

# The Endress+Hauser C h a r t a

This document contains the long-term core values and standards of behaviour by which the Endress+Hauser Group lives. Explanations are given with examples of how to use them in practice in our daily business. The Charta was adopted by the Executive Board in January 2003.

The Charta is a binding document for all companies within the Endress+Hauser Group. Every employee will receive a personal copy together with the "Credo" of the Group.

## Customer

### 1 . We learn from the customers we serve.

- 1.1. Our customers are located all over the world. We strive for long-term partnerships with our customers because we know that this is the only way to secure our future.
- 1.2. We have to earn the trust of our customers every day by adapting to their requests, problems and requirements. We always offer them the best solution. The best solution is one that serves the customer better than a competitor's solution and helps him to achieve success.
- 1.3. In offering our products/services, we focus on our strengths and avoid dissipating our energies and resources.
- 1.4. We are highly committed to caring for our customers because we are interested in building up long-term partnerships with them. We act on the principle of "First serve, then earn" and would never let a customer down.
- 1.5. Every day, our customers teach us what and how to improve. We take their needs, suggestions, wishes and demands seriously and consider them in our planning and daily activities.
- 1.6. Everyone in the Endress+Hauser Group, whether they have direct or indirect contact with customers, contributes to helping us serve them better.

## Strategy

- 2. We concentrate our resources on business we understand.**
- 2.1. Our business activity is "Measurement and automation technologies for process industries". With our products and services, we enable our customers to run their production and logistics processes efficiently (from the aspects of raw materials, energy, time and yield) and safely (for people, equipment and the environment).
- 2.2. Our markets are everywhere in the world. We plan regional focal points and restrictions strategically. Operational management follows this strategy.
- 2.3. We take calculable risks.
- 2.4. We act with great responsibility both towards mankind and the environment. We solve potential environmental problems at their source. This is why we use environmentally friendly processes and materials to manufacture our products. We also recycle materials wherever possible. Technologies that minimise or eliminate any adverse impacts on the environment are used whenever we dispose of waste materials.
- 2.5. We maintain fair, trusting and long-term relationships with our suppliers, banks, consultants and other organisations, while considering commercial aspects. We do not subject ourselves to any regional restrictions in the procurement of goods, services or capital.
- 2.6. We strive for fair and economically feasible cooperation with our competitors. This should also improve the reputation and competence of our industry. We accept competition as a motivator for progress because it leads to competitive selection of suppliers and products. This is in the best interests of a healthy world economy.

## Autonomy

- 3. We protect our status as an autonomous and independent corporation.**
- 3.1 Our primary financial goal is to optimise profit in the long term. We need a reasonable return on invested capital in order to finance the required growth and fulfill our purpose as an independent corporation. We want to primarily draw the capital we require from profits since credit is expensive and has to be repaid. We therefore strive for a healthy debt to equity ratio, which should exceed the industry average.
- 3.2 We primarily ensure independence and autonomy through the superior customer benefits provided by our products and services. We also strive for greater efficiency in production and marketing, compared with our competitors.
- 3.3 We only enter into closer long-term relationships with competitors and suppliers if, after first applying reasonable standards, they do not lead to one-sided dependence and if they serve the objectives of the E+H Group. The same standards apply to our relationships with banks.
- 3.4 We present a largely uniform image to our customers and the outside world by adhering to the Endress + Hauser “corporate identity”. Our main objective here is to demonstrate our customer and employee orientation, innovation skills, competence and reliability.
- 3.5 We try to play an active role to the best of our ability in shaping changes in the economy and society. We support the system of a free and social market economy and obey its prevailing laws and standards.

## Organisation

- 4. We believe in autonomy and decentralisation but centralise a few core values.**
- 4.1. We are a company of entrepreneurs. The operating companies (sales centers and product centers) form the backbone of the Group. They are competent in their own areas of responsibility, work independently for the most part and develop their own initiatives.
- 4.2. Every company in the E+H Group operates as close to the market and as flexibly as possible. It has the freedom to make its own decisions and is aware that this freedom also entails a high level of sole responsibility. It always operates in the interests of the E+H Group.
- 4.3. The holding company and its management companies support and strengthen the operating companies in carrying out their tasks. They promote the awareness of increasingly more important international tasks through cooperation in networks. We establish special and centralised functions wherever convincing economic factors so dictate and/or the goals of the E+H Group cannot be attained in any other way.
- 4.4. Group thinking, cooperation between companies and mutual support are our bywords, not division or internal confrontation. Through this responsibility, each individual company actively supports the other companies to benefit the E+H Group as a whole.

## Leadership

5. **We encourage our employees to take responsibility for their actions. We manage by open communication, agree goals and evaluate our success.**
  - 5.1. All employees have the same rights and responsibilities.
  - 5.2. The essence of our leadership mandate is to promote and support high performance and the continuous self-development of our employees in order to bring out their maximum development potential.
  - 5.3. We practice a cooperative style of leadership. Its primary goals are to delegate responsibility and freedom of action to employees and to promote teamwork. In important decisions, where the workforce or the development of the company itself are affected, directly affected employees are involved. Decisions will be taken as close as possible to the corresponding work level. This calls for appropriate knowledge and skills.
  - 5.4. Every employee is given a specific job with corresponding responsibility. They operate and make decisions independently within this area of responsibility. They are fully responsible for the actions they take or do not take.
  - 5.5. A superior coaches the employee. In principle, the superior does not interfere in the area of responsibility of employees as long as the latter operates within the limits of their goals, guidelines or competence. Any attempts by an employee to re-delegate responsibility are handled appropriately by the superior.
  - 5.6. Decisions that affect another person's or department's area of responsibility are prepared in teams if appropriate. Our objective here is to gain mutual acceptance of the decision by all participants.
  - 5.7. Employees and superiors agree plans and goals. The General Manager prepares an overall company business plan in accordance with the goals of the E+H Group. The individual plans form part of the overall company business plan.

- 5.8. The General Manager and the management team undertake to announce and explain the goals. They must also provide continuous reports on the attainment of these goals.
- 5.9. If necessary, the management may change decisions that have already been taken. The reasons for these changes have to be explained to all employees affected.
- 5.10 Every employee will be measured on their ability to achieve agreed goals. For this purpose, a progress review is conducted between the employee and superior at least once a year. The main points and results are recorded in writing. The employees will be paid on the basis of their individual performance and their performance as team member.
- 5.11. The authority of our managers is based on their competence in their areas of responsibility and their leadership skills. Our managers are selected solely on the basis of their performance, leadership qualities (social skills), sense of responsibility and willingness to immerse themselves in the task and to continuously develop themselves.

## Quality

### **6. We strive to set examples in the quality of our products and services.**

6.1 The primary objective of our quality policy is “customer satisfaction” because this determines customer relationships and customer loyalty.

In order to attain this objective, we want to:

- Develop perfect, easy-to-use, reliable and low-maintenance products and market them according to defined processes
- Make it easier for customers to select the right products and services for their applications and make ordering simple
- Maintain a fault-free, rapid and transparent logistics chain all the way through to delivery and supply products and services on time
- Provide customers with detailed information and services from initial planning up to replacement of products, so that they obtain the full benefits and can increase the productivity of their systems using our products and services.

6.2 We organise our improvement processes in such a way that our customer relationships make us one of the leading suppliers of measuring systems and automation solutions. To this end, we work continuously to improve all our business processes.

6.3 We endeavour to regularly monitor our customer relationships using an information feedback system and determine the improvements that are relevant to our customers. This information enables management to update the continuous improvement process.

6.4 Every employee is responsible for quality. Quality cannot be achieved by testing but only by planning, manufacturing and handling the product in a conscientious manner. Wherever necessary, self-testing and in-house testing must take precedence over outside testing. This motivates our employees to perform error-free work; it supports team work and helps to achieve short quality circles.

- 6.5 We encourage and evaluate the recognition and reporting of errors and their rapid elimination just as much as error-free work. Errors, once recognised, must not be repeated. We therefore want to discuss recognised errors openly and quickly learn from them. In order to recognise and eliminate recurring product faults as early as possible, we maintain an effective group-wide early warning system combined with rapid product improvements.
- 6.6 Servicing our products at customer premises is a profitable line of business. However, we also want to use customer service to improve customer relationships. We support our service efforts through customer-friendly communication, easy-to-handle products and perfectly developed and manufactured product quality. This enables us to focus our customer services in order to attain maximum customer satisfaction.
- 6.7 We ensure that our management systems and processes are continuously improved and correspond at least to the latest “state of the art”. We regularly adapt our quality demands on products and services to the needs of our customers and the government in our target industries.
- 6.8 We want suppliers and representatives who are our partners. We want to achieve this objective by careful selection, close cooperation and regular assessment.

## Employees

### **7. We seek motivated, committed and actively involved employees.**

- 7.1. Our employees are very important in our company. Our ability to compete in the market today and in the future is based on their knowledge, their skills, their identification with our company and their flexibility. We can only offer our customers high-quality services with motivated, satisfied and personally successful employees.
- 7.2. Mutual respect, openness, sincerity and team spirit characterise our interrelations. We encourage cooperation between employees independent of any organisational structure.
- 7.3. We want informed and self-confident employees who identify with their company and the E+H Group. We do not want employees who feel like subordinates. It is management's responsibility to ensure that every employee knows and understands the company's goals.
- 7.4. Wherever employees can influence management decisions based on their special qualifications, knowledge and experience, they will have an opportunity to do so.
- 7.5. We expect all employees to expand their knowledge and skills through a continuous learning process and to prepare for future challenges. We will support them by means of suitable training and further education programs.
- 7.6. To the extent that the financial capabilities of the company allow, we honor the long-term dedication of our employees by providing an appropriate company pension and financial support in special emergencies.
- 7.7. If possible, vacant positions in the E+H Group are filled internally. We promote the transfer of employees within the E+H Group.
- 7.8. Superiors and human resources departments also help our employees and retirees with advice and assistance in personal matters.

- 7.9. We support community-based social and political activities of our employees outside the company, even by releasing them during working hours. We also encourage the sensible use of free time by supporting sport and cultural activities inside the company.

## Communication

### **8. We speak openly with one another. We handle information freely and responsibly.**

8.1. Our cooperation is characterised by open internal and inter-group communication in a give-and-take style. This not only encompasses the exchange of information but also in particular fair and fact-based argumentation to find the best solution.

We promote this especially by:

- Regular meetings in all teams/groups, departments, sections and divisions
- Company or Group-wide circles focusing on specific issues or management matters
- Employee meetings
- Visualisation through notice boards and company magazines
- Face-to-face discussions.

8.2. We obtain and use all information which helps the E+H Group to attain its goals.

8.3. We inform customers, suppliers, external investors and the interested public about important events in the company and the E+H Group openly and appropriately.

8.4. Every employee is aware of their responsibility as a representative of their company and the E+H Group whenever they are in contact with third parties.

8.5. Company management cooperates with employee councils and staff representatives on the basis of mutual respect and trust to the benefit of the companies and employees.

## Creativity

**9. We wish to create an environment in which ideas and progress can be cultivated. We encourage our employees to be innovative.**

9.1. We attach great priority to customer-related innovation and continuous improvement in our products, services, procedures, processes and behaviour. We therefore continuously analyse existing products, services, procedures and processes. We are receptive to all new internal and external ideas and promote them if they serve the aims and values of the E+H Group. Hierarchical thinking and status considerations do not play a role in this respect.

9.2. We pursue an active policy regarding industrial property rights. We operate a company suggestion scheme and honour inventors and continuous improvement champions accordingly.

9.3. The working area of every employee, their environment and social facilities must be designed and equipped in such a way that employees have a sense of well being. We discourage status symbols.

9.4. We create a good working climate. In particular, we ensure that no person is subjected to discrimination or given preferential treatment on the basis of race, nationality, gender or political or religious convictions.

9.5. We learn from our mistakes.

## **Profit**

### **10. We recognise profitability as the driving force of our corporation.**

10.1. Continuous profit is the only way to ensure the healthy development of the E+H Group, maintain existing jobs on a continuous basis and create new jobs. It allows us to:

- Develop new products and markets
- Invest for the future
- Finance growth
- Dissipate setbacks
- Survive economic downturns
- Pay interest to our financial investors
- Make our contribution toward society

10.2. Every employee is not only responsible for the profit of their company but also for the total profit of the E+H Group.

10.3. Even if our products and services are the best on their market, we can only be successful in the long term if we constantly strive to increase our productivity and offer a better price/performance ratio than our competitors. This calls for thrift and discipline at all levels, as well as continuous efforts to increase the efficiency of all procedures and processes.