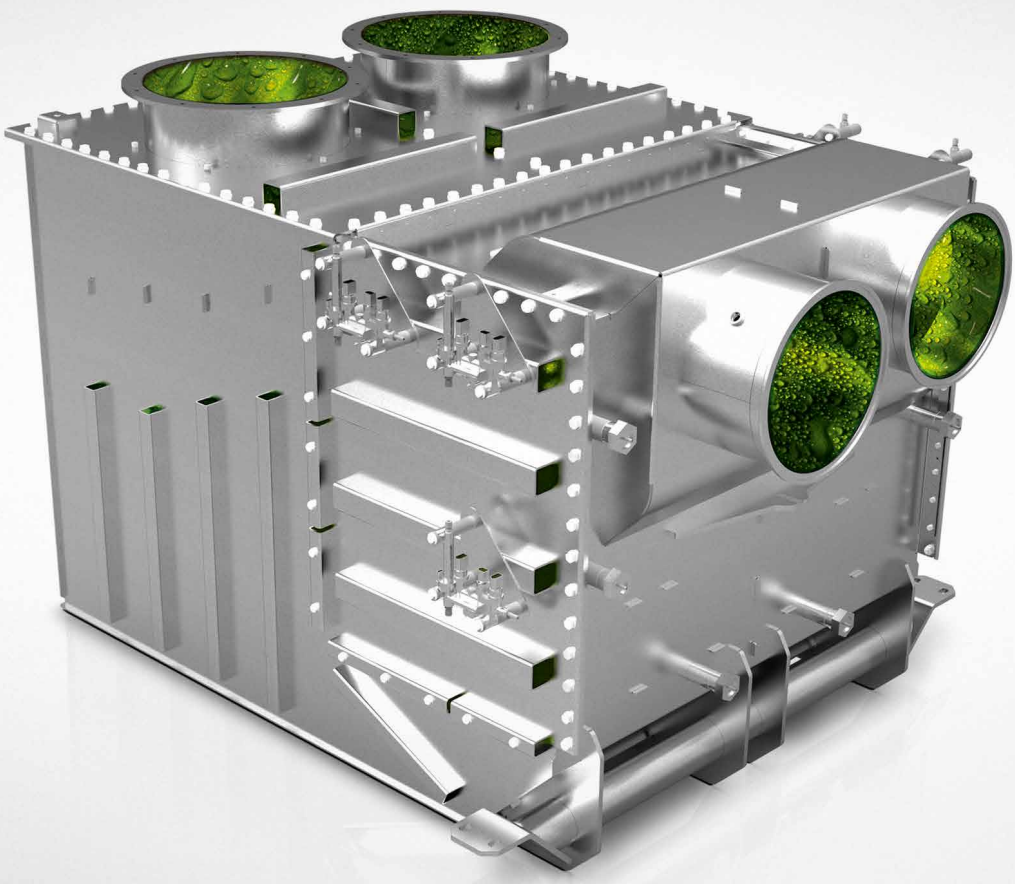
CSR REPORT 2012

SHAPING THE MOBILITY OF TOMORROW



elringklinger

ElringKlinger AG: About us

ElringKlinger is a global automotive supplier based in Dettingen/Erms (Germany). The MDAX-listed company supplies nearly all of the world's vehicle and engine manufacturers with cylinder-head and specialty gaskets, plastic housing modules, shielding components for engines, transmissions, and exhaust systems, components for lithium-ion batteries and fuel cells, as well as entire exhaust gas purification systems. ElringKlinger Kunststofftechnik (Engineered Plastics) enhances the portfolio with products made of high-performance PTFE plastics which are also sold to sectors outside the automotive industry. The Group employs more than 6,400 people[1] at 42 sites around the globe (status: June 2013). In fiscal year 2012, ElringKlinger generated revenues of EUR 1,127.2 million and earnings before interest and taxes (EBIT) of EUR 136.0 million. The Walter H. Lechler family and the Klaus Lechler estate hold 52% of ElringKlinger AG's shares.

Shaping the mobility of tomorrow – About this report

This CSR Report (Corporate Social Responsibility) is ElringKlinger AG's second sustainability report. Unless stated otherwise, the information it contains relates to the entire ElringKlinger Group and the 2012 fiscal year. This report was published in August 2013 and is available in both the German and English languages. It is available in printed as well as in electronic form.

For more information, please refer to www.elringklinger.de/sustainability.

Title page: A combined exhaust gas purification system from ElringKlinger's Hug subsidiary containing an oxidation catalytic converter, diesel particulate filter, and SCR catalysis for the reduction of nitrogen oxides. The Hug systems reduce harmful soot particulates, nitrogen oxides, hydrocarbons, and carbon monoxide and are used in commercial vehicles, buses, construction machinery, ships, and locomotives among others, as well as in stationary engines such as power plants.

[1] For reasons of better readability, only the masculine form is used.

Sustainability is the foundation of our success

Dear ladies and gentlemen,

In 2012, we published the ElringKlinger Group's first sustainability report. Following the extremely positive response we received for that report, we are pleased to now present our second report.

At ElringKlinger, responsible thinking, sustainable actions, and economic success have always gone hand in hand. In all of our activities, we strive for the utmost in ecological efficiency: starting from product development and production processes to customer delivery. Our product solutions for the automotive industry contribute towards a reduction in emissions and lower fuel usage and thus make "green mobility" possible. In 2012, more than 100 new, environmentally-friendly products went into series production and we are already working on further innovations.

The demands we make on our products in terms of sustainability are underlined, for example, by awards such as the Deutscher Rohstoffeffizienzpreis (the German Raw Material Efficiency Prize), which we received in 2012 for the joint development of the CleanCoat™ coating for soot particulate filters with our consortium partner, NANO-X GmbH (more about this topic on page 7).

In the past year, we have also continued to expand our activities in the area of E-Mobility. In achieving EUR 6.6 million, we were able to increase revenues in this area by almost 50%. We continue to advance the development of battery technology and thus environmentally-friendly drive concepts through our participation in the user group of the research production facility for lithium-ion batteries for lithium-ion cells at the Center for Solar Energy and Hydrogen Research Baden-Württemberg. Additionally, we are a project partner in the "SafeBatt" research consortium which is working on the further development of safer battery technology for hybrid and electric vehicles.

However, at ElringKlinger the topic of sustainability does not end here: In 2012, we again initiated numerous projects not only concerning the area of environment but also in the areas of employees and social issues. We will introduce you to some of these projects in this report.

I hope you enjoy reading it.

Sincerely,

Dr. Stefan Wolf

Product portfolio for green mobility

Ever stricter emission limits are applicable worldwide. A current draft of the European Union, for example, provides for a limit of between 68 and 78 g/km of CO_2 emissions for newly registered passenger vehicles starting in the year 2025. In 2012, newly registered passenger vehicles in Germany still emitted 142 g/km of CO_2. Nevertheless: Also in the years to come, the traditional combustion engine will remain the dominant drive system. In order to continue to comply with these tight restrictions, the automotive industry is working at full steam on affordable solutions aimed at designing a more efficient and hence more environmentally-friendly combustion engine. At the same time, alternative drive technologies are being explored and tested.

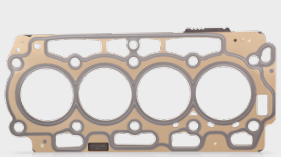
1 DOWNSIZING

In order to reduce fuel consumption and pollutant emissions, the trend in the automotive industry is going in the direction of ever smaller, but turbocharged engines. This trend is accompanied by higher injection pressures and temperatures which place enormous demands on the sealing technology in both the engine and turbocharger. In addition, a growing number of heat-sensitive parts must be shielded in the engine, transmission, underbody, and exhaust tract. The substitution of a vehicle's heavy metal parts with lightweight plastic parts also offers great potential for weight reduction and, for that reason, fuel reduction. This trend is also gaining importance in the commercial vehicle segment.

ELRINGKLINGER PRODUCTS

Gaskets
(31% of revenues)

- Cylinder-head gaskets
- Specialty gaskets, e.g. for turbochargers or exhaust tracts



Cylinder-head gaskets
with stopper geometries

Plastic housing modules
(20% of revenues)

- Cam covers
- Oil pans
- Oil suction pipe modules
- Charge air ducts, and many more

Oil suction pipe
module with integrated non-return valve

Thermal and acoustic shielding components (25% of revenues)

- Underbody shielding components
- Engine shielding components
- Shielding components for electromagnetic radiation

Shielding
component for electromagnetic radiation

As an automotive supplier, ElringKlinger sees its main task as providing product solutions surrounding the engine, transmission, and exhaust tract, as well as those in the area of electromobility which are aimed at CO_2 reduction and hence contribute to “green mobility”. Nearly the entire product range is designed with this aim in mind.

The role ElringKlinger will assume in the automotive world of the future can also be experienced through our film:

2 EXHAUST GAS PURIFICATION TECHNOLOGY

Strict emissions legislation for reducing pollutants such as soot particulates, carbon monoxide, hydrocarbons, and nitrogen oxides, make exhaust gas purification indispensable. This is not only true for passenger and commercial vehicles, but is becoming increasingly valid for buses, ships, locomotives, and stationary applications such as those in power plants.

ELRINGKLINGER PRODUCTS

Exhaust gas purification systems
(3% of revenues)

- Oxidation catalytic converter
- Diesel particulate filter
- SCR catalysis for reduction of nitrogen oxides

Combined exhaust gas purification system

3 E-MOBILITY

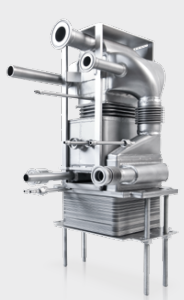
New drive technologies are being sought for the future. The industry's focus is on electric drives: whether battery-powered or with fuel cells. Since the euphoria for pure electric vehicles has considerably died down, a clear trend can be seen toward hybridization (a combination combustion and electric engine).

ELRINGKLINGER PRODUCTS

Bipolar plates for fuel cell stacks

Components for lithium-ion batteries, e.g. cell contact systems and cell housings

(1% of revenues)



SOFC fuel cell stack for supplying power on board for mobile applications

Resource conservation is the focus of production

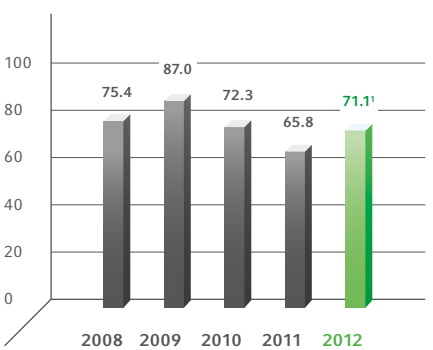
Next to product responsibility, our clear aim is to use as few resources as possible in production. Therefore, ElringKlinger strives to continuously reduce the use of resources on a relative basis. The relative direct and indirect CO_2 emissions should decline by 3% annually.

This self-imposed target was not achieved in 2012. This was mainly due to a new basis for calculation which was introduced in 2012 with the aim of creating a more stable basis for calculation. An important factor in calculating indirect CO_2 emissions is the underlying emission factor of the electricity mix. This was changed to the respective country mix in the determination of global CO_2 emissions. As of 2013, the aim of reducing the relative CO_2 emissions by 3% should be achievable once again.

In contrast, water and solvent consumption rose disproportionately in comparison to revenues as did the amount of waste. Around 84% of entire waste was metal waste which was mainly incurred during stamping processes in production and which was collected, sold, and recycled.

In 2012, as in the previous year, there were no environmental violations to report.

DEVELOPMENT OF TOTAL DIRECT AND INDIRECT CO_2 EMISSIONS IN METRIC TONS
per EUR 1 million in sales



¹ Excluding acquisitions

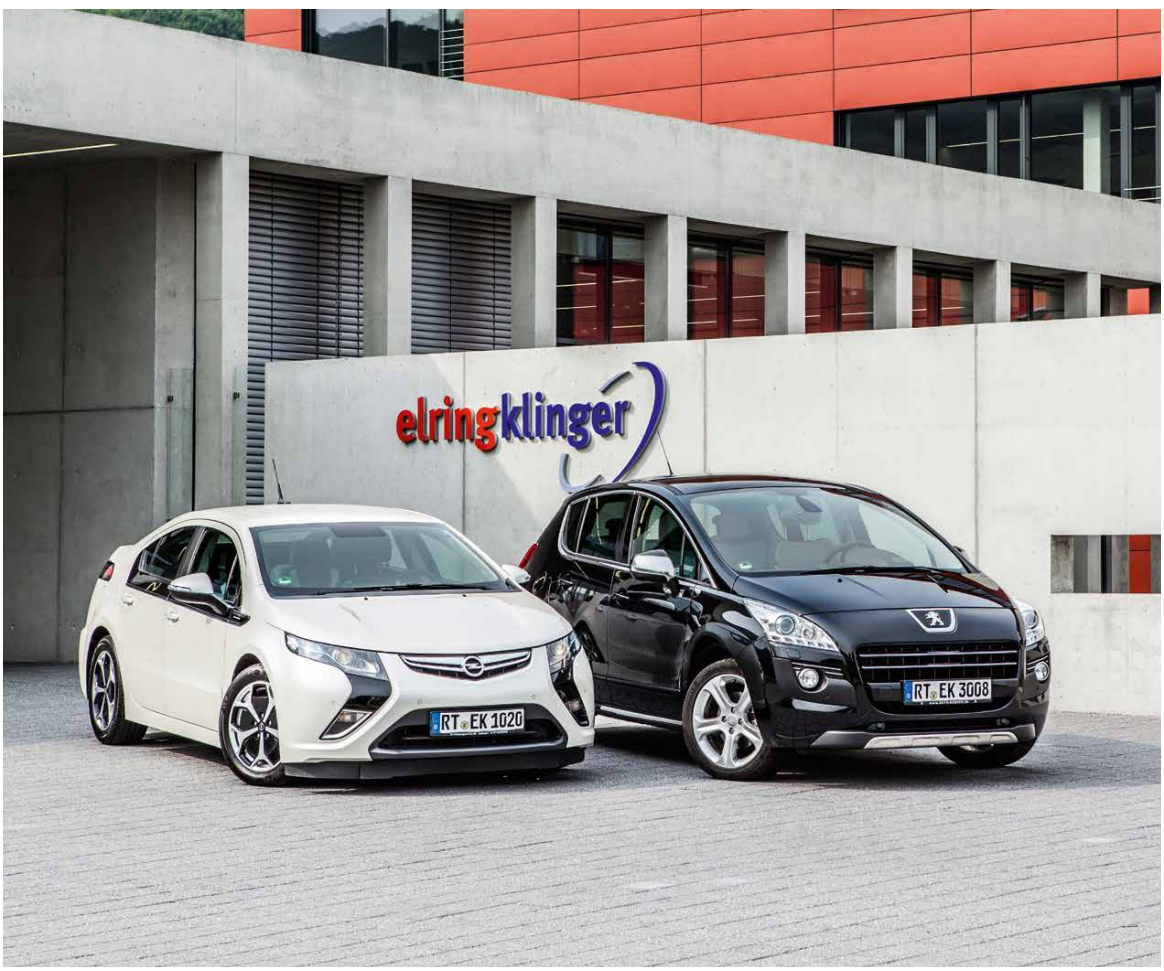
EMISSION-FREE ACROSS THE FACTORY

Since 2012, the internal mail distribution at our headquarters in Dettingen/Erms has been carried out on a completely emission-free basis. The employees in the mail room have a fully electric vehicle available for transportation purposes. This allows correspondence and packages to be distributed comfortably and completely pollutant-free even over greater distances between the individual buildings.

ELRINGKLINGER GROUP'S KEY ENVIRONMENTAL INDICATORS

	2012 incl. acquisitions	2012 excl. acquisitions[1]	2011[2]	2010	2009	2008
Total direct and indirect CO_2 emissions in metric tons	82,180	80,100	68,000	57,500	50,400	49,600
CO_2 emissions in metric tons per EUR 1 million in sales	72.9	71.1	65.8	72.3	87.0	75.4
Total direct CO_2 emissions in metric tons	22,780	22,400	20,000	16,700	13,700	16,200
of which direct CO_2 emissions in metric tons from gas, oil, motor test benches among others	22,200	21,800	19,400	16,700	13,700	16,200
of which direct CO_2 emissions in metric tons from the company vehicle fleet[3]	580	570	600	–	–	–
Total indirect CO_2 emissions in metric tons	59,400	57,700	48,000	40,800	36,700	33,400
of which indirect CO_2 emissions from electricity in metric tons	56,900	55,200	46,000	40,800	36,700	33,400
of which indirect CO_2 emissions from air travel[4] in metric tons	2,500		2,000	–	–	–
NOx emissions[5] in metric tons	26		22	–	–	–
Absolute energy consumption in MWh (electricity, gas, and other energy sources)	226,700	221,400	199,800	168,100	125,300	141,000
Absolute energy consumption in MWh per EUR 1 million in sales	201.1	196.4	193.5	211.3	216.1	214.4
of which electricity consumption in MWh	136,100	132,700	119,500	98,700	72,900	79,300
Electricity consumption in MWh per EUR 1 million in sales	120.7	117.7	115.7	124.0	125.7	120.5
Water consumption in m³	168,100	165,200	162,200	129,200	87,200	92,500
Solvents in metric tons	950	940	930	850	600	840
Total waste in metric tons	43,100	42,800	42,600	34,500	23,200	29,700
of which metal waste in metric tons	36,100	35,800	35,700	28,500	18,800	23,700

[1] Excluding the former ThaWa GmbH acquired in 2012 and the Hummel Formen Group which were not included in 2011
[2] Comparison with previous year is limited due to acquisitions carried out in 2011
[3] Fleet of the AG's locations of Dettingen/Erms, Gelting, Langenzenn, Runkel, Thale; CO_2 emission reporting since 2012
[4] Air travel of the locations in Germany, Switzerland, and France as well as the centrally recorded flights of the locations in England and the USA; CO_2 emission reporting since 2012
[5] Only includes the Dettingen/Erms location; NOx emission reporting since 2012



VEHICLE FLEET GOES GREEN

In 2012 ElringKlinger purchased its first electric vehicle to optimize the CO_2 emissions of the Company's own fleet. This plug-in hybrid, which combines an electric engine with a classic combustion engine as range extender, operates in an extremely environmentally-friendly manner with an average CO_2 emission of only 27 g/km. In comparison: Although the average CO_2 emission of ElringKlinger AG's fleet decreased in 2012 it amounted to 157 (previous year: 159) g/km. Incidentally, ElringKlinger delivers the cylinder-head gasket, specialty gaskets, and plastic housing modules for this model as well as the shielding components for turbochargers and catalytic converters. ElringKlinger consistently pursues its green fleet strategy: In the meantime, an environmentally-friendly diesel hybrid vehicle has been added to the fleet.

Aiming for the highest quality in the entire supply chain

High quality standards not only secure the top quality ElringKlinger stands for but are also a prerequisite for environmentally sound economic practices. All of ElringKlinger's production sites worldwide are certified according to the automotive industry standard TS 16949 and ISO 9001 except for the new factory in Indonesia where certification is scheduled for 2014. In addition, all production sites have an environmental management system in accordance with ISO 14001.

ElringKlinger also expects its suppliers to comply with all of the prevailing environmental regulations and laws. Suppliers are also required to comply with ElringKlinger's Corporate Code of Ethics as well as the formidable internal quality and environmental guidelines. Regular audits and clearly defined information processes ensure close involvement in ElringKlinger's quality management system.

DEUTSCHER ROHSTOFFEFFIZIENZPREIS (GERMAN RAW MATERIAL EFFICIENCY PRIZE) FOR ELRINGKLINGER

The Deutscher Rohstoffeffizienzpreis 2012 award of the German Federal Ministry of Economics and Technology's received by our CleanCoat™ coating demonstrates just how environmentally friendly ElringKlinger products really are. As a consortium partner of NANO-X GmbH, ElringKlinger received this award for the jointly-developed CleanCoat™ soot catalytic converter, which is free from heavy and precious metals. This technology is not only environmentally-friendly but it also reduces fuel consumption and thus makes a measurable contribution to the reduction of CO_2 emissions. This catalytic converter is already being used in commercial vehicles, buses, construction machinery, and locomotives. Further application areas are ships and stationary engines such as power plants.

195,000

kWh of green energy

In 2012, the new factory for plastic housing modules in Dettingen/Erms was put into operation. In the new factory, a photovoltaic system with capacity of around 450 kW has been installed on roofage of approximately 3,000 m². It generated around 195,000 kWh of green energy in the period from September 2012 to May 2013.

A modern human resources policy as the foundation for the Company's long-term success

To stimulate high performance, ElringKlinger offers its employees an attractive working environment. An applicable Company-wide Corporate Code of Ethics sets binding principles for all employees and the management with regards to non-discriminatory employment, employee development, compensation, working hours, and health and safety. This Code is publicly available on the Company's website: www.elringklinger.de/code-of-ethics.

Job security also plays an important role. The Management Board and the works council have concluded a job security agreement for the factories in Dettingen/Erms, Langenzenn, and Runkel. This agreement was extended at the beginning of 2013 and precludes operation-related redundancies until the end of 2016. In turn, production productivity should increase a respective 3 and 2.5 percentage points annually.

To enable employees to take part in the economic success of the Company, they also received a bonus in 2013 for the past fiscal year. Employees of ElringKlinger AG, ElringKlinger Kunststofftechnik GmbH, and Elring Klinger Motortechnik GmbH each received EUR 1,300. In total, ElringKlinger paid a special bonus of EUR 3.7 million to its employees.

ElringKlinger stands by its social responsibility and trains the next generation of employees: In September 2012, 27 new trainees and students began their careers at ElringKlinger. In the fall of 2013, a further 24 young people started their training in either the technical or commercial areas at ElringKlinger or as students at dual universities. Moreover, every year the Company offers pupil and student placements and bachelor and master theses.

A CODE OF CONDUCT FOR UNIFORM COMPANY VALUES

A Group-wide Code of Conduct was adopted in April 2013 which offers guidelines and standards for the behavior of all employees concerning topics such as corruption, conflicts of interest, fair competition, data protection, and discrimination. The Code of Conduct should ensure that all employees are bound by the same values and objectives and act according to those in their respective areas of responsibility. Defining binding guidelines and ensuring they are carried out is the responsibility of the Chief Compliance Officer, who reports directly to the Chairman of the Management Board. Additionally, further regionally responsible Compliance Officers were appointed.

FAMILY-ORIENTED HUMAN RESOURCES POLICY

To improve the reconcilability of family and work life and thus make it easier for women in particular to resume their careers, ElringKlinger initiated a partnership with a local kindergarten last year at its headquarters in Dettingen/Erms. ElringKlinger has a contingent of childcare places at its disposal especially for children under three years of age. These places may be given to employees' children and are subsidized by ElringKlinger. In the 2013 summer holidays, ElringKlinger also offered holiday care for employees' school age children for the first time. The response has been very positive: Many parents have registered their children for the program.

ELRINGKLINGER GROUP'S KEY HR INDICATORS

	as at Dec. 31, 2012	as at Dec. 31, 2011	as at Dec. 31, 2010
Total number of employees	6,263	6,075	4,676
of which men	69.7 %	69.4 %	68.7 %
of which women	30.3 %	30.6 %	31.3 %
Average number of employees	6,314	5,729	4,453
Composition according to age groups			
Less than 30 years old	24.3 %	25.6 %	26.6 %
30 to 50 years old	56.8 %	55.7 %	55.0 %
Over 50 years old	18.9 %	18.7 %	18.4 %
Percentage of trainees	2.5 %	2.4 %	2.7 %
Interns and graduate students	67	117	84
Staff turnover rate	6.7 %	5.8 %	3.3 %
Average number of sick days per employee	9.4	8.6	8.2
Employees covered by collective agreements	4,554	3,927	3,521
Number of qualification interviews conducted	4,844	4,616	2,259
Percentage of part-time employees	4.6 %	4.6 %	4.7 %
Employees on permanent contracts	5,433	5,413	3,940
Number of employees with severe disabilities	189	178	122
Number of employees in management positions[1]	449	260	-
of which women	55	32	-
of which local nationals	420	178	-
Work-related accidents leading to more than a 3-day absence from work	236	178	196
Work-related fatalities	0	0	-
Total number of employees			
in partial retirement	86	78	-
on maternity leave	46	25	-
on parental leave	46	45	-
Submitted improvement suggestions	916	1,150	823
Improvement suggestions successfully implemented	344	490	308
Improvement suggestions rejected	389	166	-

[1] Comparison with previous year is limited since an additional level in the hierarchy level was added in 2012 (Team Leaders)

Assuming social responsibility

ElringKlinger stands by its commitment to social responsibility. For over ten years, the Company has been working together with Bruderhaus Diakonie Foundation and its adjacent workshop for disabled persons in Dettingen/Erms.

ElringKlinger AG provides regular financial support to social projects. In 2012, approximately EUR 70,000 (EUR 45,000) was given for non-profit purposes. For example, ElringKlinger donated to the community foundation at its headquarters in Dettingen/Erms. This volunteer organization supports social, cultural, and charitable causes. Its aim is to offer citizens a platform in which they may take a shared responsibility in the future development of the community. Donations to political parties or foreign governments were not given in 2012 nor in the prior year.

ElringKlinger also indirectly exercises its social engagement through the Paul Lechler Foundation. The Lechler families are the sponsors of the foundation and at the same time they are also ElringKlinger's major shareholders. Year over year, a portion of the Company's profits flow to the Paul Lechler Foundation. Among others, the foundation supports the vocational training of young, disabled people and disadvantaged and disabled people's integration into working life.

SOCIAL COMMITMENT AROUND THE GLOBE

ElringKlinger further expanded its social commitment in 2012: As of recently, ElringKlinger has been working together in the USA with the "Rehabilitation Industries of Northeast Georgia" (RING). This organization supports disabled people, for example, with occupational reintegration. Since mid-2012, nine people with physical disabilities have become employed through RING at ElringKlinger's location in Buford, USA. Among others, they carry out basic assembly work, sorting and packaging tasks and visual inspections.

Investing with a green thumb

Many investors are paying greater attention to "green" criteria when making their investment decisions. A reflection of this is the growing number of sustainability conferences in which ElringKlinger takes part in every year. ElringKlinger's shares are particularly attractive for sustainability-oriented investors:

- As early as 2010, ElringKlinger was one of the few automotive suppliers represented in the "DAXglobal® Sarasin Sustainability Germany Index".
- ElringKlinger was awarded by DZ Bank with the coveted "Seal of Quality for Sustainability".
- ElringKlinger is well rated by the renowned Sustainalytics rating agency: In 2012, ElringKlinger took 12th place out of 48 in the "automotive components" segment.
- As one of the first automotive suppliers, ElringKlinger has been taking part in the Carbon Disclosure Project since 2007. In 2012, the Company had been rated as "74 C" and thus lies above the industry's average.
- In 2013, ElringKlinger was awarded Prime (C+) investment status once again from oekom research, one of the leading sustainability rating agencies.

What climate change means for the automotive industry - Opportunities for ElringKlinger

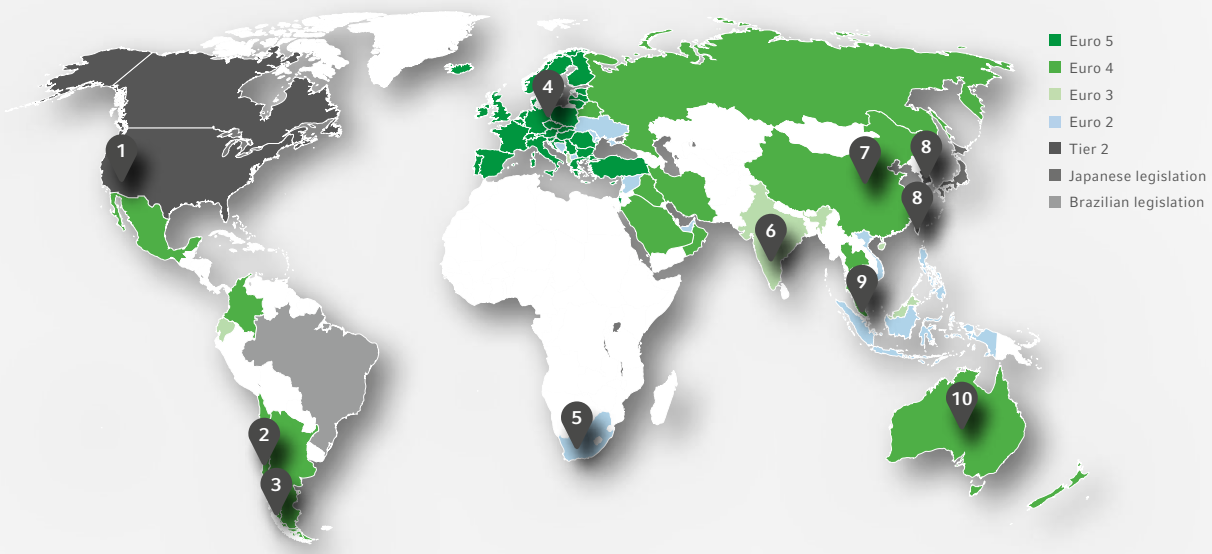
Climate change presents the automotive industry with great challenges. The main aim of vehicle manufacturers is to reduce CO_2 greenhouse gases.

Already today, Europe has one of the strongest legislation in the world with regard to the CO_2 emissions of new vehicles. By 2020, the average CO_2 emissions of newly registered passenger vehicles must fall to 95 g/km. This value amounted to 136.1 g/km in 2012. Beyond this, even levels ranging between 68 and 78 g/km by 2025 are being discussed. CO_2 emissions in the USA and China must also decline by more than 30% respectively in the coming years.

Beyond the CO_2 emission provisions, standards are being significantly tightened at the same time for a reduction in pollutants such as carbon monoxide, hydrocarbons, nitrogen oxides and soot particulates ("fine particulate matter"). An example of this is the demanding European standards. As the graphs below illustrates, the fast-growing emerging countries are also basing their legislation on these standards.

This development presents a great opportunity for ElringKlinger since the Company has focused its development activities and its product program strategically along the topics of consumption and emission reduction and alternative drive technologies.

WORLDWIDE EMISSION LEGISLATION FOR PASSENGER CARS



1 **CALIFORNIA**
LEV II / LEV III

2 **CHILE**
Euro 5 or Tier 2 for diesel

3 **ARGENTINA**
Euro 5 for Diesel

4 **EU 27**
Euro 6 as of Sept. 1, 2014

5 **SOUTH AFRICA**
Plans for Euro 5

6 **INDIA**
Euro 4 in New Delhi + 12 metropoles

7 **BEIJING**
Euro 5

8 **SOUTH KOREA AND TAIWAN**
Euro 5 for diesel

9 **SINGAPORE**
Euro 4 for diesel

10 **AUSTRALIA**
Euro 5 as of Nov. 1, 2013

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