2</sup>	5.9 %	9.9 %
Patent applications	69	68
R&D employees	597	570

<sup>1</sup> Including capitalized development costs.

<sup>2</sup> Capitalized development costs in relation to R&D costs, including capitalized development costs.

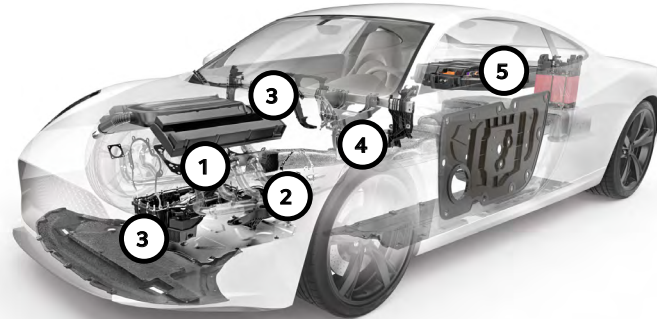
## Number of R&D staff increased

The strong culture of innovation at ElringKlinger is kept alive by creative minds. With 597 (570) employees, the company further increased the number of staff engaged in research and development in fiscal 2017. ElringKlinger has largely centralized its R&D operations to prevent technology transfer and a "brain drain." Development activities are focused on the German sites forming part of the Original Equipment and Engineered Plastics segments and the US sites near Detroit, Michigan. The other locations are mainly responsible for minor development steps and modifications.

## New patent applications surpass previous year's level

ElringKlinger always seeks legal protection for new developments at both product and process level. Its central patent unit deals with the protection of technological knowledge and intellectual property, in addition to applying for patents in Germany and abroad. At 69 (68), the number of patents newly applied for in 2017 was up slightly on the previous year.

# THE ELRINGKLINGER PRODUCT PORTFOLIO



## Original equipment segment

GASKETS AND SHIELDING SYSTEMS

LIGHTWEIGHTING/  
ELASTOMER TECHNOLOGY

E-MOBILITY

### Focused on the future

As one of a handful of automotive suppliers, ElringKlinger already offers innovative product solutions for all types of drive systems – from the conventional combustion engine to hybrid technology and alternative drive forms.

In its strategic alignment, ElringKlinger intends to concentrate more on the future-oriented areas of lightweight structural engineering and electromobility through the three elements of battery technology, fuel cell technology, and electric drive systems – without giving up its strong market position for traditional components.

Given the imminent transformation of this drive type, the level of sales of traditional products for the combustion engine looks set to decline further in the medium term. On the other hand, ElringKlinger will benefit from strong growth in alternative drive technologies. The Group will therefore aim to generate more than 25 % of sales revenue in the area of electromobility and lightweight structural engineering by 2030.

### Other business areas

SERVICES

INDUSTRIAL PARKS



# IAA 2017: ELRINGKLINGER SHOWCASES EXPERTISE IN ELECTROMOBILITY AND LIGHTWEIGHTING



The new booth concept and pioneering products enticed many others to visit ElringKlinger. In the communications area, discussions were held on the mobility of tomorrow.

At the 67th International Motor Show (IAA) in Frankfurt/Main, ElringKlinger unveiled innovative products for all drive types under the slogan “e-xperience mobility.” The focus was on battery and fuel cell technology, a recently developed e-axle, and lightweight plastic components not restricted to a specific type of drive system.



Visitors to the 406-square-meter booth were able to witness ElringKlinger’s broad scope of knowledge in the area of lightweighting and electromobility at first hand. Two centrally positioned exhibition cars illustrated for a specialist audience the points in a vehicle where ElringKlinger products are applied. The lightweight components displayed in a show car included cockpit cross-car beams, front-end carriers, door module carriers, and a side impact protection unit made of organo sheets. The exhibition also featured components for lithium-ion batteries and a complete fuel cell system. Interactive screens provided background information on the various products, while the trade show team offered more detailed explanations.

A second show car presented solutions for the electrified powertrain that ElringKlinger offers through its holding in the engineering company hofer. An e-axle (electric drive unit) developed by ElringKlinger and hofer powertrain, which combines power electronics, transmission, and electric motor in a single unit, attracted particularly high interest. In the course of the cooperation, hofer powertrain will apply its expertise to development and system design in the future, while ElringKlinger will concentrate on serial production.

ElringKlinger also showcased an aggregate energy storage system at the IAA event consisting of several battery modules and enclosed in a plastic housing with an integral pressure equalizing element. "We have demonstrated that far from being just a component manufacturer, we can offer complete solutions in the field of electromobility," said CEO Dr. Stefan Wolf. Another new product was a 300-cell PEM fuel cell stack based on metallic bipolar plates with an electric output of 63 kWel. This can be integrated into combustion engine vehicles as a fuel cell/battery hybrid system or as a range extender.

Undoubtedly the highlight of the trade event was the visit of Dr. Angela Merkel. The Chancellor paid a visit to the ElringKlinger booth as part of her introductory tour, where Dr. Stefan Wolf presented a battery module and a fuel cell stack. "We are delighted that Chancellor Merkel visited us as part of her introductory tour of the IAA and took a personal interest in our innovative solutions within the field of alternative drive technology," said ElringKlinger's CEO. "From hybrid systems and electric drives to fuel cells, ElringKlinger offers solutions for tomorrow's mobility needs." Other major political figures to visit the booth for a personal insight into ElringKlinger product innovations included the Minister of Economic Affairs and Energy Brigitte Zypries, Minister President of Baden-Württemberg Winfried Kretschmann, and EU Commissioner Günther Oettinger.

**» We are delighted that Chancellor Merkel visited us as part of her introductory tour of the IAA and took a personal interest in our innovative solutions within the field of alternative drive technology.«**

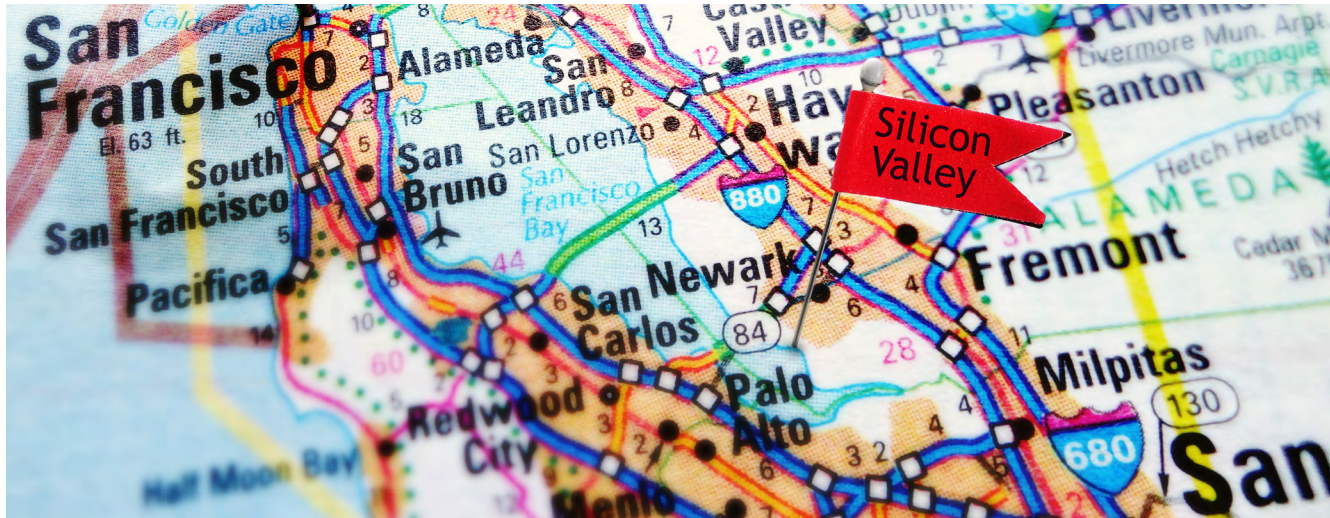
**Dr. Stefan Wolf,  
CEO of ElringKlinger AG**



Left to right: Dr. Stefan Wolf informs Chancellor Dr. Angela Merkel and Volker Bouffier (Minister President of Hesse), Maroš Šefčovič (Vice President of the European Commission), and Alexander Dobrindt (Minister of Transport and Digital Infrastructure) about ElringKlinger products for the field of e-mobility.



## PRODUCTION OF COCKPIT CROSS-CAR BEAMS COMMENCED IN CALIFORNIA



**ElringKlinger meets Silicon Valley:** since July 2017, the Group has also been producing cockpit cross-car beams in lightweight format on the West Coast of the USA. To do this, ElringKlinger established its fifth US site in Fremont, California, a location as close as possible to the customer.

Fremont is situated between San José and Oakland in the south-east of San Francisco Bay. It was a large-scale order which ElringKlinger secured within the US market in the fourth quarter of 2016 that prompted the company to set up a new production site on the West Coast of the USA. The order, which involves the supply of cockpit cross-car beams for a new-generation model of vehicle, encompasses a volume in the

triple-digit million euro range and will span a period of five years.

To ensure the smoothest possible order processing, it was agreed that supplies would be made from a production site as close as possible to the customer. With this in mind, ElringKlinger founded the subsidiary ElringKlinger Silicon Valley, Inc. in Fremont at the end of October 2016. Despite the tight timetable since the order was secured, production was set up and went into operation on schedule. The official start of production was early July 2017; since then the cockpit cross-car beams have been mass-produced at a rented site spanning 3,500 square meters.

The production process for the structural components involves an innovative method that brings together hydroforming and injection molding in a single step. The resulting hybrid parts made of polymer and metal combine the benefits of both materials: excellent precision – in terms of both shape and dimensions – in complex geometries as well as impressive structural strength in the event of a crash.

ElringKlinger lightweight bodywork solutions are versatile as they are deployed independently of the drive system. Thanks to their relatively low weight, they help vehicles with traditional combustion engines to comply with ever stricter carbon limits around the world, while also serving to extend the range of hybrid and purely electric vehicles. This is also to the benefit of the client on the West Coast of the USA, which installs the cockpit cross-car beams in new-generation vehicles.



ElringKlinger has been mass-producing structural parts made of polymer-metal hybrids at its sites in Leamington, Canada, and Suzhou, China, since 2015; as of July 2017, these are also being produced in Fremont, USA.



# ENVIRONMENT AND QUALITY

ElringKlinger is continually working to improve resource efficiency. To this end, the Group has a globally certified environmental management system and has incorporated clearly defined objectives into its environmental and quality policy. ElringKlinger has the explicit goal of devoting approximately 1% of the Group's total investments to measures aimed at cutting emissions. The Group therefore continually optimizes internal processes and takes greater account of resource consumption in new and alternative investments.



## Emissions

The non-financial statement for 2017 contains a detailed report on the Group's emissions.

	2017	2016
Total direct and indirect CO <sub>2</sub> emissions in metric tons	111,800	104,200
CO <sub>2</sub> emissions in metric tons per EUR 1 million in sales	67.1	66.9
Total direct CO <sub>2</sub> emissions in metric tons <sup>1</sup>	24,800	26,700
Of which direct CO <sub>2</sub> emissions from gas, oil, engine test stands, etc. in metric tons <sup>2</sup>	23,500	25,700
Of which CO <sub>2</sub> emissions for vehicle fleet in metric tons <sup>3</sup>	1,300	1,000

<sup>1</sup> Gas, oil, and engine test stands, etc. produced 12,700 metric tons of direct CO<sub>2</sub> emissions for the parent company ElringKlinger AG. Direct CO<sub>2</sub> emissions from the vehicle fleet totaled 1,200 metric tons.

<sup>2</sup> Key performance indicators do not include the following production sites: new enerday GmbH, Neubrandenburg, Germany; hofer powertrain products GmbH, Nürtingen, Germany; ElringKlinger Silicon Valley, Inc., Fremont, USA; ElringKlinger Chongqing Ltd., Chongqing, China; ElringKlinger South Africa (Pty) Ltd., Johannesburg, South Africa; HURO Supermold S.R.L., Timisoara, Romania; ElringKlinger AG, Bissingen/Teck, Germany.

<sup>3</sup> Emissions are calculated by multiplying the annual mileage of vehicles by the carbon emissions reported by the respective vehicle manufacturers.

	2017	2016
Total indirect CO <sub>2</sub> emissions in metric tons <sup>1</sup>	87,000	77,500
Of which indirect CO <sub>2</sub> emissions from electricity in metric tons	80,600	72,400
Of which indirect CO <sub>2</sub> emissions from flights in metric tons <sup>2</sup>	6,400	5,100

<sup>1</sup> Electricity accounted for 27,300 tons of indirect CO<sub>2</sub> emissions for the parent company ElringKlinger AG. Air travel exclusively attributable to ElringKlinger AG will be determined separately starting in 2018.

<sup>2</sup> Air travel attributable to sites in Germany, Switzerland, France, and Hungary as well as centrally recorded flights relating to the UK and US sites.

## Energy consumption

The Group's total energy consumption amounted to 313,100 (298,100) MWh in 2017. Energy consumption has thus risen by 5.0 % (11.3 %). The product mix accounts for part of the increase: for example, where the proportion of energy-intensive lightweight products rises in the Group, the production process tends to require more energy. The new production site in Southfield, USA, added to the calculation in 2017 has raised the Group's absolute energy consumption. In completing its cross-group certification according to ISO 50001, the ElringKlinger Group stepped up its efforts to assess energy flow from a holistic perspective; this included establishing a comprehensive infrastructure of meters at the respective production plants. This has enabled initial sources of energy waste to be identified in 2017. Individual measures defined

on the basis of these assessments and implemented gradually from 2017 have included, for example, the conversion of the compressed air system at the main plant in Dettingen/Erms. Waste heat from the compressors will henceforth be channeled into the heating network. The lighting at the Lenningen plant was also converted to LED lighting and the oil heating was converted to modern gas-fired condensing technology. The installation of waste heat compressors in both machinery and new buildings has helped to keep gas consumption unchanged from last year. In addition, the consumption of fuel and heating oil has been cut by almost 13% as the Sevelen plant in Switzerland no longer requires heating oil.

**In 2017, ElringKlinger achieved its aim of devoting approximately 1 % of total investments to measures aimed at cutting emissions.**

### Biodiversity

ElringKlinger has no production facilities in nature conservation areas or areas with high biodiversity value outside of a conservation zone. The Group's production sites therefore had zero impact on nature conservation areas or biodiversity last year. To counter damage to insect populations and biodiversity, ElringKlinger has planted wildflowers on a large area of grassland next to the Dettingen/Erms plant.

In the majority of cases, the Group builds its production facilities in designated business and industrial parks, close to the premises of large automobile manufacturers and suppliers. The company is therefore able to respond to fluctuations in demand and cut down on emissions as well as costly transports. For this reason, the aspect of biodiversity is not evaluated as part of a management approach.

	2017	2016
Absolute energy consumption (electricity, gas, and other energy carriers) in MWh	313,100	298,100
Of which electricity consumption in MWh	193,400	176,800
Of which gas consumption in MWh	108,700	108,700
Of which heating oil and fuel in MWh	11,000	12,600
Absolute energy consumption per EUR 1 million in sales in MWh	188	191
Electricity consumption per EUR 1 million in sales in MWh	116	114

## ElringKlinger attaches great importance to the economical and responsible use of scarce resources.

### Water and wastewater

ElringKlinger is committed to using water as sparingly as possible. The task of monitoring water usage is performed at a decentralized level, which includes tailored optimization measures at each site. The same applies to the issue of wastewater management. Water consumption across the Group is monitored regularly as part of ISO 14001 certification. Employees are also encouraged to use water sparingly and comply with legal regulations on wastewater disposal.

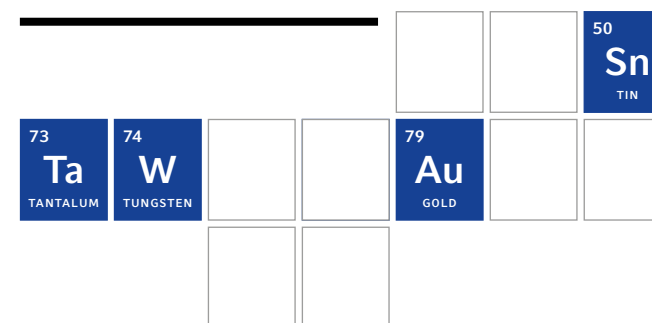
In the 2017 reporting period, water consumption rose to 202,216 (188,918) m<sup>3</sup>, largely due to the expansion of office and production space.

### Conflict resources

ElringKlinger avoids using materials extracted or produced in an environmentally or socially unacceptable way in contravention of human rights. So-called conflict resources include tantalum, tin, tungsten, and gold. To a large extent, these conflict commodities are mined in the Democratic Republic of Congo and its neighboring states of Angola, Burundi, the Republic of the Congo, Rwanda, Zambia, South Sudan, Tanzania, Uganda, and the Central African Republic. Through its purchasing patterns, ElringKlinger seeks to exert influence on the environment, security, health, and human rights.

ElringKlinger products include minuscule amounts of these raw materials. To ensure that such substances are exclusively procured from conflict-free regions, however, ElringKlinger maintains close contacts with suppliers and is aware of the origins and sources of the raw materials it purchases.

ElringKlinger avoids using materials that are extracted or produced in an environmentally or socially unacceptable manner.



# ENVIRONMENTAL PROTECTION IN PRODUCTION



ElringKlinger has installed wind turbines and solar systems at a number of sites.

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**E**nergy efficiency is a high priority in every new building.

**ElringKlinger has the explicit goal of devoting approximately 1% of the Group's total investments\* per year to measures aimed at cutting emissions. When it comes to the construction of new facilities, renovations, and restoration work, moreover, ElringKlinger invariably takes environmental aspects and energy saving measures into consideration.**

As a manufacturing company with 38 production sites around the world, ElringKlinger relies on sufficient supplies of energy, which it consistently aims to utilize economically and according to need. ElringKlinger has installed wind turbines, solar systems, and combined heat and power (CHP) units at several sites. The advantages of CHP units include parallel electricity and heat generation and a degree of independence from power suppliers. ElringKlinger plans for every new building to be as energy efficient as possible. Country-specific laws and conditions such as geography and climate are factored in and energy saving regulations are surpassed wherever possible.

## Utilization of waste heat

The objective of all construction, conversion work, and equipment acquisition is to maximize the potential for waste heat utilization, with every project reviewed in advance for cost effectiveness. Where circumstances allow, ElringKlinger invests in the installation of variable-speed compressors with heat recovery. The Group is thus able to make a meaningful contribution to environmental protection: the utilization of waste heat helps to ensure significantly less energy is required to heat a building, while the company is able to reduce its consumption of primary energy and cut costs. Waste heat is already utilized at several company sites, including its head office in Dettingen/Erms, Germany, in Kecskemét, Hungary, and in Changchun, China. In Changchun, for example, waste heat from production is stored in the ground to heat the building in the winter.

\* Investments made to achieve goals (and especially additional investments in energy-saving measures) include certain investments in land and buildings, technical systems and machinery, and other equipment (operating and office equipment).



### Energy saving ordinance

The new logistics center in Dettingen/Erms went into operation and was reflected in the figures for the first time in 2017. Energy consumption for the new structure surpassed the requirements of the energy saving ordinance by 30 %. The additional costs were included in investment measures for 2017 linked to emissions reduction projects. ElringKlinger has the expressed goal of surpassing the requirements of the energy saving ordinance wherever possible in every new building and full redevelopment.



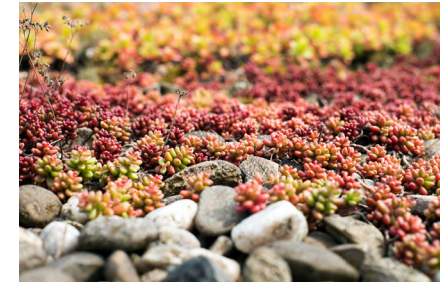
Pallet transport at the new logistics center in Dettingen/Erms is carried out by 15 driverless and battery-operated transport systems.

### ISO 50001 certification

In completing its cross-group certification according to ISO 50001 at the end of 2016, the ElringKlinger Group stepped up its efforts to assess energy flow from a holistic perspective; this included establishing a comprehensive infrastructure of meters at the respective production plants. Initial sources of small-scale energy wastage have already been identified. One subsequent measure involved the gradual conversion of the hall lighting to LED.

### Green roofing

Green roofing counters increasing soil sealing and associated high levels of water evaporation, thereby keeping the local water cycle in equilibrium. With this in mind, ElringKlinger is increasingly turning to green roofing in its construction of new buildings in Germany. Soakaways are also used to help maintain local water circulation.



Green roofing also promotes environmental protection in the production area.



Yavuz Günaydin (center), General Manager of the Turkish site, accepts the Environmental Plant Award.

## Award for environmentally sound production

ElringKlinger is also recognized for its environmental commitment abroad: ElringKlinger TR Otomotiv Sanayi ve Ticaret A.Ş. has received an Environmental Plant Award from the municipality of Bursa in Turkey. The award recognizes particularly environmentally sound production that is making an important difference to the town's future. Alongside ElringKlinger, 14 other production companies in Bursa were singled out for awards.



# WASTE MANAGEMENT

In 2017, the volume of waste within the Group as a whole rose by 12.7 % to 61,100 (54,200) metric tons. Of this total, around 87 % was attributable to metal waste materials arising mainly from stamping processes used in production. All of this metal waste was subsequently sold. The rise in the waste volume is mainly due to the expansion of production at new sites. Processing and disposal of the total volume of waste are conducted primarily by specially accredited waste management companies.

Waste management is an integral part of the overall environmental management system. All employees are encouraged to avoid waste to the greatest extent possible and, where this is unavoidable, separate waste materials neatly in order to reduce the overall volume of residual waste. ElringKlinger is also undertaking consistent efforts to minimize the waste volume through process optimization. In the near future, guidelines on the standardization of environmentally relevant processes will be drawn up; these will also define the basic requirements for waste management. There are also regular staff training sessions on the separation, collection, packaging, and labeling of waste.

The five-level waste hierarchy defined by the German Closed Cycle Management and Waste Act (Kreislaufwirtschaftsgesetz) plays an important role at ElringKlinger in Germany. Where possible, the Group seeks to utilize valuable resources as effectively as possible while maintaining a high recycling ratio. For this reason, most of the Group’s waste is passed to recycling enterprises for re-use.

## IT lifecycle management

Aside from manufacturing operations, waste is produced from discarded electrical devices such as laptops, computers, and smartphones. To uphold its environmental responsibility in this area as well, ElringKlinger has entered into a partnership with Second IT Store. ElringKlinger benefits from the added value created by the intelligent IT lifecycle management processes of Second IT Store. IT devices and smartphones that still work are handed over for certified data removal, refurbishment, and ultimately resale. The service provider collects the segregated hardware from ElringKlinger and prepares it for resale, taking the security aspect into consideration. Special data removal software from the market leader Blancco irreversibly deletes all data from devices. The whole deletion and refurbishment process is certified accordingly to ensure that no confidential data ends up in circulation. The units are then sold via the global partner network of Second IT Store to specialist wholesalers, online, and through own outlets.



Second IT Store also supports social projects by making donations to such organizations as “Freunde und Unterstützer der Kinderhospizarbeit Düsseldorf e.V.”, a registered association that helps families with children suffering from very serious, life-threatening illnesses.

In this, another example of a strong local partnership, ElringKlinger demonstrates its responsible approach to the use of valuable resources.



German Closed Cycle Management and Waste Act:  
Waste hierarchy according to Section 6.

## ENVIRONMENTAL MANAGEMENT

Andreas Weiß was appointed Vice President Environment and Quality in February 2018. Prior to this, he spent several years as a quality control manager for ElringKlinger Kunststofftechnik GmbH at the Bietigheim-Bissingen, Heidenheim, and Mönchenglöblich sites. In the interview below, he discusses the importance of environmental management to ElringKlinger and explains the strategic stance of the Group in this area.



Andreas Weiß has headed ElringKlinger's Environment and Quality department since February 2018.

**Mr. Weiß, over the past few months you will have formed an initial impression of those environmental management tasks that the ElringKlinger Group is performing particularly well. What do you find most rewarding about your day-to-day work in this area?**

**WEISS** — In my view, ElringKlinger does a very good job of complying with legislation and standards. Since 2016, all production facilities around the world have been certified under the ISO 14001 environmental management system, which applies globally. The European sites also have certified energy management systems under ISO 50001.

ElringKlinger is a highly diversified company with more than 9,600 employees at 49 sites around the world as of December 31, 2017. The most absorbing thing about my job is motivating staff to apply the ElringKlinger approach to sustainability in their daily tasks.

**How do you do that?**

**WEISS** — The environment affects us all, so my goal is to make sure each and every employee accepts their responsibility. For instance, I like to incentivize employees to identify and eliminate sources of energy waste. I also find it very rewarding to establish interfaces between the various divisions of the Group so that new requirements from outside can be implemented faster across all areas. Raising effectiveness and efficiency and reducing waste also presents me with a steady stream of absorbing new challenges.

» **A**s a global company that takes responsibility for the environment, an effective environmental management system is vitally important to us. «

Andreas Weiß,  
Vice President Quality & Environmental Management

**Product quality and customer satisfaction are critically important to the Group. Environmental management has also become increasingly important in recent years, generating more and more interest within the organization and among stakeholders. What do you think is the connection between these three things?**

**WEISS** — Environmental management is a very high priority for ElringKlinger. We are actively working on expansion and efficient improvements around the world, and to that end we are standardizing a whole range of processes. We are doing this not just because it matters to us, but also because the concepts of product quality, customer satisfaction, and environmental management are becoming increasingly intermeshed. For one thing, there are more and more customer-specific requirements linked to the environment, and for another more far-reaching environmental standards often go hand in hand

with high product quality. For example, our integrated management system for quality and the environment signals to customers that we are deeply concerned with environmental issues and constantly seeking to improve in this area. Efficient processes will enable us to work effectively, efficiently, and sustainably – just as the new IATF 16949:2016 envisages.

**What does that imply for ElringKlinger?**

**WEISS** — What’s certain is that in a time of heated discussion over the decarbonization of the planet, the environmental factor will play an even more important role in the future – not just for customers but for those of us who work for the Group. I believe that we are very well positioned in both structural and operational terms to adapt to this future transformation and other requirements from outside.

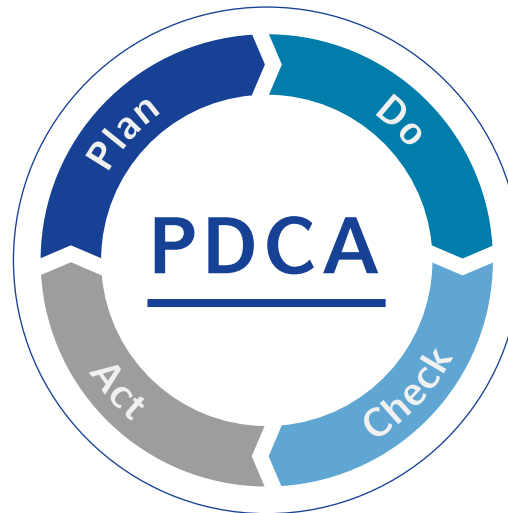
**ElringKlinger is a global business. What are the difficulties involved in expanding environmental management worldwide?**

**WEISS** — The biggest difficulty lies in observing, meeting, and complying with the national laws, standards, and circumstances in different countries. Therefore, by further harmonizing processes, we are aiming to establish verifiable targets as standard, and as the basis for implementing local legal requirements at all production sites.

**That sounds complicated. Can it be done, and if so, how?**

**WEISS** — Yes it can. We believe we can raise efficiency levels within the Group and cut waste by looking at all environmentally relevant processes as a whole. For ElringKlinger, observing and meeting legal protection goals is the fundamental basis of sustainability. That means the pertinent

regulations and standards for the environmental and energy management system must also be followed at all international sites. To oversee this, all sites are monitored by internal auditors on a yearly basis. In addition, a number of sites are spot-checked by external auditors in the course of monitoring for ISO 14001/50001 certification. Improvement potential identified by the audits feeds into the development of our standard processes so that we learn from one another across the Group (Lessons Learned, Continuous Improvement Process). We are also optimizing processes through regular reports on measures drawn up under the PDCA model.



Generally, before making any investment decision, we weigh up the benefits and added value for the company, as well as the opportunities and risks. Thereby we are flexible and very adaptable to change.

**ElringKlinger’s Turkish site won an Environmental Plant Award in recognition of environmentally sound production in 2017. How important are awards like this?**

**WEISS** — Awards like these recognize the work we do and motivate us to push ahead with our current approach. The award is also evidence that we are making significant progress on environmental management at our international sites. For us, the appreciation and recognition demonstrated by this award proves ElringKlinger is meeting its responsibilities to the environment and is ideally placed to maximize its potential.

**Mr. Weiß, many thanks for the interview.**

**DID YOU KNOW?**

Environmental management at ElringKlinger covers the responsibilities and procedures of operational environmental protection to ensure compliance with legal requirements. It also serves to uphold the long-term environmental soundness of operational processes and products, in addition to encouraging employees to handle existing resources responsibly. Environmental impact is assessed by the management before making any decision to invest.



# RESPONSIBILITY TOWARDS EMPLOYEES

In times of change, ElringKlinger is particularly reliant on the expertise, commitment, and innovative spirit of its employees. Qualified and motivated employees are the foundation of any successful company that is flexible enough to respond to change. Bound by a firm value system, they are always daring, passionate, and ready to explore new avenues. All the Group's employees share a common desire to lead ElringKlinger into a successful future of green mobility.



### Trends in workforce structure

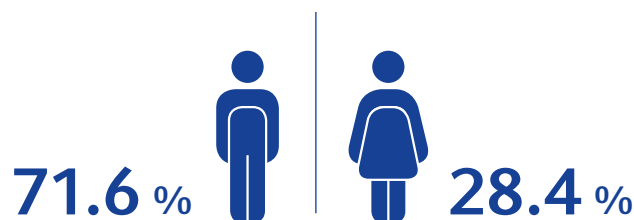
As of December 31, 2017, ElringKlinger employed a total of 9,611 (8,591) staff members within the Group. The divergent trends in the structure of the Group's domestic and foreign workforce is described in the 2017 Annual Report on page 50. The percentage of female employees rose slightly in the 2017 reporting year to 28.4 % (27.9 %), while the average age remained unchanged at 39. As in the previous year, the Group-wide workforce structure is very balanced. The largest percentage of staff is between 30 and 50 years old. Only around 20 % are in the 50+ bracket. The staff turnover rate rose within the reporting quarter to 9.6 % (6.4 %). Foreign production sites affected by significant utilization pressure experienced particularly high rates of churn.

As regards Human Resources management, ElringKlinger takes a far-sighted, long-term approach and fosters a strong team spirit. This is evident from the number of employees with permanent contracts. By the end of 2017, that figure had risen to 85.4 % (81.8 %) compared to the workforce as a whole.

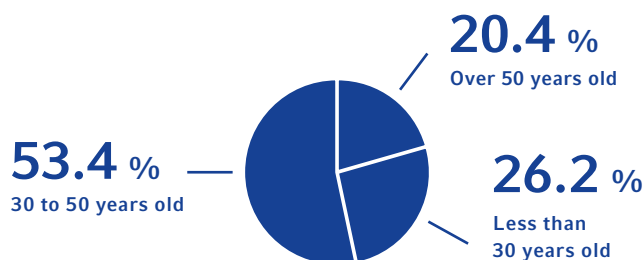
### Employment

	2017	2016
Absolute number of employees	9,611	8,591
Of which men	71.6 %	72.1 %
Of which women	28.4 %	27.9 %
Breakdown by age group		
Less than 30 years old	26.2 %	25.6 %
30 to 50 years old	53.4 %	53.8 %
Over 50 years old	20.4 %	20.6 %
Staff turnover rate	9.6 %	6.4 %
Percentage of part-time employees	4.0 %	4.8 %
Employees on permanent contracts	8,212	7,025

**9,611** employees  
in total in 2017



The proportion of female employees rose slightly in the 2017 reporting year to 28.4 % (27.9 %).



The average age remains unchanged compared to the previous year at 39.

### Firm value system

In a globalized world, it is important for a company to meet its social responsibilities. ElringKlinger has its own Corporate Code and every staff member is personally responsible for applying it. As part of that Corporate Code, ElringKlinger under-

takes to uphold all international human rights. At the same time, the Group expressly rejects child labor and forced labor of any kind. In addition, ElringKlinger opposes discrimination on the grounds of gender, race, skin color, religion, age, ethnicity, disability, or sexual orientation. In the year 2017, no breaches of the Corporate Code occurred.

### Health care management and occupational safety

The Group actively supports the performance capability of ElringKlinger employees. Alongside workplace health promotion and measures to improve work/life balance, the issue of occupational safety is hugely important to the Group. All guidelines and principles are firmly anchored within the Group's occupational health and safety policy that is binding on all employees of ElringKlinger.

Within the reporting year, the number of workplace accidents resulting in staff absences of more than three days rose to 248 (223). Essentially this movement is in line with the strong growth in staff numbers. However, ElringKlinger is committed to avoiding all work-related accidents. Preventative measures such as implementation of Group-wide safety standards and regular safety briefings are designed to actively prevent workplace accidents as much as possible. In the event of any accident, the cause and steps leading up to the incident are carefully examined and existing safety standards modified accordingly in order to maintain a consistently high level of protection.

### Occupational safety

	2017	2016
Average number of sick days per employee	9.9	10.1
Work-related accidents leading to more than 3 days off work	248	223

### Training and further education

To prevent a lack of qualified staff and prepare the workforce for the changing labor market, ElringKlinger has set itself a goal of intensifying its search for qualified personnel and further developing the skills of existing staff via suitable training measures.

### Diversity and equal opportunity

For ElringKlinger it goes without saying that every person is treated equally and individuality is encouraged. The Group sees cultural diversity as one of the factors in its success, as different social, cultural, and language backgrounds lead to different ways of thinking and different perspectives from which ElringKlinger can only benefit. Appreciation, tolerance, and respect for one another are always the main focus of day-to-day interactions.

With a total of 49 sites (as of December 31, 2017), ElringKlinger has a presence in 21 different countries and is able to service the needs of customers worldwide via its global network. The knowledge and language skills of the Group's 9,600+ employees facilitate communication with customers and enable prompt handling of their concerns. ElringKlinger actively fosters international collaboration by offering intercultural training programs and approving long-term postings abroad for individual staff members working on international projects. In addition, the different experiences, perspectives, and viewpoints gained as a result of these interactions support the ongoing development of the Group.

For further information about gender equality, please refer to the chapter "Responsibility for employees" on page 30.

ElringKlinger promotes a culture of integration by focusing on the skills and individual talents of people with disabilities. Severely disabled staff and employees with health impairments receive special protection and targeted support at ElringKlinger. As well as the Works Council, the company's Equal Opportunities Officers address the concerns of affected staff whenever necessary. In 2017, a total of 188 (173) people with disabilities were employed within the Group. ElringKlinger has also worked closely with several social organizations for many years now. For further information on the subject, please refer to the chapter "Social commitment" starting on page 32.

### Diversity and equal opportunity

	2017	2016
Number of employees with severe disabilities	188	173
Absolute number of employees		
In partial retirement <sup>1</sup>	87	77
On maternity leave <sup>1</sup>	8	8
On parental leave <sup>1</sup>	63	52
Part-time	388	410

<sup>1</sup> These figures apply only to the company's German sites.

**E**lringKlinger actively fosters international collaboration by offering intercultural training programs.

# 104

Suggestions for improvement

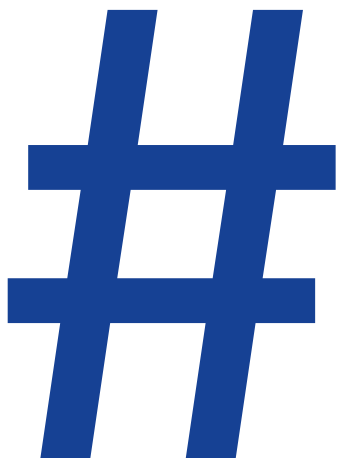
were successfully implemented in 2017.

### Reconciling professional, family and private life

These days, prospective employees increasingly focus in their choice of employer on what companies are doing to address the work/life balance of their staff. ElringKlinger offers its employees a host of options to configure individual working hours to suit their own particular circumstances: home office, flexitime arrangements, and part-time employment contracts, to name but a few of the choices on offer. These flexible working-hour models are particularly popular with young families and increasingly in demand. They also help build a deeper sense of commitment to the company.

### Care of dependents

Care situations frequently arise suddenly and unexpectedly and the scope and duration of the required care are often hard to anticipate. ElringKlinger realizes that employees may have care responsibilities that affect their work/life balance and provides appropriate support in consultation with the service provider WDS.care GmbH. This company has developed a special consultation and care concept that helps employees combine their career and care responsibilities. Regular consultations with care professionals are provided for this purpose.



## USA, MEXICO, AND CHINA – GLOBAL ROLLOUT OF GERMAN TRAINING CONCEPT

A key component of ElringKlinger's HR management policy is staff training in order to retain the right expertise and skills within the company on a long-term basis. The ElringKlinger training concept is an ideal way of honing the individual strengths of young people and giving them the best possible preparation for their later professional life. With this in mind, the company sees its commitment to training as an ongoing process. For this reason, management made the strategic decision in 2017 to introduce a standardized training concept worldwide. The aim is to impart a uniform standard of specialized knowledge specifically tailored to ElringKlinger processes.

Dr. Lucy Tengbeh, Director Training & Development, and Anna Fröhlich, HR Specialist, on the project for a global rollout of the German training system within the ElringKlinger Group.

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**The dual training system in Germany is highly valued around the world. Where in your opinion do the benefits of this vocational training program lie?**

**TENGBEH** — The greatest advantage of the dual training system lies in the combination of theoretical knowledge and practical application and experience. That mix ensures trainees receive the best possible preparation for their subsequent careers. In technical fields in particular, ElringKlinger relies on specialized personnel for its manufacturing operations. The amount of teaching and vocational training is finely balanced, and working with trainees offers us numerous benefits. It allows us to identify the strengths of young people at an early stage in their development, provide targeted support, and prepare employees for their future roles in our workplace, thus eliminating the need in many cases for a time-consuming induction period at the start of their professional career.

**Is the system well received by trainees?**

**TENGBEH** — Yes, the constant switch between work experience and classroom learning makes it more interesting for young people and gives them comprehensive practical skills as well as the necessary theoretical knowledge for their future careers. At the same time, we are able to impress upon them the core values of the ElringKlinger Group during this training period. These include everything from dealing with each other in a respectful manner to responsible use of resources.



Dr. Lucy Tengbeh

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» **U**sing the German dual training system as the model, we will in future provide specialized and targeted vocational training on a global basis. «

Dr. Lucy Tengbeh,  
Director Training & Development





Anna Fröhlich

» **We are engaging in collaborative learning schemes with local schools and colleges in order to develop value-added dual training programs.** «

Anna Fröhlich,  
HR Specialist

#### And what is the next step?

**FRÖHLICH** — We would now like to translate the positive experience we have had so far mostly in Germany to our foreign subsidiary companies. To this end, in 2017 we launched a project for a global rollout of the dual training concept. Initially, during the concept development phase, three pilot companies were identified. In future, they will offer training in three key technical careers for ElringKlinger: machinery and plant operator, industrial mechanic, and maintenance and tool mechanic. As well as introducing this to a major production factory in the USA, we plan to launch the same training concept in Mexico and China. The training period in each case will vary between 15 to 24 months.

#### How will you ensure the content of the training is exactly the same worldwide?

**TENGBEH** — A standardized training concept is currently being compiled. This includes a modular curriculum, a general training plan, clarification of locational requirements as well as development of suitable performance monitoring measures. With a standardization rate of around 80 %, we want to ensure uniform, specialized knowledge is provided for the relevant vocational training paths. Naturally, we have to accept that certain country-specific adjustments will need to be made as part of the rollout.

#### Where do the biggest challenges lie, in your view?

**FRÖHLICH** — Developing collaborative partnerships with schools in the USA, Mexico, and China will definitely be the biggest challenge for us. In the USA, we are already one step ahead, as we recently formed a partnership with Lanier Tech College. This means that from July 2018 the first two employees will be able to start their dual training program at the US production site of ElringKlinger in Buford. The college will assume the role of teaching them the theoretical side. At the end of their training, each vocational trainee will receive a certificate jointly issued by ElringKlinger and the technical college.

**TENGBEH** — We are very happy with progress on this project to date, and are looking forward to the next challenges ahead of us in Mexico and China. Unlike the situation in the USA, we will definitely encounter greater cultural differences there. We are aware that we will initially have to invest a great deal of money in the development of these training systems. But in the long term we will benefit from the improved performance quality of each of our factories.

**Dr. Tengbeh and Ms. Fröhlich, thank you very much for your comments.**

## TRAINING 4.0 – LEARNING IN THE DIGITAL AGE



The online platform enables trainees to access the relevant information for their work in a digestible form. They have tools and aids available to them such as e-learning options, wiki functionalities, tech drawings, and 3D animations.

» **E**lringKlinger wants its trainees to use this new training concept to give them the ability to continue learning and also extend their own skills independently and flexibly in their later working life. «

Giuseppe Vernaci,  
Head of Technical Apprenticeship

Hardly any other industrial sector is evolving as much as the automotive one is at the moment. It is not just the products themselves but the production processes in particular that will undergo radical change. Closely networked factories will be in constant communication with goods and machinery in order to make production more efficient and more flexible. Smaller production lots will replace mass production lines in the future. This step forward will change the working world of tomorrow, so companies have an important task to prepare their trained staff early for their future career challenges.

Despite these developments, digitization still only plays a subordinate role in many apprenticeship courses and vocational training schools of the metal and electronics industry, even though the trainees themselves are now digital natives. This means ElringKlinger, which is actively including digitization in its training program in the form of a pilot project, can be considered as one of the pioneers within the sector. A glance at the training workshop of its headquarters in Dettingen/Erms illustrates the changes that have occurred over the past few months. The purchase of a 3D printer for so-called Additive Manufacturing and additional PC workstations for technical trainees are just two examples of measures already put in place. And lately tablets have replaced conventional paper files, where trainees can look up past learning content and work on their assignments.

In September 2017, ElringKlinger kick-started the Training 4.0 pilot project. Since then, five trainees have been learning and working with MLS (Mobile Learning in Smart Factories) – a web-based online platform for smart, mobile learning. Together with a mechanical engineering foundation initiated by the VDMA (German Engineering Association) in support of young talent, trainers have been working with trainees to put the application through its paces, as a means of helping to fine-tune it and optimize the structure and functions of the app.



In the first year of training, trainees create workpieces and learn various skills in the process such as filing, drilling, milling, and turning.

In the first year of training, trainees create workpieces and learn various skills in the process such as filing, drilling, milling, and turning. With the MLS app, the trainees can call up the relevant information for their work in a form that is readily digestible. The system is structured on a modular basis, which allows the trainees to learn the individual work tasks assigned to them by the trainer via the digital system, on a step-by-step basis and at their own pace. The tasks are modeled on the complete process (1. inform, 2. plan, 3. execute, 4. inspect and assess) to encourage the trainees to apply a problem-solving approach. The trainees also have tools and aids such as e-learning options, wiki functionalities, digital excerpts from trade literature, tech drawings, and 3D animations at their disposal. In addition, they have the opportunity to share learning videos and presentations of their own making with each other. This results in much greater learning outcomes for the trainees.

A big advantage of the MLS platform is that the trainers can respond in a more targeted manner to the needs of individual trainees and their personal learning speed. If any changes or adjustments are made to the learning content, it immediately becomes visible to the trainees in a very effective way. At the same time, the modular system facilitates close monitoring of the trainees' learning outcomes.

The new training concept also requires a rethink on the part of the trainers. They no longer work as instructors but rather as coaches. By means of this new concept of Training 4.0, those responsible want to promote self-organized and project-based learning. The idea is that these new learning methods encourage trainees to think and act in a forward-thinking, structured, and efficient manner. In doing so, they are able to contribute to project sequences themselves.

The Training 4.0 pilot project has been a complete success for ElringKlinger. In the coming training year, vocational training courses for other careers will be converted to the new concept. In the medium term, other German sites will then pick up the training concept. ElringKlinger has set itself the

goal of standardizing training content via a nationwide ElringKlinger learning platform in Germany and then applying the same principles to its foreign locations, e.g., in the USA, Mexico or China.

ElringKlinger wants its trainees to use this new training concept to give them the ability to continue learning and also extend their own skills independently and flexibly in their later working life. After all, lifelong learning is becoming increasingly important in the Industry 4.0 age.



Training in today's ElringKlinger training workshop comes with great practical experience and works with state-of-the-art production and manufacturing technologies to prepare the professionals of tomorrow for the changing working world.



## DOVETAILING OF THEORY AND PRACTICE

Through established collaboration and regular projects with tertiary institutes, ElringKlinger is able to give young people early insights into the working world. This cooperative approach delivers benefits for all concerned. For instance, collaborative research projects enable companies to obtain the latest scientific evidence and feed it into current innovations. In return, the tertiary institutes gain new impetus for their applied research work. This form of collaboration with universities, other tertiary institutes, and secondary schools has become an integral part of many segments of the Group.

ElringKlinger also achieved good crossover between theory and practice in its latest project, where students of HR Management at Pforzheim University developed a change management and training concept for ElringKlinger. Five student groups assumed the role of an external consulting firm for this purpose. Charged with the same task, each group was given

» I was pleased to see the wealth of ideas generated by the students for turning the theories they had learned into practice in response to some complex practical questions.«

Prof. Dr. Anja Schmitz,  
Professor of HR Management at Pforzheim University



a limited time to come up with a complete change management and training concept for Group-wide introduction of a new “Workday” software package. The new software will in future be able to track all HR-related processes on a global basis. As well as classic recruitment tasks, this includes employment contract, HR accounting, and staff professional development matters.

At a classic kick-off meeting, all participants were given a thorough briefing on the goals of the global project as a whole, the company in general, and the specific corporate processes involved. The students working in each consultant group were each given seven weeks in total to turn their ideas into finished concepts. They had to take into account intercultural and edu-

cational themes in defining the relevant learning goals, learning media, and documentation. The project also included a requirement to develop a qualification concept and work out a specific time schedule.

As a result of this project, ElringKlinger received five different concepts, which were introduced at a presentation day and assessed by internal experts. Each team chose to take different approaches and focus on different aspects. This project proved to be a complete success for both sides. While ElringKlinger is now able to feed the majority of the ideas directly into the implementation phase of the new software package, the students have also been able to experience some of the complexities of a globally active Group.

## PROMOTING GENDER EQUALITY

ElringKlinger does not tolerate discrimination of any kind. This forms part of the Code of Conduct of ElringKlinger AG, which is binding for all employees of the ElringKlinger Group. Compliance with the code is continually monitored by corporate management. A commitment to gender equality and equal opportunities for all staff also forms part of that code.

The company is determined to continue increasing the proportion of women in leadership roles. The prerequisite for this is having enough suitably qualified women as staff members. For when it comes to filling vacant positions, meeting the requirements of the role is always the top priority. The ElringKlinger targets for appointing women to leadership roles are outlined in the Corporate Governance Declaration. The defined targets by June 30, 2022, are 0% for women on the Management Board, 10% at the top leadership level, and 15% in the second leadership tier below Management Board level.

From the perspective of a global company, gender equality is not only part of our corporate culture but also firmly entrenched within the international community. Therefore, ElringKlinger explicitly supports the right of all people – irrespective of their regional or social position – to access the same personal development opportunities.

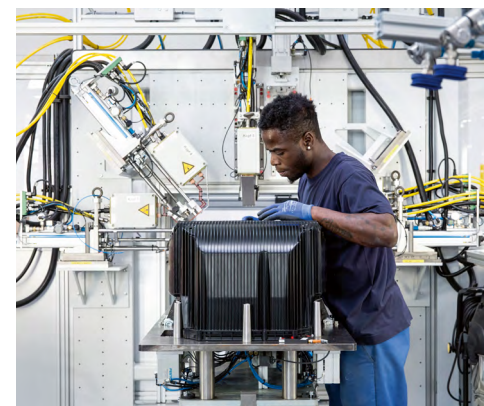
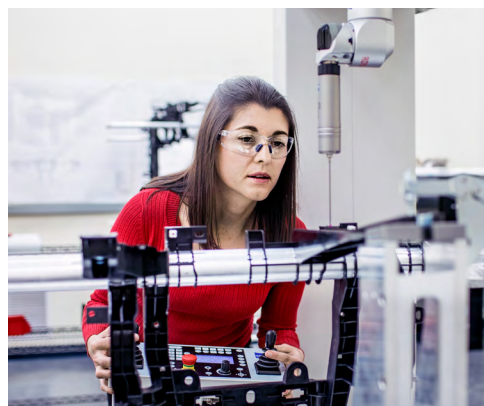
### Turkish company participates in Group-wide gender equality project

ElringKlinger's Turkish subsidiary, TR Otomotiv Sanayi ve Ticaret A.Ş., based in Bursa, Turkey, participated in the "Gender Equality in Society" project in 2017; it was initiated by Turkish car maker Ford Otosan and the Mother-Child Educational Foundation AÇEV. The aim of this measure is to avoid

direct and indirect discrimination of people in all walks of life and support social justice. Gender equality in both the professional and personal life of all people is the main focus of this initiative.

As part of the project, two employees of the Turkish subsidiary took part in an external, three-day trainer program. They went on to pass on the knowledge they had gained from the training to their colleagues within the company at in-house seminars. In doing so, they did justice to the aim of raising awareness amongst their colleagues and business partners of the importance of equal treatment for everyone and talking openly about the issues.

**Appreciation, tolerance, and respect for one another are always the main focus of our day-to-day interactions.**





## STRENGTHENING STAFF LOYALTY – FAMILY DAY IN SUZHOU

# 樂趣。喜悅。幸福。跑步的家庭

Fun! Joy! Happiness! Running Family

Entitled “Fun! Joy! Happiness! Running Family!” the factory in Suzhou holds an annual celebration to help build a sense of community. Employees not only get to know each other better but also their colleagues’ families, who are able to gain a glimpse of what goes on behind the factory gates.

This was the fourth time the Chinese site in Suzhou had organized a family fun day for its roughly 250 employees. On October 29, 2017, after an extensive tour of the factory and an official opening address by General Manager Humphrey Chen, everyone was driven by shuttle bus to the nearby botanic gardens. The comprehensive program included a host of different activities for all ages.



The artistically talented among them created a large-scale Family Day graphic, made up of 24 fabric panels with a template design for them to color in with paint. At the end of the event, the individual panels were joined together to form an overall artwork – creating a 30 x 20 meter image.







# S O C I A L C O M M I T M E N T

Exercising social responsibility has always been an integral part of the corporate history of ElringKlinger and firmly entrenched within its corporate culture. Part of the company profits has always flowed indirectly to charitable causes via the majority interest held by the family in the Lechler Foundation. Management places a high priority on acting internally and externally with a keen sense of social responsibility. So when ElringKlinger employees at various sites of the Group worldwide initiate charitable projects or want to contribute to good causes, management is happy to support them.



## RUNNING TO CHANGE THE WORLD



In total, the runners completed over 4,500 laps at this fundraising event in 2017.



The organizational team, with Dr. Stefan Wolf and former Olympic ski jumper Martin Schmitt.

Management has always encouraged employees to develop and display an open attitude to social commitment beyond the professional context, which is why it supports and promotes workforce initiatives. For instance, in the 2017 fiscal year, a very successful charity run in aid of refugees – initiated by junior managers in cooperation with the Lechler Foundation – raised a total of 39,000 euros.

The fund-raising event was held on October 8, 2017, on company premises in Dettingen/Erms. Around 450 runners took part and completed over 4,500 laps of the designated route under the motto: “Running to change the world.” The fun run was accompanied by an entertaining program for family members and other guests. Dr. Stefan Wolf, CEO of ElringKlinger, was there to fire the starting gun for the event, along with Olympic ski-jumping champion Martin Schmitt.

Future leaders of ElringKlinger AG organized the charity event as part of an internal HR development program (Potential Leader Program). With their idea of bringing together people of different origins, religions, skin color, and age, their primary goal was to do something active and practical to help integrate refugees within our society. In the lead-up to the event, some running training was organized so ElringKlinger employees and refugees housed in local accommodation could practice for the fun run together. Around 60 refugees ended up taking part in the event alongside ElringKlinger employees.

» **S**port conveys core values, creates a sense of solidarity, and fosters good communication. We hope that such voluntary initiatives will lead to more tolerance in our society.«

Dr. Stefan Wolf,  
CEO of ElringKlinger AG

ElringKlinger handed over the funds raised by this event to the Asylum Seeker Working Party of Ermstal. The money will be used to finance things like psychological counseling, language courses, and other essential measures to facilitate the integration of refugees in our society and in the workplace.



Two runners after crossing the finish line.

## WORK FOR AND WITH PEOPLE WITH DISABILITIES



The inaugurated third warehouse of BruderhausDiakonie with sufficient capacity for 350 pallet spaces is a place where people with disabilities pack spare parts for ElringKlinger AG.

**For 20 years now, ElringKlinger AG has worked closely with the social welfare agency BruderhausDiakonie. The aim of enabling people with disabilities to participate in the working world within the scope of their own abilities has always been at the heart of this partnership. Cooperation between ElringKlinger AG and BruderhausDiakonie workshops expanded with the opening of a third warehouse.**

In May 2017, ElringKlinger and BruderhausDiakonie, which runs workshops within the immediate vicinity of the ElringKlinger AG headquarters in Dettingen/Erms, opened a further warehouse building to expand the existing partnership. This means even more work will be able to be assigned to people with disabilities who are employed by BruderhausDiakonie.

This includes packaging work, which disabled people carry out on behalf of the Aftermarket division of ElringKlinger AG – such as inspecting incoming goods or assembling and packing cylinder-head bolt sets. The individual tasks are tailored specifically to the physical capabilities of the employees concerned.

At a joint official opening ceremony, employees of ElringKlinger and BruderhausDiakonie commissioned the new warehouse building. A football game with teams from both sides followed as part of the accompanying program and a shared barbecue rounded off the celebrations.

This collaboration with BruderhausDiakonie represents far more to ElringKlinger than a commercial business relationship. The needs of the employees flow into the planning of order commissioning, which requires particularly close consultation with everyone concerned. Over time, a special relationship of trust has thus developed, which was cemented in 2014 by the signing of a ten-year contract. This ensures the best possible continuity for the affected employees in their day-to-day lives. For the individuals concerned, this not only gives them the opportunity to identify with their work but also secures their long-term participation in the workplace.



A very different example of inclusivity – a friendly football game to mark the official opening of the new warehouse gave ElringKlinger staff and employees of BruderhausDiakonie the chance to connect in a sporting context.



The joy of winning the trophy.



## DONATIONS AS AN ELEMENT OF SOCIAL RESPONSIBILITY

Beyond the normal operating sphere of the company, there are people in need all over the world. ElringKlinger sees donations as one way of exercising social responsibility far beyond the immediate business context. In 2017, the company made contributions to projects that help people in need or those living in particular hardship. The initiative often came from ElringKlinger sites with a local connection, as illustrated by the following two examples.



Blankets, food, and everyday items – following the earthquake in Mexico, ElringKlinger employees collected material donations for inhabitants of a home for the elderly in the earthquake region.

### Material donations for earthquake victims in Mexico

Immediately after the severe earthquake in September 2017 in the region surrounding Mexico City, ElringKlinger México, S.A. de C.V. in Toluca, Mexico, ran a very comprehensive material donation campaign for the affected inhabitants. Though it was initiated by company management, the workforce also participated by offering material donations and 15 containers were collected for distribution to earthquake victims of three affected cities. Local employees organized the donation drive and also took responsibility for handing over the goods themselves in each location.



In 2017, ElringKlinger supported the Emmanuel Public School in Pune, India, by providing a financial donation for a practical purpose.

### Support for school in India benefits children in need

In December 2017, ElringKlinger's subsidiary company in Pune, India, ElringKlinger Automotive Components (India) Pvt. Ltd, presented the Emmanuel Public School in Pune, India, with a donation of around 2,000 euros. The money will be used to install new sanitation systems to improve hygiene conditions at the school. This educational institution was founded in 2013 as a means of supplementing the insufficient public schooling available in some areas of India, so that children from poor communities can have access to good education.



# IMPRINT

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