



LEADING IN PRODUCTION EFFICIENCY



SUSTAINABILITY REPORT

2016 / 17

THE DÜRR GROUP

The Dürr Group is one of the world's leading mechanical and plant engineering firms. Business with automotive manufacturers and their suppliers accounts for 55 % of our business volume of around € 3.6 billion. Other customer segments include the woodworking industry and the mechanical engineering sector as well as the chemical and pharmaceutical industries.

OUR FIVE DIVISIONS*

Paint and Final Assembly Systems

- Paint shops
- Final assembly systems

Sales: € 1,140.0 million
EBIT: € 77.2 million
Employees: 3,384

Application Technology

- Paint application technology
- Glueing technology
- Sealing technology

Sales: € 560.6 million
EBIT: € 76.1 million
Employees: 1,956

Measuring and Process Systems

- Balancing technology
- Filling technology
- Assembly technology
- Testing technology

Sales: € 623.8 million
EBIT: € 79.7 million
Employees: 3,010

Clean Technology Systems

- Exhaust-air purification systems
- Energy-efficiency technology

Sales: € 167.0 million
EBIT: € 6.1 million
Employees: 569

Woodworking Machinery and Systems

- Machinery and systems for woodworking

Sales: € 1,082.0 million
EBIT: € 44.9 million
Employees: 6,126



* Key figures for fiscal year 2016

FOREWORD



Ralf W. Dieter



Carlo Crosetto

Dear Readers,

At the Dürr Group we want to run a successful, sustainable business. Being an innovation leader, we must not only keep up with technological progress but also set standards. Digitization offers unprecedented opportunities and great potential for automating production processes and customizing products – two megatrends from which we stand to benefit greatly.

“Leading in Production Efficiency” is our corporate slogan – it is also a constant reminder to develop our solutions further and make Dürr fit for the future. This is one of the reasons why our latest sustainability report presents our efforts and achievements in research & development. Our recently introduced alliance with several mechanical engineering firms and Software AG underlines our determination to play a key role in shaping Industry 4.0 in the mechanical engineering industry and secure our leading market position, even in times of change.

Of course, sustainability has many more facets at Dürr: How do our products help us minimize consumption and emissions? What role do ecological aspects play in our production and administration? How do we promote social responsibility among our roughly 14,500-strong workforce and among society? How do we ensure good corporate governance?

The latest sustainability report will shed light on how we perceive these different aspects of our responsibility. Thank you for your interest in our company – we would be delighted to receive any questions or ideas you may have.

Best wishes

Ralf W. Dieter
Chief Executive Officer

Carlo Crosetto
Chief Financial Officer

Dr. Jochen Weyrauch
Member of the Board of Management



Dr. Jochen Weyrauch

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THE GROUP AT A GLANCE

Dürr is one of the world's leading engineering groups. Our machines, systems and services enable highly efficient manufacturing processes across a range of industries. Business with automotive manufacturers and their suppliers accounts for around 55 % of our business volume. Other market segments include the woodworking industry and the mechanical engineering sector as well as the chemical, pharmaceutical and electrical industries. We run 92 company sites in 28 countries and operate worldwide through our Dürr, Schenck and HOMAG brands. In addition to North America and Western Europe, we are also strongly represented in the emerging markets. These accounted for 48.5 % of our sales in fiscal 2016. A good 60 % of the Group's business volume comes from mechanical engineering and almost 40 % from plant engineering.

STRATEGY

The "Dürr 2020" strategy is our roadmap for the Group's development until 2020. It defines the following targets:

- Sales: We want to increase sales to as much as € 5 billion by 2020 by means of organic growth and further acquisitions.
- EBIT margin: The EBIT margin is to be widened to between 8 and 10 % by 2020.
- ROCE: ROCE is to maintain a level of over 30 % by 2020 on a sustained basis.



Our strategy for the existing portfolio is based on one main objective: to ensure that Dürr as a plant and mechanical engineering specialist continues to stay ahead of the competition in the digital age. We are advancing the digitization of our products, services and processes under the digital@DÜRR banner. As the core element of our strategy, digital@DÜRR has ramifications for the four strategic fields that accompany it. We are implementing digitization initiatives in all four segments and simultaneously working on further aspects critical for success, such as the optimization of our organizational structures and the development of technology. The main thrusts of the individual strategic fields are:

Innovation

- Internet of Things (IoT)
- Smart factories, smart products, smart processes
- Automation

Globalization

- Further localization of manufacturing input in the emerging markets

Service

- Smart services (e. g. predictive maintenance)
- Customer relationship management
- Growth through optimized service for the installed base

Efficiency

- Digitization of the value creation processes
- Process optimization

PORTFOLIO STRATEGY: TAPPING NEW AREAS OF GROWTH

A key element of "Dürr 2020" entails tapping new areas of growth. Following the successful takeover of the HOMAG Group (2014), we want to continue on our acquisition course. As was the case with the HOMAG Group, we are seeking potential candidates mainly outside our core automotive business. This is because our large share of the market is placing a natural cap on potential for business growth in the automotive industry. Looking ahead over the next few years, we expect our business in this segment to expand by an average of around 3 % p. a. Our acquisition criteria for potential target companies are:

- Mechanical and plant engineering or related services and technologies (e. g. software)
- Leading market and technological position
- Not in need of restructuring but offering potential for improved earnings and synergies
- A corporate culture which is a good fit for Dürr

92

company sites worldwide

represented
in 28 countries

> €100 million

annual expenditure on research
and development

14,545

staff worldwide (as at June 30, 2017)

€3,573.5 million

consolidated sales in 2016

464

apprentices and students

SUSTAINABLE PRODUCTION

R&D GOALS

Our innovation management is based on two overarching goals: we wish to help our customers lower their unit costs and reduce their ecological footprint in production by means of new, more efficient solutions. This is reflected in our corporate slogan "Leading in Production Efficiency". In addition, innovation enables us to stand out from the competition and consolidate our leading market position.

R&D KEY FIGURES AND EMPLOYEES

Fiscal 2016 saw our direct expenditure on R&D reach € 105.9 million, passing the € 100 million mark for the first time. This represents a 9.0 % increase in expenditure over the preceding year. The R&D ratio rose from 2.6 to 3.0 %. Development costs which accrued in connection with individual orders are contained in the sales costs rather than R&D costs. Capitalized development costs totaled € 12.4 million (2015: € 11.5 million). Measured against the direct R&D costs, the calculated capitalization rate comes to 11.7 %. Compared with year's end 2015, the number of employees working in R&D rose by 4.2 % to 695 people, equivalent to 4.6 % of the Group's workforce. Most of the R&D employees – a good 90 % – are based in Germany.

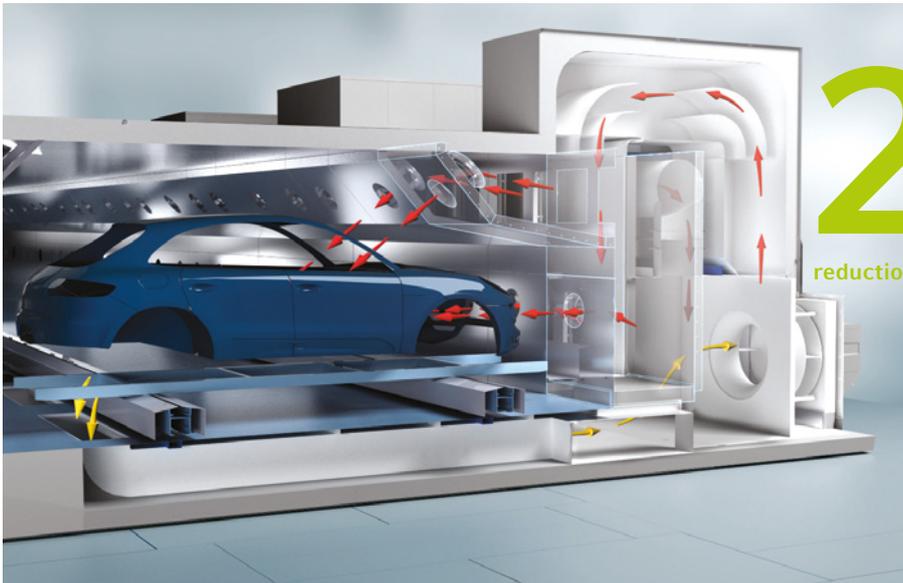
We also carry out R&D activities at various sites in Europe, the Americas and China. In addition to staff in dedicated R&D departments, numerous other experts

work on new solutions in connection with customer orders. Innovation at Dürr is based on a Group-wide process, covering every stage from the product idea through to product approval. Responsibility for R&D lies with the divisions. Representatives from the sales, engineering and procurement departments are also involved in all R&D projects, in addition to the R&D department. This ensures that customer needs and requirements in terms of price, engineering, suppliers and production are given equal consideration. The R&D/Technology multi-disciplinary team coordinates R&D activities in the case of cross-divisional issues, assists with knowledge transfer between the divisions and develops best practices for R&D activities.



ADAMOS

Industrial Internet-of-Things platforms (IIoT platforms) form the backbone of digitization in mechanical engineering. They work like the operating system of a computer, capturing large amounts of production data. On this basis, platform providers can sell valuable services to machine users, such as apps that monitor the machine's condition or predict maintenance requirements at an early stage. These digital services help customers make optimal use of their machines. For Dürr it is crucial to operate this attractive business by itself. For this reason, we formed the ADAMOS alliance in September 2017 – together with mechanical engineering firms DMG Mori, Zeiss and ASM PT as well as Software AG. The ADAMOS IIoT platform offers many benefits: It is open for any mechanical engineering firm to join – the more, the better. It includes cutting-edge technology provided by Software AG, Germany's second largest software house. In addition, we are continuously developing new service apps for our customers. This is thanks to the ADAMOS App Factory, a unique development alliance of the ADAMOS partners' software units. Pooling their expertise gives the ADAMOS partners an IIoT range that nobody would be able to offer single-handedly. ADAMOS helps to build customer relations in this digital era. Based on the platform, each of the companies involved can create its own digital marketplace and offer its services there under its own brand.



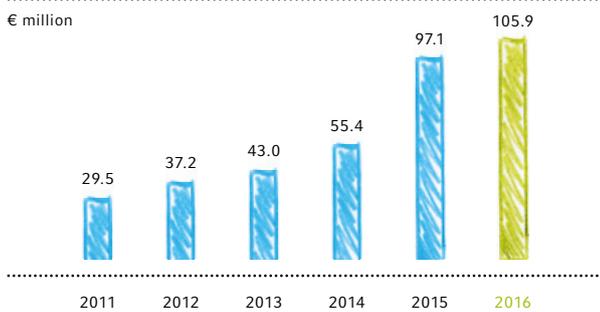
25%

reduction in total energy consumption

PAINT AND FINAL ASSEMBLY SYSTEMS

EcoInCure is a new process for car body curing developed by Dürr, whereby car bodies are heated and cooled from the inside. This ensures the uniform heating and cooling of the car body. Thermal component stresses are reduced, and it takes up to 30 % less time to heat the body. The transverse mode of operation is the first of its kind and the key factor for a compact system design. The new heating concept also reduces total energy consumption by 25 %.

R&D EXPENDITURE



APPLICATION TECHNOLOGY

Dürr uses atomizers from the EcoBell3 series for electrostatic paint application. The flexible bell disc/shaping air ring system is driven by compressed air, which is very energy-intensive to provide. An optimized turbine now reduces the need for compressed air by up to 40 %, thus lowering energy consumption and cutting CO₂ emissions by up to 3.3 tons per painting robot every year. There are also upgrade kits available for the previous EcoBell2 model.

CLEAN TECHNOLOGY SYSTEMS

In energy-efficiency technology, we have collaborated with Paint and Final Assembly Systems to develop the **Ecopure®** HOTCOM gas burner, which will be used for heating car body drying ovens in paint shops. It increases combustion chamber efficiency, which means it delivers the same drying performance using less energy and thus lowers manufacturing costs. Until now, Dürr has sourced the gas burner externally.

Around 70 % of the R&D budget goes into developing new solutions, while some 30 % is spent on optimizing existing products. Our R&D work is mainly product and application-oriented, though we also undertake basic research to a lesser extent.

NEW DEVELOPMENTS AND PATENTS

2016 saw 73 product innovations progressed within the Dürr Group. At year's end, we held 1,126 patent families and 5,856 individual patents (Dec. 31, 2015: 1,075 and 5,395). The Application Technology division held the largest proportion, with 38 % of the patents. The costs for protecting our intellectual property came to € 6.8 million (2015: € 6.3 million).

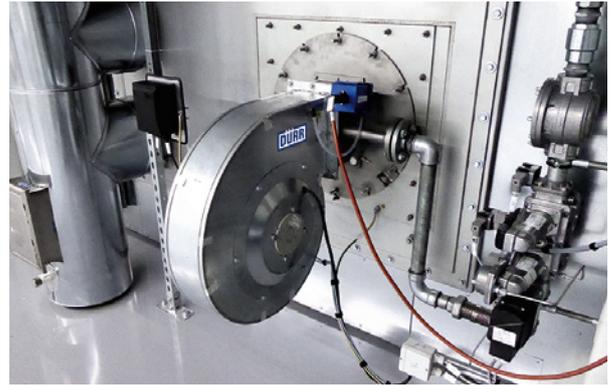
COLLABORATIVE RESEARCH AND BOUGHT-IN R & D SERVICES

We maintain active contacts with around 100 scientific institutions and external development partners, ensuring we have good access to the latest research results. In 2016 we spent € 41.9 million (2015: € 24.8 million) on externally sourced R&D services. We received state research grants to the sum of € 0.5 million (2015: € 0.7 million); this represents 0.5 % of the total R&D costs.

R&D FOCUS

Our development work is based on our customers' requirements and leading trends. The focus is currently on:

- **Industry 4.0 / digitization:** The digital connectivity of machines and systems is the dominant global trend in production technology, aimed at increasing system availability and productivity. Our answer to this is our digital@DÜRR strategy based on smart, networked machines and systems. Particular attention is focused on the ADAMOS Internet-of-Things alliance presented in September 2017 (see separate box).
- **Increased flexibility:** Our customers need flexible production lines in order to offer a wide diversity of models and variants.
- **Customization/batch size 1:** We are seeing growing interest in systems that enable customized end products to be manufactured efficiently on automated lines.
- **Optimization of per-unit cost:** Reducing per-unit manufacturing costs remains a key factor in increasing efficiency in production. We are therefore bringing new products and processes to market maturity with a reduced demand for material, energy, maintenance and human resources.



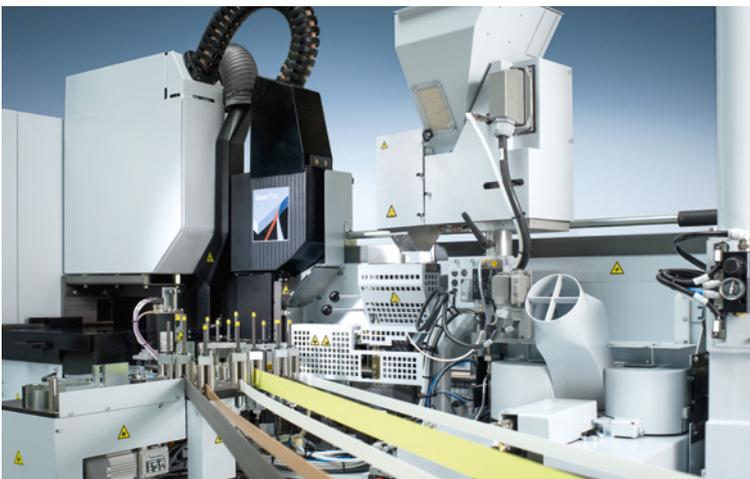
- **Automation:** Maximizing automation is crucial to reproducible top quality in long-run production. We are directing our efforts accordingly, for example with linked production systems and robots for interior painting of vehicles.
- **Electromobility:** There are differences in the final assembly of electric vehicles and conventional cars – for example, when connecting the power train and the body or during end-of-line performance testing. We are therefore developing specific assembly technology for electric vehicles.
- **Human-robot collaboration:** Combining human skills and mechanical efficiency enhances work processes. When developing such processes, we bring our know-how to bear in fields such as robotics, sensor technology, control technology and occupational safety.
- **Energy and resource efficiency:** The answer to the question of how sustainably products are manufactured is increasingly influencing consumers' purchase decisions. For that reason and also for reasons of cost, our customers require production systems with low material and energy consumption.
- **Driver assistance systems/autonomous driving:** More and more cars contain driver assistance systems. As the next logical step, the automotive industry is working hard to design concepts for autonomous driving. We are developing highly sensitive test equipment for testing and calibrating the necessary technology.

-1/4 of previous energy consumption



MEASURING AND PROCESS SYSTEMS

In test stand technology, we have developed an integrated line with a range of performance tests especially for fully assembled tractors. This enables the testing of driver assistance systems, ABS, brakes and axles as well as roller testing. During roller testing, the tractors no longer have to be secured with chains, which substantially reduces the time it takes to perform the test. Other benefits of the new test line include an energy requirement which is some 25 % lower, and maximum flexibility in terms of different vehicle sizes.



WOODWORKING MACHINERY AND SYSTEMS

High-quality furniture without any visible joints on edges can now be produced even more efficiently: the enhanced version of the HOMAG laser system makes it possible. It is easy to service and to maintain, minimizes set-up times and achieves greater efficiency while using up to 20 % less energy, thanks to numerous innovations. The new system has the added advantage of requiring much less space.

OUR ECOLOGICAL FOOTPRINT

ENVIRONMENT AND COMPANY SITES

Dürr is seeking to reduce its consumption of energy, materials and resources at all sites and thus make its business sustainable, which helps to ensure corporate success in the long term.

Most of our sites are certified¹ to the stringent requirements of the ISO 14001 environmental management system. In addition, the sites are either certified to the ISO 50001 energy management system or conduct regular energy audits according to DIN EN 16247. We are continuously monitoring and improving our processes. The staff responsible at our sites around the world initiates and coordinates measures to minimize our ecological footprint.

When it comes to environmental protection, two aspects are particularly important to us:

- Energy efficiency: We use energy-efficient technology both in new-builds and building upgrades. For example, we exchange old lighting systems for new LED systems, install modern air-conditioning units or modernize our machinery.
- We recycle most of our paper, plastics, steel, wood and electrical equipment. State-of-the-art technology enables us to switch to digital processes in many areas, thus conserving resources.

¹ See sustainability/certificates-managementsystems at www.durr.com

700t of CO₂ emissions are offset at the Schenck Technologie- und Industriepark in Darmstadt

700t

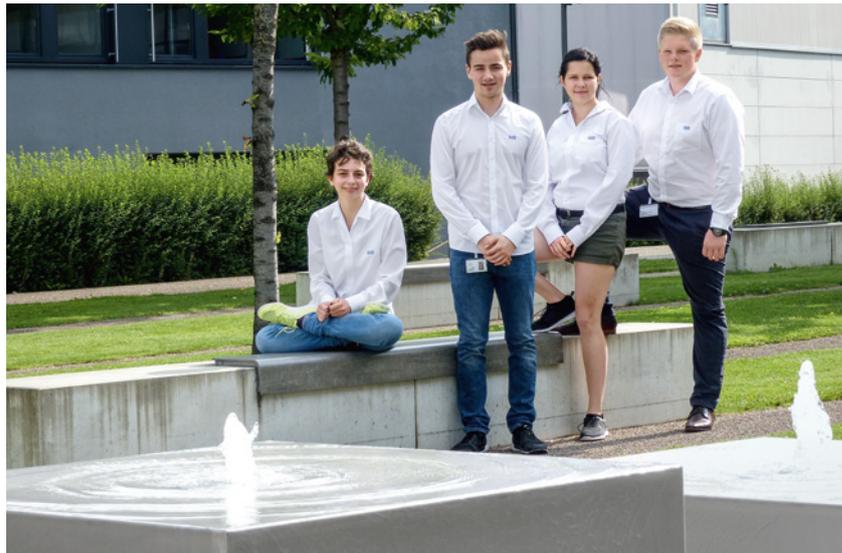


SCHENCK SUPPORTS REFORESTATION PROJECTS

Schenck Technologie- und Industriepark (TIP) in Darmstadt, Germany, offsets around 700 tons of CO₂ emitted annually in the usage of natural gas and district heat by supporting two reforestation projects in New Zealand and the Democratic Republic of Congo. At our Bietigheim-Bissingen headquarters, recycling measures result in an annual CO₂ reduction of more than 400 tons.

FROM APPRENTICE TO ENERGY SCOUT

Four young energy scouts are on a special mission: they are looking for ways to save energy in their day-to-day work in Bietigheim. Trained and certified by the German Chamber of Industry and Commerce, they have been on the case since 2016. Their domain ranges from production facility to office, their remit spans from identifying pressurized air leakages through to suggesting that monitors be switched off at night. Of course, the apprentices also learn the value of entrepreneurial thinking: every measure is assessed by building a business case and agreed with the site management.



NEW PROCESSING CENTER IN SCHOPFLOCH

A new processing center for large parts of up to 13 meters in length substantially reduces processing times at HOMAG in Schopfloch. There are also benefits employees and the environment: an integrated extraction system ensures that no evaporated refrigerant escapes from the machine, which improves conditions for workers. Compared to the old machine, energy consumption is around 36 % lower.



36%

less energy required

59,000 kWh

of energy saved



LED LIGHTING FOR HERZEBROCK

Not enough light, too many outages, too energy-intensive: the old lighting system at the HOMAG site of Herzebrock, dating back to 1989, was no longer adequate. A new LED lighting system now illuminates the building and automatically adapts to the existing level of natural light. It only produces light where needed. The building is divided into sections equipped with motion detectors. This is good for the environment: energy consumption is reduced by 59,000 kWh per year.

ENVIRONMENTAL KEY FIGURES (ABSOLUTE)

	2016	2015	2014 ¹
Number of sites	92	92	53
of which quality management certified to ISO 9001 ²	47	51	38
of which environmental management certified to ISO 14001 ²	19	21	18
of which environmental management certified to ISO 50001 ²	10	-	-
Consumption			
Electricity (MWh)	61,249	60,640	33,443
Gas/oil/district heat (MWh)	69,721	67,717	39,667
Water (m ³)	183,823	191,918	130,685
Waste water output (m ³)	168,368	175,489	122,022
Waste (t)	11,189	12,123	4,525
of which recycled (t)	8,962	9,737	3,191
Emissions			
CO ₂ (t)	62,909	62,097	33,493
of which attributable to Dürr vehicle fleet (t)	9,474	9,481	3,965
SO ₂ (t)	32	32	18
NO _x (t)	49	48	27

ENVIRONMENTAL KEY FIGURES (INDEXED)

	2016	2015	2014 ¹
Consumption			
Electricity	76.9	72.2	64.6
Gas/oil/district heat	59.0	54.4	51.7
Water	84.4	83.6	92.3
Waste water output	87.1	86.2	97.2
Waste	136.5	140.3	85.0
Waste recycled	143.3	147.7	78.5
Emissions			
CO ₂	73.8	69.1	60.5
CO ₂ attributable to Dürr vehicle fleet	97.8	92.8	63.0
SO ₂	75.9	71.3	63.9
NO _x	71.7	67.0	61.0

(2010 = 100; in relation to sales)
¹ Not including the HOMAG Group

¹ Not including the HOMAG Group
² Sites used by several Dürr companies sometimes have multiple certificates.

OUR TEAM



14,545

employees worldwide (as at June 30, 2017)

Motivated and successful employees are crucial for our company. We want to be an attractive employer and treat our staff fairly, anytime and anywhere.

Our global Corporate Human Resources department reports directly to the CEO (Employee Affairs Director) and coordinates all human resources issues within the Group. The global HR Development team is in charge of the Corporate People Development department.

In mid-2017 Dürr had 14,545 employees, 3.4 % fewer than on June 30, 2016. One main reason for this decline was the sale of the Dürr Ecoclean Group with 839 employees. On a like-for-like basis, i.e. adjusted for the Ecoclean effect, employee numbers were up by 2 % compared to mid-2016. Aside from our regular workforce, we also take on external staff so we can respond more flexibly to fluctuations in workload. In the emerging markets, the number of employees remained virtually unchanged at 4,482 (June 30, 2016: 4,489). The number of people working in Germany dropped by 4.6 % to 7,737 employees as a result of the Ecoclean sale.

TRAINING AND PERSONNEL DEVELOPMENT

The production technology market has seen many new trends – from big data and system connectivity through to predictive maintenance. To keep our employees' level of knowledge up to date, we provide a comprehensive training program. In 2016 our training expenditure per employee, at € 780, was on a par with the previous year. The number of training attendances in Germany totaled 10,032 (2015: 11,848). Added to that were over 10,000 online training programs worldwide – mostly in the field of compliance. The number of training measures rose from 1,710 to 1,881.

Technical training courses in IT, technology and commercial know-how made up 52 % of all training, with IT training constituting the largest sub-group (18 %). Service training was also very popular. The training campaign launched in 2014 to increase customer focus is almost finished: 92 % of more than 8,000 designated employees have already completed their basic training. A new key topic of our training is compliance. Around a third of all training events are offered by in-house staff. Those wishing to access training programs can use the MyTraining online portal, which has been available to all Group employees since 2016. One of the training formats that reflects Dürr's international character is our



corporate training, where employees from different countries come together. They learn about Group-wide best practices in project management, sales and leadership. We had 535 participants in 2016, compared to 528 in 2015.

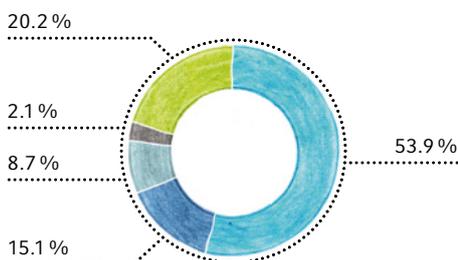
We also set great store by offering development programs for managers. In 2016, 249 participants attended specialist training courses based on the Dürr Leadership Skills Model, which represents a set of values for cooperation within the Group. New modules include the "Fit for Leadership" program for young executives and the "Advanced Leadership" training curriculum, which was launched at the beginning of 2017 and is aimed at experienced managers. To ensure we continue to fill all management positions with the right candidates, we

have implemented the "People Development" process. Designed to systematically evaluate potential managers, this process will be expanded to include the HOMAG Group in 2017.

PERSONNEL AND UNIVERSITY MARKETING

We usually fill most vacancies without any problems, thanks to Dürr's positive image as an employer. It is based not only on our economic success but also on the technological appeal of our products, interesting compensation and career options as well as a corporate culture that is also reflected in social networks. We advocate work/life balance, for example by offering flexible working hours as well as sport and health schemes.

EMPLOYEES BY REGION (DECEMBER 31)



	2016	2015	2014
● Germany	8,205	8,026	7,749
● Other European countries	2,306	2,165	2,180
● North/Central America	1,329	1,256	1,134
● South America	323	382	419
● Asia, Africa, Australia	3,072	3,021	2,669
Total	15,235	14,850	14,151

HOMAG Group/Woodworking Machinery and Systems was consolidated for the first time on October 3, 2014

11 years

is the average duration of employment at Dürer



We plan to highlight the job diversity within the Group to potential applicants even more clearly through employer branding. In addition, we will expand our social media presence. Our quality as an employer is underlined by numerous awards and high rankings:

- **Kununu Top & Open Company:** We have achieved an average score of 3.82 (out of 5) on the Kununu evaluation platform, thus outperforming our industry peers (average 3.11).
- **focus Best Employers:** In the employer ranking published by German magazine *focus*, we are 14th of a total of 75 mechanical and plant engineering firms rated in Germany.
- **Fair Company:** We involve interns in high-quality projects and pay them appropriately. Graduates are not employed as interns, but offered salaried positions.

- **Best companies for families:** The German magazine *ELTERN* (parents) has listed us as one of the most family-friendly companies in the German mechanical and plant engineering sector.
- **Success Factor Family:** We are committed to a family-friendly personnel policy.
- **Outstanding Trainee Program:** This quality seal shows that our Dürer Graduate Program is fair and provides career opportunities.

In 2016 we visited 24 university and recruitment fairs to attract graduates to Dürer. We had 24 visitor groups from universities and welcomed around 100 students to the StudentsTechnologyDay@DÜRER. 91 interns and 80 student employees worked for us to gain practical experience. We supported 62 students and 13 aspiring

engineers in completing their theses. The Dürr Challenge is a unique format for raising Dürr’s profile among young people. As part of this film competition, we send students from different technical fields to three major cities around the world to shoot short films on a particular theme. In 2016, the 15 participants produced film documentaries on the “World of Tomorrow” in Buenos Aires, Dubai and Kuala Lumpur.



	2016	2015	2014 ¹
No. of employees	15,235	14,850	8,492
of whom sandwich course students and apprentices	464	481	158
Average company service (years)	11	11	10
Churn rate in %	7.3	7.2	4.4
Sickness rate in %	3.2	3.1	2.1
Proportion of women among the overall workforce in % (Dec. 31)	16	16	18
Age structure in %: German employees 45 years and older	52.4	52.0	53.9
Age structure in %: worldwide employees 45 years and older	41.5	41.0	41.6
No. of accidents per 1,000 employees (Germany)	13.5	15.6	7.8
Number of participants in Group and individual training events in Germany	10,032	11,848	7,739
Number of Group and individual training events in Germany	1,881	1,710	1,349
Training budget per employee in Germany	780	780	720
Bachelor’s or master’s theses	75	81	46
Student trainees supporters on a regular basis	80	91	103
Apprentices	91	108	123

¹ Not including the HOMAG Group

² Without way-to-work accidents

“DEALING WITH STRESS”: WELLBEING DAY AT DÜRR

One appointment after another, dozens of emails, and the phone just doesn't stop ringing – sometimes work is so busy you hardly have time to catch your breath. At our Bietigheim-Bissingen headquarters, we have dedicated a whole day to the topic of stress. “Dealing with stress” was the motto of the second wellbeing day, which focused, above all, on relaxation and mindfulness. Employees could visit a range of different stations to try out exercises in autogenic training, Pilates and progressive muscle relaxation. Also on offer were activities such as foot pressure and body fat measurement, weight training and massage. The wellbeing day was funded through Dürr's social budget. Every year, the company pays half a million euros into this pot, which is used for health and sport programs for employees.

VOCATIONAL TRAINING

Offering vocational training to young people is part of our social responsibility and enables us to fill vacancies with qualified junior staff from our own ranks. In 2016 we had 464 apprentices as well as cooperative state university and “Studium Plus” students working for Dürr, around 70 % of whom were based at the HOMAG Group. We offer vocational training covering 14 commercial and industrial/technical fields. In 2016 we offered product technology as a training course for the first time.

The 12 cooperative state university courses we support include electrical engineering, mechanical engineering and various IT courses. High-achieving university graduates can embark on a specialist or management career at Dürr through the Dürr Graduate Program. At the end of 2016, seven young people were participating in this trainee program.

EMPLOYEE SURVEY

We carry out worldwide employee surveys in an effort to identify potential areas for improvement and to enhance the dialog within the company. In our most recent survey, conducted in fall 2016, we once again achieved a high level of participation of almost 80 %. HOMAG Group employees took part in the survey for the first time. Compared to the 2013 survey, we saw further improvements in almost all areas on a like-for-like basis, with most of our scores above the peer average. The survey also showed that commitment, team spirit and job satisfaction play a key role at Dürr. While many people are proud to work for the company, participants did indicate their desire for more feedback and personal development opportunities. We are using the survey results once again to implement improvements and leverage strengths in cooperation with employees.

OUR WORKFORCE

On December 31, 2016, the average age of our employees was 41. While in Germany the largest age group is between 45 and 54, in China, America and Europe (excluding Germany) the main age group is between 25 and 34. At 43 %, we have a high proportion of academics. 52 % of our employees have undergone non-academic vocational training. We employ around 700 project managers and 1,900 engineering staff – these large numbers correspond to the size of our well-established project business. 32 % of employees work in assembly and manufacturing, making up the largest proportion of the Group's workforce. However, compared to industrial companies with a higher level of production, this percentage is relatively low. Further personnel key figures can be found in the table below.





FUN EXPERIMENTS AT SCHENCK ROTEC IN THE SUMMER VACATIONS

At the Science Camp for intrepid explorers, children of Schenck RoTec employees could investigate and experiment to their hearts' content. In the last two weeks of the summer vacations, a total of 25 participants were ready to take on some exciting tasks: building a pirate shower or an underwater volcano, measuring the temperature with balloons or playing water music. Working in small groups, the children decided what they wanted to use for their experiments. They could choose between different science boxes, which contained not only test instructions and materials but also tips for additional experiments and independent, creative activities.

10,540

people participated in the employee survey

2016 EMPLOYEE SURVEY



CORPORATE GOVERNANCE/ COMPLIANCE



COMPLIANCE

Compliance is part of the CEO's remit. The Corporate Compliance Board, which shapes and further develops our compliance management system, reports to him. This board comprises the Corporate Compliance Officer, the Head of Internal Auditing, the Corporate Risk Manager, the Finance Managers of the divisions and other managers.

Questionable conduct can be reported to the Corporate Compliance Officer – anonymously, if so wished. An initial investigation is then conducted, with the assistance of Internal Auditing. If there appear to be reasonable grounds for suspicion, the CEO and the Corporate Compliance Board are immediately notified. Local compliance managers support the employees in the Group companies in meeting compliance requirements.

Dürr's code of conduct and various organizational instructions outline compliance requirements that are binding across the Group. The code contains information on the inadmissibility of discrimination, protection against corruption, fair competition, the right of all employees to fair treatment and dealing with insider knowledge. We have translated the code into the Group's nine most important languages. Other information on compliance can be found on the intranet, e.g. contacts, FAQs and procedures for reporting matters.

In mid-2016 we launched a global online training program on compliance. This uses actual examples to illustrate the code of conduct and the compliance management system. Some employee groups can also attend in-depth training modules on fair competition and protection against corruption. By mid-2017 around 8,000 employees had completed the basic compliance training. This did not include HOMAG Group employees, who had already attended a comparable training program.

Irrespective of the basic legal principles, the following standards are applicable right across Dürr worldwide:

- We treat our employees fairly, courteously and respectfully. Discrimination and harassment have no place here and are dealt with rigorously. We respect ethnic and cultural backgrounds and do not discriminate on the grounds of religion, disability, age, gender or sexual orientation.
- Child labor and forced labor are strictly forbidden. Our employees may join legally constituted employees' representative organizations without fear of disadvantage.
- A healthy and attractive working environment is essential for good performance. We comply with health and safety regulations.
- Our actions are guided by the UN Global Compact, which defines principles for fair working relationships and responsible business operations.



CORPORATE GOVERNANCE

The German Corporate Governance Code has been setting guidelines for reliable, sustainable and transparent corporate governance since 2002. Dürr is committed to the principles of good corporate governance as they create trust – among investors and customers as well as business partners, employees and the general public. We keep abreast of the exchanges on new aspects of corporate governance, check their importance for Dürr and carefully implement new regulations.



The Board of Management and the Supervisory Board issue a declaration on corporate governance every year. This also includes the declaration of compliance with the German Corporate Governance Code. The information can be found at www.durr.com/investor under Corporate Governance/Declaration on Corporate Governance.

We always carefully assess the opportunities and risks of our business activities. Our effective risk management system enables us to manage and reduce risks. A detailed description of Dürr's risk and opportunities management systems can be found on pages 78 to 87 of our 2016 annual report.

Act on Equal Participation of Women and Men in Executive Positions in the private sector and the public service

On May 1, 2015, the Act on Equal Participation of Women and Men in Executive Positions came into force in Germany. Its most important provisions are also reflected in the Corporate Governance Code. Companies that are listed on the stock exchange or are subject to co-determination are required to set themselves targets for women's quotas on their management boards and their two most senior management levels below management board level, and to publish these independently defined targets along with a deadline for their achievement.

We have fulfilled these legal requirements as follows:

- Since the 2016 elections, the Supervisory Board of Dürr AG has had four female members. This corresponds to a women's quota of 33 %, which fulfills the 30 % minimum quota required by law.
- The percentage of women on Dürr AG's Board of Management is 0 %; an increase is not planned before June 30, 2022.
- At the most senior management level of Dürr AG, the women's quota is 0 %; at the second most senior management level it was 33.3 % as at May 31, 2017. The targets have been set at 0 % for the first management level and at 20 % for the second level. The date by which both targets must be achieved is June 30, 2022.

DIVERSITY

The satisfaction of our employees is a top priority for us. The principles of equality and equal opportunities are based on a fair approach and the protection against discrimination – but they go even further: we ensure diversity when hiring staff at any level within the Group. We especially aim to give adequate consideration to women, including those in managerial positions. For us as an international group, having a broad-minded and multifaceted perspective is a key factor to our economic success. We therefore promote collaboration – across national boundaries, between different generations, and by providing equal opportunities for men and women.

Diversity is one of the five basic values of our leadership model. These values are used to measure and assess the leadership behavior of all our managers. At the Dürr Group we offer a number of different training courses and seminars with a focus on intercultural diversity. In addition, many international training events support our open-minded approach to diversity.

As part of our social budget, we provide funds for the continuous improvement of health and working conditions. The employee representatives and the Board of Management discuss this on a regular basis. We promote equal opportunities through various working time models, which meet the individual needs of our employees. In addition, we support internal communication through presentations and workshops on topics of controversial debate such as equal opportunities, religion, zeitgeist and lifestyle.

33%

women's quota on the Supervisory Board

SOCIAL COMMITMENT

Dürr aims to be a responsible member of society. This is why we take an active role for the benefit of society.

We are highly committed to the local area. The CEOs of the 92 sites are in contact with the relevant political decision-makers, they speak to representatives from education and welfare institutions as well as other stakeholders, and form partnerships. Examples include: the Wissensfabrik e.V. (Knowledge Factory) project in Germany through which we run fun engineering workshops in schools, plus job application coaching, technical presentations and company tours.

We also support projects providing aid to refugees. These include the "PerjuF" initiative promoting improved prospects for young refugees, but also the activities of employment agencies, local councils and chambers of industry and commerce. We support employees who volunteer in refugee projects, e. g. by granting leave of absence for training or educational purposes. On June 30,

2017, we had one employee and two temporary staff from a refugee background working for us. Another refugee commenced his vocational training at Dürr in September 2017. He had made a very good impression during a previous internship, which is why we created an additional place for him. Aside from a lack of language and technical skills, uncertainties over residence status currently prove to be a frequent constraint to employing refugees.

We also make specific donations to support humanitarian, cultural and educational projects as well as to grassroots, youth and disability sport. The eligibility criteria and the donation process are defined in our global donations guideline. We do not make any political donations. We also prefer to provide financial support for activities in the local area around our sites. In 2016 we donated € 0.8 million (2015: € 0.7 million). The largest individual donation was € 60,000 for the major arts event "Bietigheimer Wunderland".

Support from Schenck | Launching the Schenck RoTec scholarship: Paul Lücking is the first student to benefit from this financial aid, awarded by our Darmstadt-based mechanical engineering subsidiary. Schenck supports employees' children who are embarking on a full-time course in mathematics, IT, natural sciences, technology or a business-related field at a state-approved university. Apart from financial aid, the company also offers internships in Germany and abroad as well as support to students in completing their theses – the perfect stepping stone to a career.





HOMAG Cares | A lot is produced at HOMAG Treff – furniture and sample pieces that are unique to this in-house event. People visiting the event can purchase the finished sample products for a good cause. This program, known as “HOMAG Cares”, is offered at many trade shows attended by the manufacturer of woodworking machinery. At HOMAG Treff 2016, the company matched the proceeds to help raise a total of 8,000 euros. Half of this donation went to the center providing psychosocial care services to cancer patients in Horb, the other half was given to Choice e.V. in Stuttgart, which supports young people in difficult situations.



Advancement through education | As part of the All-German Grants Initiative, we support eight students whose performance is expected to lead to outstanding achievements in their studies and jobs. Young people from a migrant background are assisted in their education with START grants.

Water jet instead of overspray | The site recently occupied by our colleagues to plan the execution of a customer project is now used by the Araquari fire department in Brazil to train its squad. Dürr donated the premises, air conditioning units and furnishings.





Theory and practice | Gisela Boss from the Solitude secondary school in Stuttgart-Weilimdorf exchanged the classroom for a position as a guest student with Dürr for a few weeks. At the Bietigheim-Bissingen headquarters, the teacher gained an insight into the daily work of Dürr employees. This project, supported by the Dieter-von-Holtzbrinck foundation, is aimed at making business studies more practice-oriented. Of course, Gisela Boss also supports her students in questions about their career choice. She will soon be reporting back to them on the international mechanical and plant engineering projects, which require everyone involved to have a good level of English. She will also share her impressions of the complex processes in purchasing and logistics. And last but not least, she will talk about her experience “that apprentices and interns at Dürr are given responsible projects – and are not there to make coffee”.



A place in the sun | Two elegant sun loungers made of Douglas fir, “sponsored by HOMAG”, invite people to take a break at Rödelsberg, which offers a magnificent view over the Swabian Alps and the Black Forest. The furniture was designed and manufactured by apprentices and interns from the HOMAG Group. Two further loungers adorn the sun deck in the redesigned center of Unteriflingen.

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