

SUSTAINABILITY REPORT 2015

pure
commitment

elringklinger

The logo for elringklinger features the company name in a sans-serif font. 'elring' is in red and 'klinger' is in blue. To the right of the text is a blue graphic element consisting of two curved lines that form a partial circle or a stylized 'e' shape.

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Ladies and gentlemen,

We can look back on a year in which the international community put in place the mechanisms for a future that takes account of our social and environmental responsibilities. In September 2015, for example, the United Nations Summit adopted the “2030 Agenda for Sustainable Development” in the form of a global action plan that encompasses seventeen Sustainable Development goals. Subsequently, in December 2015, the United Nations Climate Change Conference agreed to work to limit global temperature rise to well below 2 degrees Celsius for the purpose of counteracting the adverse effects of climate change. One thing is certain: It will take a concerted effort by all those involved – i.e., sovereign states, business, academia, and the general public ensuring sustainable development – to meet these goals. As ElringKlinger sees it, there can be no doubt that business has an important role to play. After all, some of today’s products and services are essential to securing the livelihood of future generations.

Our commitment to embracing our responsibilities in the area of sustainability has formed an essential element of our company values for many years now and is also to be seen as an integral part of our corporate strategy. We are of the firm opinion that growth and economic success can be reconciled with environmentally friendly production processes – and that these factors contribute to healthy business development. In keeping with the title “pure commitment” chosen for our sustainability report, now in its fifth year of publication, we would like to show you how we discharge our responsibilities in respect of the environment, our workforce, and society as part of our day-to-day operations. Overall, ElringKlinger’s approach to sustainability can be divided into four main areas: Products and Innovations; Environment and Quality; Employees; and Social Commitment. We made progress in all four areas over the course of 2015.

As a strong development partner, we – together with our **Products and Innovations** – help our customers to gradually reduce the CO₂ emissions of their vehicle fleets so that they can meet strict CO₂ standards worldwide. In addition to pursuing customer-focused R&D, our research departments also make a point of thinking outside the box, the aim being to help shape the future of environmentally friendly mobility. As you will discover from the articles on the following pages, the emphasis of our research activities in 2015 was, among other aspects, on battery and fuel cell technology.

In the second key area, **Environment and Quality**, measures to scale back direct and indirect CO₂ emissions in 2015 proved effective. As a result, we managed to reduce our emissions by a percentage figure in the low single digits. We achieved this, not least, through the committed contribution of our **Employees**. We are fully aware of how important each and every staff member is to the company. With this in mind, we make every effort to create a work environment in which every employee is given the opportunity to make the best possible contribution.

We fulfill our **Social Commitment** in those regions and communities in which we operate. In 2015, we again supported a number of social projects and sponsored scientific and education projects. This report includes a summary of some of these projects. ElringKlinger also provides indirect support for social projects through the Paul Lechler Foundation, which is also a major shareholder in ElringKlinger AG. An interview with the foundation’s chairman, Dieter Hauswirth, provides further information on the foundation itself and its values.

In the current fiscal year 2016, we will continue to work on sustainable development for the purpose of attaining our goals.



I hope you enjoy reading our latest report.

Yours sincerely,

Dr. Stefan Wolf
Chief Executive Officer

Profile and *period covered by the report*

This is the fifth time in succession that ElringKlinger has published a separate sustainability report. The Group attaches great importance to open and transparent communication as well as a close and extensive dialogue with its stakeholders.

The structure of this year's sustainability report reflects the four strategic focal points of action within the area of sustainability:

- Products and innovations
- Environment and quality
- Employees
- Social commitment

Unless otherwise specified, the information presented refers to the 2015 financial year and the entire ElringKlinger Group. Reporting does not extend to investees and entities beyond the consolidated group.

Published on an annual basis, the sustainability report is available in German and in English. In order to ensure that the information disclosed is up to date, ElringKlinger reviews and adjusts its online content in regular intervals. Reporting is based on the standards of the Global Reporting Initiative (core version). No external audit was conducted in respect of this report.



CSR-REPORT GERMAN

Company *profile*

ElringKlinger AG has its registered office in Dettingen an der Erms, Germany. As an independent and globally positioned development partner and original equipment manufacturer within the automotive industry, the Group produces cylinder head and specialty gaskets, lightweight plastic components, and plastic housing modules for the drive train and the vehicle body, thermal and acoustic shielding components for the engine, transmission, and exhaust tract, and components for lithium-ion batteries and fuel cell systems. The company's portfolio also includes particulate filters and end-to-end exhaust gas purification systems used in ships, buses, trucks, trains, and construction and agricultural machinery as well as in power stations. Within the Engineered Plastics segment the Group produces high-performance plastics that are also destined for fields of application outside the automotive industry. Additionally, the ElringKlinger Group supplies the independent aftermarket, the main focus being on flat metal-based gaskets and complete gasket sets.

In February 2015, ElringKlinger took over US supplier M&W Manufacturing Company, Inc., Warren, USA. The acquisition has seen the Specialty Gaskets division strengthen its geographical profile in the US market. It has also emerged as the North American market leader for control plates used in automatic transmissions.

Operating with 33 production sites as well as 12 sales and service offices in 21 countries, the ElringKlinger Group is committed to maintaining its proximity to customers and ensuring

maximum availability of its product portfolio around the globe. The Group's customer base includes nearly all engine manufacturers. More than 7,900 employees are dedicated to this cause worldwide. In fiscal 2015, the Group generated revenue of EUR 1,507.3 million and EBIT before purchase price allocation of EUR 140.4 million.

ElringKlinger AG's strategic goal is to raise its enterprise value in a manner that is sustainable. To this end, the company built a global network of locations and invested increasingly in infrastructure-related measures. Fundamentally, ElringKlinger is looking to achieve organic revenue growth of between 5 and 7 percent per annum. This goal is being pursued by evolving ElringKlinger's established business as well as introducing new technologies.

ElringKlinger acts in accordance with principles of sustainable and responsible corporate governance. For this purpose, the Group has put in place guidelines that are applicable at a global level; they provide a framework for day-to-day business activities. This includes, above all, a pledge to uphold human rights along the value chain. Conformity with these guidelines as well as statutory provisions is monitored within a compliance and risk management system.

Compliance

In 2013, ElringKlinger introduced a compliance system for the purpose of ensuring adherence to regulations. The code of conduct is to be seen as the principal component of the compliance system. Among other aspects, it covers issues such as fair competition, corruption, discrimination, and the protection of confidential data. The Chief Compliance Officer, who reports directly to the Management Board, is obliged to investigate any instances of compliance-related infringements as soon as he receives relevant information. Additional Compliance Officers are appointed for the individual regions in which ElringKlinger is active; they, in turn, report to the Chief Compliance Officer. There were no significant infringements in 2015.

Employees, and in particular managerial staff, receive targeted training in order to help prevent compliance-related transgressions. Additionally, as part of training events conducted over the course of 2015 employees from Sales and Purchasing were instructed specifically on the legal requirements relating to the granting and acceptance of gifts/gratuities as well as on competition and anti-trust laws.



The ElringKlinger Group

and its stakeholders

Dialogue with stakeholders

Operating at 45 sites in 21 countries worldwide, ElringKlinger interacts not only with the environment but also with various stakeholder groups. The Group maintains a close dialogue with these stakeholders in order to incorporate their knowledge, expectations, and opinions within the sustainability process and to fulfill the requirements associated with its position in society.



Products and *innovations*

Focus on reducing emissions

As an automotive supplier, ElringKlinger has its sights firmly on one of the industry's megatrends – emission reduction. Our strategic focus is on the development of cutting-edge green technologies that not only help to reduce CO₂ but also cut levels of harmful nitrogen oxides, hydrocarbons, and particulates. Even now, almost the entire product range offered by the ElringKlinger Group – featuring solutions relating to engine, transmission, vehicle body, and exhaust system applications as well as in the field of e-mobility – is centered on the goals of reducing emissions and promoting “green mobility.”

Industry megatrend towards emission reduction *driven by stringent regulation*

Climate change and the increasing scarcity of resources have brought about a major rethink among policymakers and the general public. In turn, this has led to a greater focus on action to protect the environment. Many countries are driving this change by adopting stricter legislation and public funding for development projects. In addition, more and more decisions are being taken at regional level, e.g., temporary driving restrictions in cities.

As a result of this rethink, we need to adapt and refine our existing products continuously to meet changing requirements, for example through the introduction of new technology. At the same time, it creates a valuable platform that we can use to successfully market new emission-reducing products. In this context, ElringKlinger once again increased its spending on research and development in 2015 with a total of EUR 71.2 (66.5) million.

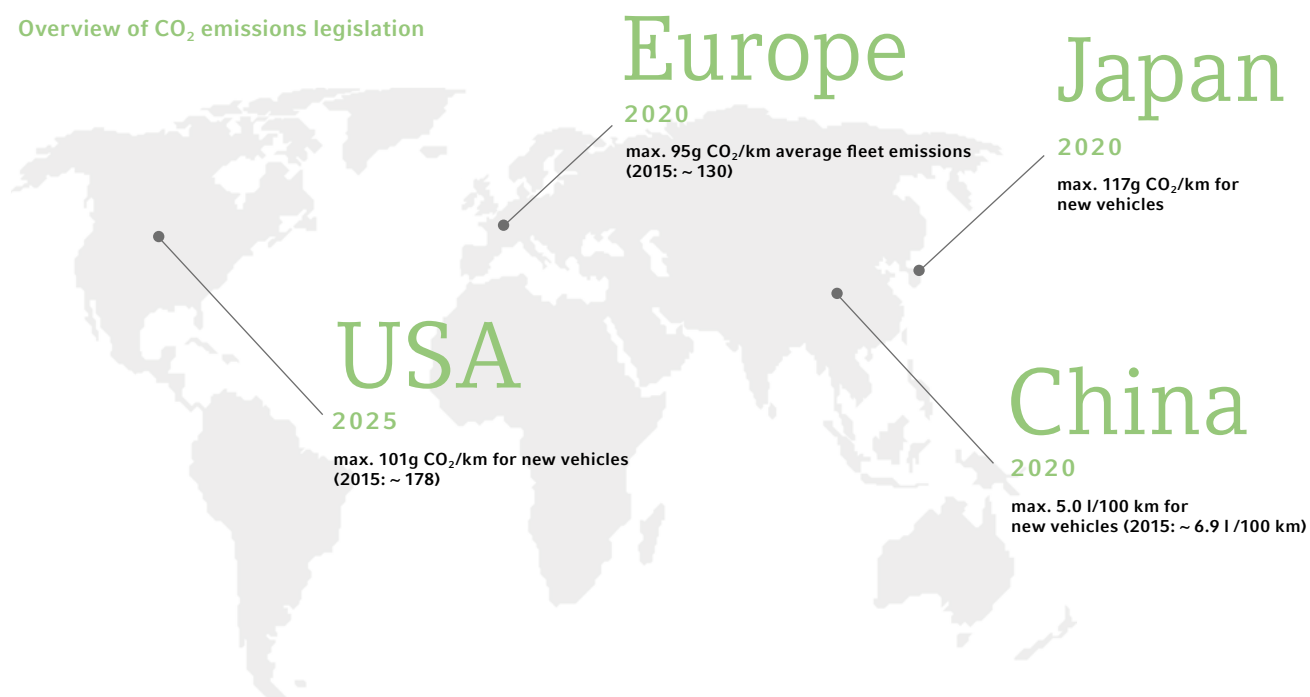
The Group's capacity for innovation is reflected throughout the portfolio. In 2015, we applied for around 70 (94) new patents. The lower figure compared with the previous year is merely due to administrative reasons with regard to patent processing. Around one third of all ElringKlinger's products are less than three years old. In order to maintain this capacity for innovation, we have consistently expanded our workforce. As of December 31, 2015, the headcount in the Group's Research and Development department stood at 562 (538).

	2015	2014
R&D costs ¹ (in € million)	71.2	66.5
F&E ratio ¹	5 %	5 %
Capitalization ratio ²	14 %	14 %
Patent applications	67	94
R&D employees	562	538

¹ Including capitalized R&D costs.

² Capitalized R&D costs in relation to R&D costs including capitalized R&D costs.

Overview of CO₂ emissions legislation



ElringKlinger's product portfolio

Focus on core automotive industry issues

LIGHTWEIGHT CONSTRUCTION: REPLACING METAL WITH PLASTIC

The trend toward lightweight construction remains strong. Lower weight means that less energy is required to move the vehicle. For combustion engines, this translates into less fuel consumption and lower emissions, while vehicles fitted with alternative drive systems need less electrical power. The challenges ElringKlinger has set itself include replacing metal with plastic components and producing design solutions that incorporate new materials. There are numerous potential applications in this field, e.g., structural components for the vehicle body, battery mountings, seat shells, and spare tire modules.

[COMPONENTS FOR POWERTRAIN](#)

[COMPONENTS FOR CAR BODY](#)



ALTERNATIVE DRIVES: KEY TECHNOLOGIES WITH A BRIGHT FUTURE

The development of new battery and fuel cell technology is driven by the goal of 100% emission-free mobility. Having positioned itself at a very early stage to meet the demand for all types of drive system, ElringKlinger already supplies battery and fuel cell components in series production.

[BATTERY TECHNOLOGY AND ELECTROMOBILITY](#)

[FUEL CELLS](#)



OPTIMIZING THE COMBUSTION ENGINE: MORE EXACTING REQUIREMENTS FOR GASKET AND THERMAL MANAGEMENT SYSTEMS

There is still a good deal of scope for optimization of the combustion engine in order to reduce consumption and/or boost performance. By way of example, in most cases performance can at least be maintained by downsizing to a smaller engine and incorporating a turbocharger. The challenge created by such highly efficient engines is that they produce higher injection pressures and temperatures. ElringKlinger has responded to the huge demands made on engine sealing and thermal management components by developing innovative cylinder-head and specialty gaskets as well as shielding systems.

[CYLINDER-HEAD GASKETS](#)

[SPECIALITY GASKETS](#)

[SHIELDING SYSTEMS](#)



EXHAUST GAS PURIFICATION : REDUCING EMISSIONS

Road traffic accounts for only a fraction of all the emissions that damage our health and the environment. Nitrogen oxides, hydrocarbons, and particulates are produced whenever fossil-fuel-based combustion engines are used – in the maritime industry, power stations, construction machinery, and other sectors. ElringKlinger develops, manufactures, and sells exhaust gas purification systems – reducing particulate and exhaust gas emissions by up to 99% – for almost every possible application in the non-automotive field.

[EXHAUST GAS PURIFICATION](#)



Award-winning fuel cell systems from ElringKlinger



Exploiting the potential of PEM fuel cell modules as a source of energy

At the WORLD OF ENERGY SOLUTIONS trade show in October 2015 ElringKlinger was presented with an f-cell award by the German federal state of Baden-Württemberg for innovative products based on fuel cell technology. The jury was impressed by our

BZM5 PEM fuel cell module, which is suitable for mobile applications in the 5-50 kW range such as forklifts, light trucks, and cars.

PEM (Proton Exchange Membrane) fuel cells transform the chemical energy created by the reaction of hydrogen with oxygen from the surrounding air into electrical energy. Generally, the cells are supplied with pure hydrogen from containers of compressed gas. They usually operate at between 80 and 90°C and are also known as low-temperature fuel cells.

The BZM5 module developed by ElringKlinger has allowed it to offer a commercially and technically viable solution at series production level, delivering zero-emission mobility across a wide range of applications.

ElringKlinger's New Business Areas division researches and develops new products in the field of alternative drive technologies such as fuel cells. In fact, the company has been developing fuel cell modules since back in 1999.

ElringKlinger fuel cells delivering green electricity for new windpower installations

Since July 2015, ElringKlinger has been supplying mobile fuel cell systems to the world's biggest producer of wind-power installations, providing green energy for new sites created in Germany, Poland, and Scotland. These turnkey systems are mounted in a car trailer and include a powerful solar power module and the fuel cells. The "PowerTrailer" systems are operated using conventional liquid gas. The innovative hybrid model supplies power as and when required, reducing CO₂ emissions by over 90 % compared with the diesel generators previously used. Furthermore, the electrical efficiency of the fuel cell systems is almost twice as high. They produce hardly any noise during operation and offer a standalone, off-grid power supply over a period of several months without the need for refilling. In

November 2015, ElringKlinger's PowerTrailer won a prestigious Ludwig Bölkow technology award from the German federal state of Mecklenburg-Vorpommern.

The Group's innovative fuel cell technology is also opening up new markets outside the automotive industry. In the field of high-temperature fuel cells (also known as SOFCs), which can be operated using a wide range of fossil fuels, ElringKlinger offers complete systems providing off-grid and largely emission-free electricity generation. Our acquisition of the fuel cell specialist new enerday GmbH (Neubrandenburg, Germany) has allowed us to build further on our well-established expertise in the high-temperature fuel cell market.



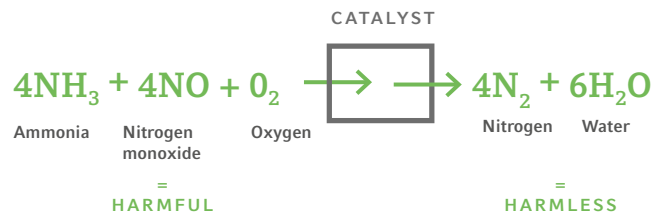
ElringKlinger's PowerTrailer: a mobile hybrid system in the 1,000 W class with fuel cell and photovoltaic module.

Changing times in the maritime industry

ElringKlinger's exhaust gas purification systems also meet extremely demanding specifications in the maritime industry

Wherever fossil fuels are used in combustion engines, the resulting exhaust gases are harmful to our health and the environment. The list includes nitrogen oxides (NOx), carbon monoxide (CO), unburnt hydrocarbons (HC), and (in the case of diesel engines) particulates. ElringKlinger is making a substantial and sustained contribution to the goal of reducing global exhaust gas and particulate emissions. A massive cut of **up to 99 %** is possible using our exhaust gas purification technology, i.e., the pollutants are not released into the air in the first place. The systems developed and produced by ElringKlinger are designed for almost every conceivable stationary or mobile application (with the exception of the car sector), e.g., power stations, construction and agricultural machinery, locomotives, buses, trucks, and ships. The company's Exhaust Gas Purification division can draw on over 30 years of experience in the field and has built up considerable expertise in the three most efficient emission-reducing technologies:

- 1) Diesel particulate filtration with catalytic soot burn-off
- 2) Selective catalytic reduction (SCR) of nitrogen oxides
- 3) Catalytic oxidation of hydrocarbons and carbon monoxide



SCR - Selective catalytic NOx reduction



Exhaust gas purification system awarded IMO Tier III certification

Following the introduction of IMO Tier III regulations, marine engines in vessels with keel-laying dates on or after January 1, 2016, now have to meet stricter requirements when sailing in certain designated zones. From a financial perspective, the new rules (e.g., an approx. 80 % reduction in admissible levels of nitrogen oxides in the exhaust gas mixture compared with the IMO Tier II limit) make it essential to equip vessels with effective exhaust gas purification systems. The solutions offered by ElringKlinger meet even the toughest regulations based on EPA and IMO standards. In December 2015, an Amels 188 series superyacht became the first vessel to be equipped with an IMO Tier III-compliant exhaust gas purification system. As well as an SCR module to reduce nitrogen oxide emissions, it includes a catalytically coated diesel particulate filter that captures over 99 % of even the tiniest particulates (20-300 nanometers) and reduces other pollutants to an extremely low level.

As a development and system partner to the maritime industry, ElringKlinger covers the entire spectrum of coastal/river-based and sea-going vessels. Our products make a significant contribution to the wider effort to keep our inland waterways and seas clean.

Legislation to reduce emissions in the maritime sector

Within the transport industry as a whole, the maritime sector is by far the biggest source of pollution. According to one environmental group*, 90 % of all global trade involves maritime transport. On that basis, the world's 15 biggest ships alone cause as much pollution as 750 million cars. Although retrofitting vessels with SCR and diesel particulate filter systems could reduce those emissions by up to 99 %, only 500 or so of the 90,000 ships that make up the global fleet are equipped with this technology. We believe it is vital to extend more stringent legislation on emissions to the maritime sector. At present, the main international regulations controlling emissions are those set by the US Environmental Protection Agency (EPA) and the International Maritime Organization, a special agency of the United Nations.

Regulation	IMO Tier III	EPA Tier 4
Organization	IMO International Maritime Organization	EPA United States Environmental Protection Agency
Established by	United Nations	US Government
Applicable to	Vessels with keel-laying dates on or after January 1, 2016, in designated special zones; stricter limits on NOx emissions apply in other special zones	All vessels sailing under a US flag

* German Nature And Biodiversity Conservation Union (NABU, 2013)

The future of mobility – *mobility of the future*

Armin Diez, Head of ElringKlinger's New Business Areas and E-Mobility divisions, talks about the changes affecting the automotive industry

2015 was a turbulent year for the automotive industry. For the first time ever German car makers produced over 15 million vehicles. However, in the second half of 2015 the industry's success was overshadowed above all by the Dieselgate scandal, which gave fresh impetus to the debate about whether and, if so, how we can meet Europe's ambitious CO₂ emissions target – a fleet average of 95 g of CO₂ per kilometer driven for all cars registered from 2021 onwards. One thing is certain: The EU will have to stick to the targets and penalties. Cars already account for 12 % of all greenhouse gas emissions. If those emissions don't fall, the EU will not be able to meet its climate and energy targets by the end of 2020.

Another consequence of Dieselgate is that European policy-makers are now addressing the issue of real driving emissions much more comprehensively, i.e., the vehicle's actual emissions in day-to-day use. According to the experts in this field, stricter testing of existing engines could produce emission readings up to 30 % higher than under the current testing regime.

As things stand at the moment, what are the alternatives? In the major industrial countries, the e-mobility market is characterized by expensive electric vehicles, the relatively low range of today's batteries, and a rudimentary recharging infrastructure. We need to deal with these obstacles before we can manage without the combustion engine. On that

basis I think it's fair to assume that the path towards alternative drive systems – pure e-mobility, for example – will be a gradual process of change rather than a series of giant leaps. In the meantime, hybrid solutions will act as a bridging technology. As far as the combustion engine is concerned, the potential for development is certainly finite, but I believe that a new generation of modern diesel-powered vehicles beyond the current Euro 6 standard will continue to play a role. Apart from the issue of nitrogen oxide emissions, which is definitely a problem with diesel engines, it is a known fact that diesels, due to the combustion method applied, produce lower carbon dioxide (CO₂) emissions than any gasoline-powered engine. Without diesel technology and innovative hybrid solutions it simply won't be possible to meet the strict limits on CO₂ emissions.

Car makers don't have much time for giant leaps between now and 2021. The automotive industry has ploughed a lot more money into e-mobility over the last few years. In Germany policymakers have offered additional incentives to stimulate demand, such as the EUR 4,000 subsidy available for buyers of new electric vehicles. Having said that, we need to see even greater resolve to bring about a transport revolution. We think that urgent action needs to be taken above all in major conurbations. Red alerts and temporary driving bans are now increasingly common because of severe air pollution. For that reason I think it's just a matter of time before we see governments take more effective measures. There could even be a complete driving ban for all vehicles with combustion engines.



Armin Diez was appointed Head of ElringKlinger's New Business Areas and Battery Technology divisions on July 1, 2016.

Norway has adopted one of the most successful approaches to transforming the way we get around. One in every five new cars is already fully electric. Why is that? It's simple, really. The Norwegian government has provided targeted incentives that give electric vehicles a clear advantage over vehicles fitted with combustion engines. When you buy an electric car in Norway, you don't pay any registration tax or vehicle tax or VAT. On top of that, you don't pay any tolls or municipal parking charges, and you can drive in the bus lane. And most important of all, the country already has a comprehensive network of recharging points. Compared with Germany, which has just 2,300, Norway has already built over 7,000 recharging stations.

As an energy storage device, the battery still has a lot of potential for development – from both a technological and commercial perspective. The industry is really only just beginning to harness that potential. At present, there is very little empirical information available about the useful life of a battery under real operating conditions. What's more, batteries are heavy, they take a long time to recharge, and their range is limited. Without economies of scale the result is that batteries remain very expensive. Also, if you are looking at the overall energy footprint, you have to factor in the energy that has to be generated in order to recharge the battery. It's important not to underestimate the additional demand this creates for sustainably produced electricity, for example from windpower, hydroelectric, or solar installations. It follows that we need to keep pushing ahead with the energy revolution.

At ElringKlinger we believe that the technological obstacles will be overcome gradually and that electric vehicles with a range of 400 to 600 kilometers will no longer be unusual in the medium term. It should be possible to cut recharging times to 15-20 minutes. At that point, if you factor in their

minimal operating and servicing costs as well, we would expect electric vehicles to become increasingly popular all over the world.

For ElringKlinger the ongoing development of alternative drive technologies is a clear priority. If you take our standardized electric drive applications, for example, we are in the process of building our own battery modules. Turning to fuel cells, we are busy researching ways of boosting the output of our PEM stacks from the current 50kW level. Our focus is on cost-effective, market-led product development. We have set up a specialist industrialization team that deals with value chain analysis, process technology, and production know-how.

Going forward, the whole field of battery technology will play an even more important role for ElringKlinger. Our cell contact systems are already in series production. The contact modules are designed to cope with very high currents for lithium-ion

batteries and are engineered precisely to meet our customers' individual requirements. They are welded directly to the battery's cell assembly and can compensate effectively for thermal cell expansion.

At the moment, we get more and more questions asking which of ElringKlinger's established products can be used to generate revenue if the traditional combustion engine with its cylinder-head gaskets and oil pans is on its way out over the long term. The Group is well positioned to meet that challenge with a broad and diversified portfolio. For example, gaskets will still be needed for the transmission in electric drive vehicles. We have successfully positioned our new lightweight vehicle body products, too. We believe there is tremendous potential for growth in this area particularly. After all, lighter electric vehicles need less energy to generate movement.

The automotive industry is changing, and at ElringKlinger our mindset is firmly geared to the future. We will do everything we can to ensure that the Group retains its strong market position and continues to grow on a sustainable and profitable basis.



ElringKlinger began series production of its high-performance cell contact systems in 2011.



Environment and *quality*

Environmental protection enshrined in corporate strategy

Environmental considerations are factored in at every stage of the Group's business activities. We have established an effective environmental management system to ensure that resources are always used in the most efficient way possible along the entire value chain. The Group's commitment in this area is clearly formulated in its quality and environmental guidelines.

ElringKlinger has set itself the target of reducing its direct and indirect CO₂ emissions (relative to sales) every year by a percentage figure in the low single digits. To this end, the Group continuously optimizes its internal processes and takes particular account of resource consumption when investing in new or upgraded materials and equipment.

Our products have an impact on the environment at every stage of their life cycle. In order to minimize this impact, all the Group's activities are based on clear environmental and quality guidelines. Furthermore, with the exception of Indonesia, all our worldwide production sites are certified to automotive industry standards TS 16949 or ISO 9001. Our environmental management system has been awarded ISO 14001 certification.

Emissions

Emissions from gas, heating oil, engine test stands, etc., as well as those caused by the company's own vehicle fleet, are used to determine the emissions caused directly by the company (scope 1 emissions). Indirect emissions (scope 2 or 3 emissions) encompass emissions attributable to electricity consumption as well as air travel.

In 2015, total direct and indirect CO₂ emissions stood at 91,320 metric tons, exceeding the figure for the previous year (90,840 metric tons) by 0.5 %. The Group's total CO₂ emissions increased at a slower rate than its total revenue. Consequently, relative CO₂ emissions fell to 60.6 metric tons of CO₂ per EUR 1 million of revenue, allowing ElringKlinger to exceed its target of reducing its relative CO₂ emissions by a percentage figure in the low single digits.

	2015 ¹	2014 ²
Total direct and indirect CO ₂ emissions in metric tons	91,320	90,840
CO ₂ emissions in metric tons per EUR 1 million in sales	60.6	68.5

¹ The subsidiaries ElringKlinger Automotive Manufacturing, Inc., Polytetra GmbH, and new enerday GmbH were not included in the figures for 2015.

² The figures for 2014 do not include the subsidiaries Polytetra GmbH and new enerday GmbH.

In 2015, direct energy carriers (gas and heating oil), our engine testing stations, and the fuel used by our vehicle fleet generated total CO₂ emissions of 23,020 (22,240) metric tons. This increase was mainly due to a conversion from district heating to gas at one of our Chinese production sites and the full-year operation of our fourth combined heat and power (CHP) plant in Dettingen/Erms (Germany). In 2015, average CO₂ emissions for the company's vehicle fleet fell to 140 (144) g/km. Direct CO₂ emissions attributable to the vehicle fleet rose by 3.6 % from 840 to 870 metric tons. This was also below the rate of increase in total revenue.

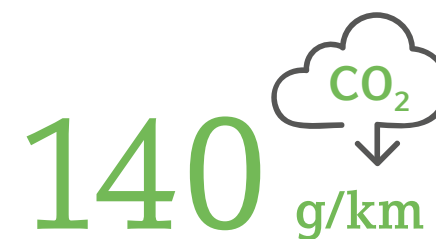
	2015	2014
Total direct CO ₂ emissions in metric tons	23,020	22,240
Of which direct CO ₂ emissions from gas, oil, engine test stands, etc. in metric tons	22,150	21,400
Of which CO ₂ emissions for vehicle fleet ¹ in metric tons	870	840

¹ Vehicle fleet of ElringKlinger sites in Germany (Dettingen/Erms, Gelting, Langenzenn, Runkel, Thale, Lenningen, Bietigheim-Bissingen, Magdeburg, and Rottenburg), including rental vehicles in the period under review. The figures are based on manufacturer data in respect of CO₂ emissions and the mileage stipulated by vehicle lease agreements.

Total indirect CO₂ emissions stood at 68,300 (68,600) metric tons in 2015, roughly on a par with the previous year. This modest reduction was due to a fall in electricity requirements, as part of them were met by the company's own CHP plants and photovoltaic (PV) systems. Further expansion of our global production network led to an increase in the total number of flights. The corresponding indirect CO₂ emissions rose to 4,200 (3,300) metric tons.

	2015	2014
Total indirect CO ₂ emissions in metric tons	68,300	68,600
Of which indirect CO ₂ emissions from electricity in metric tons	64,100	65,300
Of which indirect CO ₂ emissions from flights ¹ in metric tons	4,200	3,300

¹ Air travel attributable to sites in Germany, Switzerland, and France as well as centrally recorded flights relating to sites in the UK and US.



AVERAGE CO₂ EMISSIONS FOR THE VEHICLE FLEET

ElringKlinger expanded its corporate fleet by introducing vehicles with lower consumption figures and used low-emission rental vehicles, thereby improving the average CO₂ emissions per vehicle by around 2 %.

Energy consumption

At 267,800 (249,700) MWh, the Group's absolute consumption of energy in 2015 (electricity, gas, and other energy carriers) rose by a considerably lower margin than sales revenue.

	2015	2014
Absolute energy consumption (electricity, gas, and other energy carriers) in MWh	267,800	249,700
Absolute energy consumption per EUR 1 million in sales in MWh	178	188
Of which electricity consumption in MWh ¹	164,200	155,700
Electricity consumption per EUR 1 million in sales in MWh	109	117

¹ Excluding output from in-house CHP units

During the year under review, the Group began preparing for the first matrix certification of its energy management system based on the DIN EN 50001 standard. The corresponding central audit is scheduled for the second half of 2016. ElringKlinger makes every effort to keep a detailed record of energy flows within the company so that it can take specific technical measures to optimize and reduce energy consumption. To this end, in 2015 the Group established a comprehensive network of meters.

Waste

ElringKlinger's internal processes undergo continuous improvement in order to minimize the amount of waste generated.

The total volume of waste produced in 2015 rose more or less in line with production volume. As in previous years, metal waste accounted for 83 % of the total. This mainly arises from the stamping processes used in production. All of this waste material is then sold. A specially accredited company removes all waste for either recycling or disposal.

None of ElringKlinger's production sites are located in a nature conservation area. Most are situated in industrial and commercial areas and in close proximity to major vehicle manufacturers. This helps the Group to respond flexibly to fluctuations in demand while reducing transport emissions. Accordingly, biodiversity issues and hazardous waste management are not deemed relevant to the Group's business activities.

	2015	2014
Total waste in metric tons	50,900	49,500
Of which metal-based waste in metric tons	44,300	41,100

Water and wastewater

In 2015, the Group's consumption of water rose very slightly from 173,200 to 176,000 m³. In general, there is no correlation at ElringKlinger between increased production volume and water consumption. However, it is likely that water consumption will increase with any future expansion in the number of production sites.

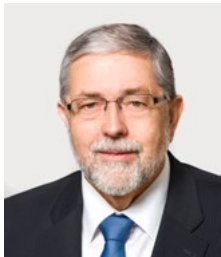
ElringKlinger expects all its employees to make careful use of water as a valuable resource. Consumption is monitored and optimized on a decentralized basis. This also applies to wastewater, which is monitored regularly across the entire Group as part of ISO 14001 certification.

Achieving top quality

with the help of Japanese production strategies

The magic “4S”

The Japanese workplace organization method known as 5S provides a model for well-structured production. It ensures that improvements are made simultaneously with regard to efficiency, quality, order, cleanliness, and safety. In 2015, based on this system, ElringKlinger developed its own 4S system, which will be integrated into Group processes over the course of 2016. The “4S” act as the basis for continuous process optimization by encouraging employees to reflect on and, where appropriate, change their attitudes, mindset, and patterns of behavior.



“The clear objective of the project was to directly identify chal-

lenges related to our production processes, address them proactively, take the required optimization measures, and share the results with other sites in our production network.”

HEINZ-PETER ROSING — Head of Quality and Environmental Management



SCHEDULE TRAINING FOR NEW EMPLOYEES

Every employee is responsible for his/her own workplace. Absolute priority must therefore be given to extensive familiarization and comprehensive training, including all the associated regulations. For each step in a process there are precise instructions that every employee must be familiar with to ensure that the process can be carried out without a problem.



SET IN ORDER

A poorly organized workplace typically results in time wasted looking for misplaced items, lengthy waits, disrupted workflows, and increased safety risks. For this reason, ElringKlinger has drawn up maintenance plans for almost every production workplace with appropriate visuals and detailed descriptions. All employees are expected to leave the workplace clean and tidy before handing over to the next shift.



STANDARDIZE PROCESSES

In a fully standardized process, the same activities are carried out at every level, at every site, and in the same order (process logic), with the same material objects and the same IT support, by equally trained employees. Standardized processes and corresponding monitoring systems for those processes are indispensable if we wish to make products of the very best quality.



SUSTAIN

The first element in the continuous improvement process is the mindset of each and every employee. In our day-to-day operations, almost every workplace offers scope for process optimization. Furthermore, it only makes sense to specify quality and environmental targets, carry out site projects, and analyze audit results if they actually lead to sustainable action: Plan > Do > Check > Act. Each process manager specifies appropriate indicators and monitors and refines them continuously.

Supply chain management *from a holistic perspective*

Clear specifications for suppliers

Today, cars are made up of several thousand components. Vehicle manufacturers source many of these from a large number of automotive suppliers all over the world. In order to ensure high quality within the value chain as a whole, compliance with the internationally recognized quality standard TS 16949 is an absolute must.

Additionally, ElringKlinger expects all the suppliers in its value chain to meet specified labor, social, and environmental standards. To this end, the Group has established global quality and environmental guidelines. These have already been accepted by around 75 % of all our suppliers. The Group's medium-term goal is to increase this acceptance figure to well over 80 %.

Our quality and environmental guidelines stipulate, for example, that suppliers must introduce an occupational safety management system that conforms to the internationally recognized OHSAS 18001 standard. In this context, the main focus is on the protection of people, occupational safety, and employee health, the goal being to prevent workplace accidents or illness by taking appropriate preventive measures. Suppliers are expected to comply with all the action areas specified in the internationally recognized ISO 26000 standard, which covers issues such as respect for human rights and requires companies to adopt fair employment, operating, and business practices.

ElringKlinger places great importance on the environment in all its operations and therefore stipulates that its suppliers

must have an environmental management system in place that establishes a set of responsibilities, behaviors, procedures, and rules to be followed in order to implement the individual supplier's environmental policy. In 2015, over half of all ElringKlinger's suppliers worked with a certified environmental management system based on ISO 14001 or Responsible Care (chemicals industry).

ElringKlinger audits its suppliers in line with the VDA 6.3 standard of the German trade association for the automotive industry. If a supplier fails to comply with the Group's standards, remedial action is agreed with the supplier and must be carried out within a specified time frame. In the event of regular and/or serious non-compliance, ElringKlinger will terminate its business relations with the supplier in question. In 2015, we found no evidence of serious non-compliance in our supplier audits. As an additional measure, the Group's Central Purchasing unit draws up supplier ratings every six months in consultation with the Corporate Supplier Development department. This involves rating the supplier's punctuality record, the quality of its products, and the level of customer service provided.

The Group also expects its direct suppliers to impose the same obligation to comply with ElringKlinger's guidelines on their own suppliers, although at present this requirement is not audited.

Successful introduction of global sourcing

Raw materials, semi-finished goods, and services are sourced by the Strategic Purchasing unit with due regard for environ-

mental criteria. One of the main roles of our purchasing teams is to identify and develop reliable suppliers. In 2015, the Group's global network consisted of around 1,015 approved suppliers.

The primary raw materials used within the ElringKlinger Group include alloyed high-grade steels (chrome-nickel alloys, in particular), aluminum, carbon steel, polyamide-based plastic granulates, and elastomers. The Central Purchasing unit pools the requirements of all Group companies worldwide, buys the required materials at the best possible price, and optimizes distribution across the Group with a view partly to minimizing transport costs.

ElringKlinger avoids using materials that are extracted or marketed under the control of violent military or paramilitary groups. The list of "conflict minerals" includes tantalum, tin, tungsten, and gold. Some of the raw materials in this category come from the Congo and neighboring states and are used in certain cases to finance ongoing conflicts in these regions. Such materials are incorporated in tiny quantities into the products made by ElringKlinger. To ensure that only conflict-free materials enter its production line, ElringKlinger maintains close contact with its suppliers and knows the origin and source of the raw materials it purchases.

Sustainable supply chain management

Focus on the product life cycle

Manufacturers are responsible for every aspect of their products – how they are made and used, and how they are recycled or disposed of. As the products made by ElringKlinger are incorporated into other end products, the Group does not usually arrange for their recycling or disposal. For this reason it is important to provide details of the material and chemical composition of semi-finished products and components using a standardized materials database. The IMDS (International Material Data System) is now firmly established within the automotive industry as a method of exchanging and managing data, and is regularly updated by ElringKlinger.

2
Suppliers of semi-finished goods (including processed/refined goods)

1
Suppliers of raw materials

3
Global Purchasing

4
Production

5
Sale and use

7
Disposal

6
Recycling





Focusing on *people*

Responsibility, trust, and appreciation

ElringKlinger values its workforce. After all, sustained success in business is dependent to a large extent on highly motivated, well-qualified, and contented professionals. This includes empowering employees by entrusting them with responsibility and showing confidence in their abilities, in addition to acknowledging the tasks they perform and appreciating them as people. As a result, employees identify with the company more closely. At the same time, ElringKlinger expects loyalty, reliability, and respect from its workforce. This interplay of values is reflected throughout the Group and forms an integral part of our corporate culture.

Human rights and diversity

All ElringKlinger employees around the globe are obliged to adhere to our code of ethics. It acknowledges the importance of human rights and cultural diversity, in addition to expressing its strong and unreserved opposition to child, youth, and forced labor, bribery, and any form of discrimination. Any breach of our code of ethics and code of conduct is investigated thoroughly. Depending on the circumstances, the consequences of transgressions within this area can be severe. The Management Board is responsible for such matters; it monitors compliance with the respective guidelines. There were neither external nor internal complaints of human rights infringements within the Group in 2015. Therefore, no explicit training was conducted within this area.

Well-balanced HR structure

ElringKlinger places great emphasis on maintaining well-balanced structures within its workforce. Of the 7,912 people employed by the Group at the end of 2015, 28.4% were women. At a managerial level, the Group has set itself a target of increasing the proportion of women from around 10% to 15% by the end of June 2017 and, at the very least, maintaining the proportion of female staff members at the first managerial level at close to 7%. ElringKlinger has thus met statutory requirements prescribing that targets shall be set with regard to the appointment of staff in managerial roles. Staff remuneration throughout the Group is based solely on the area of employment.

ElringKlinger continues to be a relatively young company – without discarding the knowledge offered by older employees. Around one-quarter of the workforce is below the age of 30. At 54.1 %, the majority of the workforce is aged between 30 and 50. Slightly more than 20 % is older than 50. At 5.7 %, the rate of voluntary turnover was at a level towards the low end of the medium-term average. The consistently low figure of voluntary resignations by staff illustrates ElringKlinger’s ability to create lasting bonds with its employees.

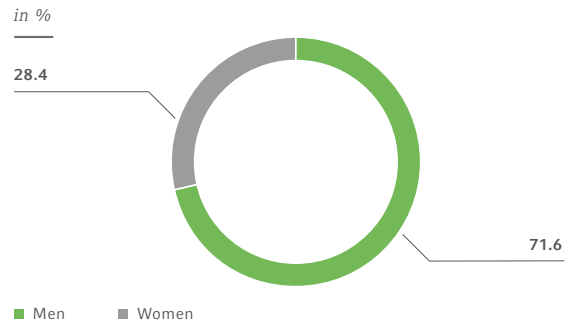
As part of its HR policy, the Group pursues the strategy of employing a large proportion of full-time staff, while at the same time taking advantage of fixed-term contracts and temporary workers to provide flexibility during economic downturns and protect its permanent workforce. At 80.1 %, the share of employees with permanent contracts was again very high in the period under review. In total, 4.7 % of the workforce was employed on a part-time basis in 2015.

Train and develop

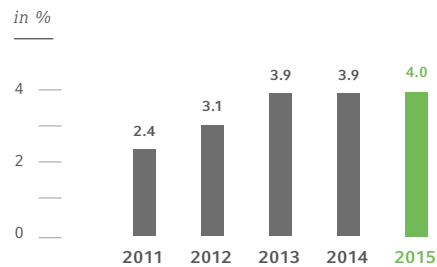
The long-term success of a company is dependent on qualified professionals. Therefore, training and HR development form a central part of personnel management at ElringKlinger, the aim being to retain expertise and knowledge within the company well into the future.

Vocational training is of primary importance. In 2015, it rose slightly to 4.0 % of the workforce across all the German sites operated by ElringKlinger. At the company’s HQ in Dettingen/Erms alone, 34 new vocational trainees and cooperative state university students (dual training) commenced educational programs in the period under review.

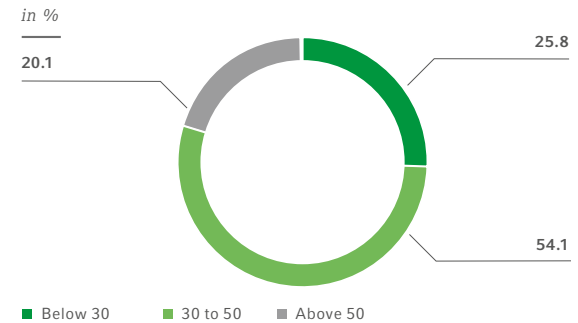
EMPLOYEES BY GENDER



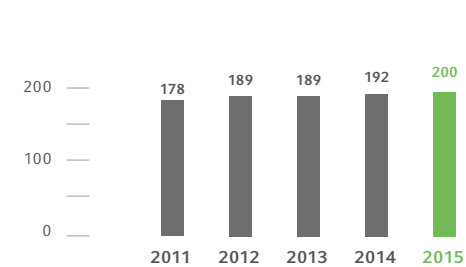
PROPORTION OF VOCATIONAL TRAINEES AT GERMAN SITES



EMPLOYEES BY AGE



EMPLOYEES WITH DISABILITIES



Beyond this, the Group attaches great importance to targeted HR measures to develop specific skills and areas of knowledge. This approach to training provides an important foundation when it comes to honing qualifications, evolving skills, and unlocking potential for improvement. In total, 5,388 professional development interviews were held over the course of 2015.

Incorporating a host of new ideas

ElringKlinger fosters a culture in which spontaneous ideas can be put forward for the purpose of improving operational processes or the general set-up of workspaces. In total, 330 suggestions for improvements were submitted at almost all German sites in the period under review. Of these, 96 were successfully implemented, while 174 were rejected.

Achieving a work-life balance

Ultimately, employees will only be willing to perform if they are truly satisfied. Therefore, it is important to ElringKlinger that employees can reconcile their careers with their personal plans for the future. To this end, the Group has implemented a flexi-time model. Alongside core working hours, it offers an extensive range of options so that it can be tailored to personal requirements.

At its HQ in Dettingen/Erms, the Group also works in cooperation with the local authorities so that employees can rest assured that their children are well cared for during working hours. A specific number of childcare places at the municipal kindergarten facilities has been allocated to company employees.

HR projects

Creating opportunities for long-term success in business

Fostering leadership

The “Leadership on the move” program focuses on systematically nurturing and promoting leadership at a managerial level. It consists of several modules that embrace leadership principles such as clarity and openness, respect of personality traits and opinions, the ability to work in cooperation with others, and how to discharge responsibilities. Interdisciplinary thinking is supported by joint projects that bring together a broad range of people and allow the various divisions and departments to interact.

The program took place for the eighth time in 2015 and included 103 managers from all areas of the company. Leadership needs nurturing!



Healthy working

Alongside company sports groups that meet outside working hours, ElringKlinger’s occupational health management program also includes health-related measures implemented at the place of work. An external physiotherapist has analyzed the company’s workspaces and work processes at the site in Dettingen/Erms, drawn up ergonomic exercises for personnel, and implemented an ongoing training program. At the same time, selected staff members have been trained as “multipliers” so that they can maintain a steady level of awareness with regard to this topic and ensure regular training.

We plan to extend the workplace analysis to other areas of the company. A project that has caught on!



Compensatory gymnastic exercises are carried out on a regular basis in the operational areas of the company.

Inclusiveness

ElringKlinger is opposed to any form of discrimination and is committed to social diversity and responsibility. The Group eats, sleeps, and breathes these principles through a number of projects. For example, it works in close cooperation with the BruderhausDiakonie Foundation and the associated disabled persons’ workshops in Dettingen/Erms, which handle end-to-end processes for the company’s Aftermarket division. At the company site in Buford, USA, too, people with disabilities perform assembly, sorting, and packaging tasks, providing them with an environment in which they are included in working life.

Additionally, ElringKlinger offers a summer vacation program for children of parents working within the Group. It is carried out in collaboration with BruderhausDiakonie. The inclusive groups are supported, among others, by our vocational trainees as part of their community-based internships. After all, in keeping with the thoughts of German president Richard von Weizsäcker, it’s normal for ElringKlinger to be different.



Social *commitment*



Demonstrating social commitment

As an active member of society, ElringKlinger benefits from a well-educated workforce, political stability, and an attractive environment. In return, we want to demonstrate our own social commitment through activities that contribute to the regions and communities in which we operate. As well as supporting voluntary work, we provide targeted financial assistance to a number of social welfare organizations and invest in scientific and educational projects.

Projects supported by ElringKlinger in 2015

Welfare, sport, and education

ElringKlinger provides financial support to organizations all over the world. In many cases local communities are free to decide on how the funds are used. After all, they are best placed to know which projects can make the most effective use of the money. As well as supporting welfare projects, ElringKlinger places great importance on sport and education.

The transformative power of music

The goal of the “Beatstomper” project is to help delinquent teenagers move toward a more independent and well-adjusted life by harnessing the transformative power of musical rhythms. The young people supported by the project are taught how to play the drums. As they do so, they also learn how to listen to and deal with each other more effectively. Beatstomper has both an artistic and a social purpose. Music can promote positive attitudes and help young people to develop. As an active supporter of the project, ElringKlinger offered internships to four socially disadvantaged young people. All were successfully completed.

A different perspective on training

ElringKlinger places great importance on the development of wider social skills among its employees. Every year, with this goal in mind, the Group’s vocational trainees also take part in social projects. In 2015, together with the residents at the BruderhausDiakonie Center, ElringKlinger apprentices built a new stable to house the animals used by the foundation as part of its educational work.

In addition, they work with the foundation every year to organize a program of vacation activities that is also open to children of our own employees.

Winning for a good cause

As well as numerous organized company running events, ElringKlinger supports a wide range of more unusual fundraising activities. In spring 2015, for example, Sean McCready (UK) took part in the Hamsterly Beast Bike Ride. This involved cycling across 40 miles of rocky terrain to raise money for the Great North Air Ambulance, an emergency rescue service in the north of England that has proven invaluable for mountain bikers who have met with a serious accident. The money raised by Sean was matched by the company.



Formula Student teams

Formula Student is an international design competition for students. It has been held every year since it was launched in 2006. The objective of the individual teams is to design and make a single-seater formula racing car based on very precise rules and compete against teams from all over the world. The competition is won by the team that presents the best overall package in terms of outstanding design, optimum racing performance, precise financial planning, and a persuasive sales pitch. The project provides valuable hands-on experience of design and production to complement the students’ theoretical knowledge. Each team has to fund itself by attracting donations in cash or in kind.

ElringKlinger supports the Formula Student teams at Ravensburg-Weingarten University of Applied Sciences and the DHBW Ravensburg Campus in Friedrichshafen. The Group makes a variety of parts for both teams, some using 3D printing techniques. The project also provides opportunities to gain practical experience and establish a valuable network of contacts with local companies.



The latest model designed by the team at Ravensburg-Weingarten University of Applied Sciences: 80 hp and 215 kg.

Joining worlds together

In April 2015, the present 2015/16 group of the “High Potentials Program” was presented with a very special challenge in the form of the “One World Bench” project. In collaboration with the German Institute for Medical Mission (DIFAEM), which runs the Tropical Medicine Clinic at the Paul Lechler Hospital in Tübingen, and the artist Martin Burchard, they designed a new bench for the hospital’s One World Park. Taking responsibility for a charitable project is one of the key elements of the “High Potentials Program”, as it fosters the development of personal and professional skills among those preparing for future managerial positions at ElringKlinger. At the same time, the participants were able to demonstrate talents other than those needed directly in their day-to-day work with its focus on engines, transmissions, and vehicle components. The ten-strong team approached every aspect of this unusual project with tremendous enthusiasm and commitment – from design meetings, structural calculations, and procurement through to component design and on-site construction management. The complex project to create this work of art was largely funded by ElringKlinger.

Just under a year after the project was launched, the bench was inaugurated in its designated location in front of an audience made up of representatives from DIFAEM, the Paul Lechler Hospital, and the Management Board of ElringKlinger. Designed with two semi-circles of different sizes to represent the Earth’s northern and southern hemispheres, it also acts as a metaphor for the injustice experienced by many people on



ElringKlinger’s High Potentials at the inauguration ceremony for the “One World Bench.”

our planet and therefore combines artistic and symbolic elements. Those of us “on top” can sit back and relax, while those “underneath” bear the entire weight of the “One World.” The whole system is in a “state of tension,” as Burchard puts it – yet in the artist’s view remains amazingly stable. The bench is not designed to point the finger of blame. On the contrary, its purpose is to instill hope and join worlds together – healthy and sick, young and old. ElringKlinger’s CEO Dr. Stefan Wolf summed up the bench’s attributes as follows: “Technically accomplished, futuristic in appearance, stable yet with seemingly weightless elements – this is the result of an experiment successfully completed by our High Potentials group. Once again they have demonstrated their ability to think outside the box.”

ElringKlinger’s “High Potentials Program”

Today’s young, skilled, and highly motivated employees are the managers of tomorrow. True to this principle, ElringKlinger has devised a program that identifies employees with leadership potential at an early stage and offers them specific training to help them realize that potential. Employees are proposed for the scheme by mentors, and the future leaders are then selected by a committee drawn from the two most senior levels of management. Successful candidates are then prepared for global management roles with ElringKlinger in line with the Group’s mission statement and leadership principles.

Children, trees, and action to protect the climate

ElringKlinger supports children's Plant-for-the-Planet initiative



In October 2015, ElringKlinger welcomed 53 children between the ages of nine and twelve to take part in a day of climate action at the Group's headquarters in Dettingen/Erms. At this "Plant-for-the-Planet Academy" numerous children were appointed Ambassadors for Climate Justice, including some children of employees and others who had expressed an interest from 23 different schools. The event included an introductory presentation about climate change and the various factors that contribute to it. The children took part in a series of climate-related games and learning activities appropriate to their age, and were encouraged to play an active role in the campaign for climate justice. The day's activities were rounded off with a tree planting event in cooperation with the local authority.



Fun with a serious purpose – children planting trees to protect the climate.

"There are no real limits to social responsibility. It's not just a matter for successful business or campaign groups. Young people in particular deserve our help at all times – not only by setting them a good example in this area but also by supporting their ideas and campaigns."

DR. STEFAN WOLF — CEO, ElringKlinger AG

“Now I understand what fair distribution means. I think it’s only fair if industrialized countries give a bit more of what they have to poorer regions and help them to become stronger themselves.”

THE WORDS OF A SCHOOL PUPIL



Children playing a board game that teaches them more about the global links between CO₂ emissions, people’s incomes, and world population.

After the event, we were particularly delighted to hear back from some of the children who wanted to tell us about the action they had taken at home or at school, including giving presentations to other pupils, selling fair trade chocolate to support Plant-for-the-Planet, and organizing other tree-planting events.



The goal of Plant-for-the-Planet is to raise awareness about climate change among young and older children and encourage them to act responsibly. The initiative dates back to 2007 when its founder, Felix Finkbeiner, gave a presentation to his classmates. Since then it has grown into a global movement, and today over 100,000 children in more than 100 countries are part of the campaign for an overall reduction in CO₂ emissions and for global climate justice.

Doing good *brings us together*



The long-standing connection between ElringKlinger and the Lechler Foundation goes back to Paul Lechler (1849–1925), a successful businessman, social reformer, and philanthropist who paved the way for the foundation that now bears his name and – through his trading company – for ElringKlinger AG. To this day, the Lechler family, which owns the majority of ElringKlinger AG’s shares, has maintained the tradition established by Paul Lechler of donating ten percent of their income to charitable causes through the Lechler Foundation. In a joint interview, Dr. Stefan Wolf, CEO of ElringKlinger, and Dieter Hauswirth, Chairman of the Lechler Foundation, discussed the continued focus on Paul Lechler’s values, current joint projects, and future collaboration between the automotive supplier and the foundation.

The Lechler Foundation has adopted the motto “Doing good brings us together” for its work. Is that also an appropriate way of describing the connection between the Lechler Foundation and ElringKlinger?

WOLF — Absolutely. At ElringKlinger we feel we have an obligation to uphold certain values that go back to the philosophy of our founder Paul Lechler. In fact, those values can be found to this day in our guiding principles. Although ElringKlinger is now a listed company and has to meet capital market requirements, we still retain something of the character of a family business.

HAUSWIRTH — The motto also reflects Paul Lechler’s belief in charitable work and the Lechler family’s close links to Christianity. Paul Lechler once said: “Faith must not simply be a matter of ideology; it must be lived out through our actions.” For me, that principle is every bit as relevant today.

What is the purpose of the Foundation, and what are the main areas in which it provides support?

HAUSWIRTH — One of the Foundation’s main objectives is to draw the attention of policymakers to social issues that currently need greater attention. Traditionally, the support we offer is directed at young people, the old, and those who are disabled. In recent years, for example, the Lechler Foundation has been particularly active in the field of inclusion. Between 2008 and 2014 it donated a total of six million euros for beacon projects in this area. We have also conducted studies of the projects supported by the foundation as a way of demonstrating to policymakers that inclusion is possible. Last but not least, it was also due, in part, to our work in this area that the federal state of Baden-Württemberg has now established an annual budget for measures to improve social inclusion.

WOLF — Inclusion is certainly an important issue. ElringKlinger works with the BruderhausDiakonie Center to create long-term jobs for people with disabilities. On account of our company background, we believe we have an obligation to demonstrate social responsibility and help bring about greater social inclusion. In my view, that should be one of the main goals of all business activity. As well as striving to make a profit, companies should consider how they can get involved in cultural, social, and environmental issues. This really ought to form part of a more holistic business philosophy. Paul Lechler was an early pioneer of that approach.

HAUSWIRTH — I would love to see more companies embracing the philosophy pioneered by Paul Lechler and fortunately maintained by ElringKlinger.

A large proportion of the funds raised by the Foundation are currently being used for conversion work at the Paul Lechler Hospital in Tübingen. Why was a new building necessary?

HAUSWIRTH — The Paul Lechler Hospital goes back nearly a hundred years. It started off as a convalescent home for people

who came back from missionary work with a tropical disease. The hospital has established a very good reputation over the years in the field of tropical medicine. The new building was needed to ensure that the hospital continues to meet the latest operating standards. It will house a large geriatric department and a palliative care center – another area in which the hospital enjoys an excellent reputation.

WOLF — It’s worth pointing out that the area of tropical medicine is now much less dominant than it was, because many diseases can now be avoided with the help of preventive medical techniques. By contrast, there is a greater focus on palliative medicine, and this will be one of the main activities in the new building.



“Through its work, the Lechler Foundation would like to show policymakers in which social areas action is needed.”

DIETER HAUSWIRTH — Chairman of the Lechler Foundation

The Paul Lechler Hospital and ElringKlinger recently collaborated on a project to construct a “One World Bench” (see page 25). Where did the idea come from?

WOLF — Some years ago we set up a modular training program for employees with the potential to become future managers. One of the modules involves organizing and implementing a project outside the program’s usual focus on automotive issues in order to develop the participants’ social skills. Projects such as this are immensely valuable because they allow you to gain experience of the kind you might never acquire otherwise. Every time I talk to the employees involved in the program, they tell me how much they have learned. One of our earlier groups, for example, designed a sensory barefoot trail for severely disabled people. The latest group decided to make a bench for the gardens at the Paul Lechler Hospital. The idea was to create a meeting place for old and young people between the hospital and the neighboring kindergarten.

HAUSWIRTH — There is also an impressive philosophical side to the project. I was particularly struck by the focus on inequality – the fact that we may all live on the same planet but global wealth is distributed very unevenly between the two hemispheres. The bench can also stand for the successful links between the Paul Lechler Hospital, the Lechler Foundation, and the young people at ElringKlinger who put so much into the project. Most of all, though, I’m delighted to see people actually sitting on the bench whenever I visit the hospital.



“On account of our company background, we believe we have an obligation to demonstrate social responsibility.”

DR. STEFAN WOLF — CEO, ElringKlinger AG

Looking ahead, how do you see the Lechler Foundation and ElringKlinger working together in the future?

WOLF — At ElringKlinger we aim to maintain a strong business and in doing so ensure that the Foundation has the funds it needs through our dividend payments. What is more, the future of the Foundation is secure because the shareholdings associated with the Lechler family are transferred over the years to the Foundation.

HAUSWIRTH — Obviously, I would also like to see ElringKlinger maintaining its track record of success as it moves forward, as the Foundation will benefit directly from the company’s performance. At the same time, I can assure ElringKlinger employees that the money generated by the company – some of which finds its way to us via the Lechler families – will be used responsibly by the Foundation.

About the Lechler Foundation

The Lechler Foundation dates back to an agreement concluded at Christmas 1875 between Paul Lechler, then aged 26, and his father Christian. Under the terms of this agreement, the tenth part of business proceeds generated by the joint paint and varnish factory “Chr. Lechler und Sohn” should be given to the poor and needy. Even after the sale of the father’s former company and the establishment of the trading firm Paul Lechler the Biblical “tithe” was passed on via a special fund for good causes. Before Paul Lechler died in 1925 he specified in his will that this agreement should be upheld by his heirs after his death.

IMPRINT

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