



## Sustainability report 2016

Unaudited translation for convenience purposes only

# Sustainability report

Sustainable business practices secure the future of society and our Company. Our business model of automated car washing contributes to sustainability. We use resources sparingly and take our responsibility to employees and society seriously. Our goal is to create sustainable value and to leave for future generations a world that is ecologically and socially intact.

WashTec meets the highest standards not only of product and service quality, but also in environmental protection. We always operate with the aim of using resources and materials as efficiently as possible.

In the following, we would like to explain to you how sustainability is implemented at WashTec.

## Product responsibility

### 1. WashTec Products

- Featuring low energy and fresh water consumption, the ability to use recycled water via water reclaim systems and optimum chemical portioning, WashTec Products not only enable customers to operate their washes efficiently and economically, they also protect the environment.
- WashTec offers local analysis to help customers arrive at the optimum product specification for their site and prevent both over-dimensioning and under-dimensioning of wash capacity.

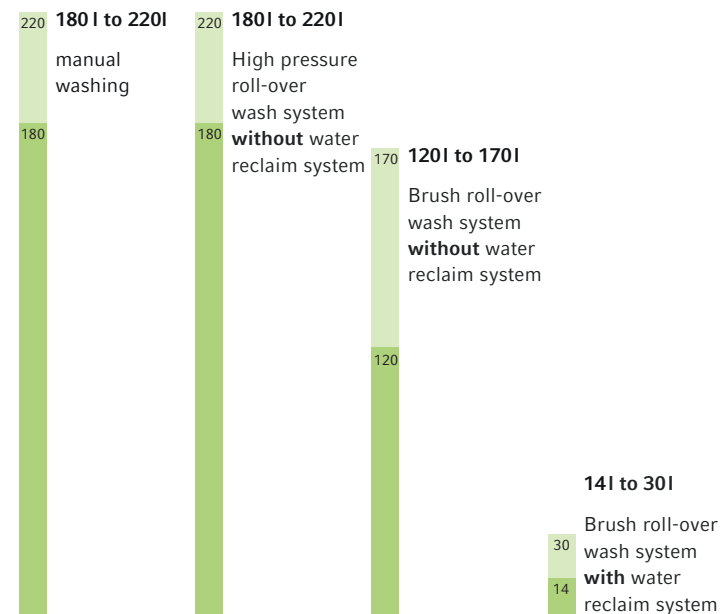
All WashTec equipment meets all prevailing environmental regulations and offers a water-saving alternative to manual car washing, which is prohibited in Germany and various other countries. WashTec also expects to see increasing regulation in markets with lower environmental standards or where water is scarce. This means greater potential for environment-friendly automated car washes especially with water reclaim systems. Scandinavian countries in particular have increasingly strict environmental requirements, and other countries are also considering a ban on manual car washing. In Scandinavia, WashTec has long used the Nordic Swan label for particularly environment-friendly water reclaim equipment or roll-overs.



*The WashTec environmental seal labels all products and product components that are especially environment-friendly and preserve resources*

In automated car washing, water and other substances such as shampoo and oil remain in a closed cycle and so cannot seep into the ground or groundwater. Since clean water is indispensable for car washing, WashTec offers water reclaim systems that, by treating the process water, reduce fresh water consumption during car washing by up to 90%. Thus, for example, a roll-over with water reclaim equipment uses only between 14 and a maximum of 30 litres of fresh water during a standard wash (compared to 44 liters of fresh water consumed during a standard wash with a modern washing machine).

**Minimized fresh water consumption (litres per wash)**



Source: WashTec Analysis

**2. WashTec and AUWA chemical products**

WashTec and AUWA stand for vehicle cleaning and care that is at once both thorough and environmentally sound.

The product range encompasses a line-up of cleaning and care products for car wash and spans everything from special solutions for water recovery systems to a comprehensive assortment for the cleaning and care of wash equipment and wash bays. Environmental compatibility is a priority for all products. Strict and seamless quality controls ensure that all AUWA products always satisfy all prevailing statutory requirements and meet stipulations such as wastewater thresholds. Compliance with the highest environmental and health standards is likewise a matter of course. For example, all active washing substances used are biodegradable, environment-friendly and non-abrasive – despite their high performance.

A number of products satisfy the requirements of the Nordic Swan ecolabel as well as those of the German Association of the Automotive Industry (VDA). Moreover, special wash chemical products are tested to DHI criteria (which rate products among other things by environmental performance) and to ÖNORM B5106, which focuses on wastewater performance.

The AUWA product range works with all WashTec water reclaim equipment and in this manner helps retain a high level of water quality. The concentrated and highly efficient products assist in reducing portioning and dispensing quantities – and hence consumption – and in improving the quality of process water and thus lowering the quantity of freshwater needed. Specific recommendations on the product packaging help prevent the use of excessive quantities.

## Production

### 1. Equipment

The majority of equipment production takes place at the Augsburg headquarters and has been continuously updated and reorganized in recent years. In addition, our subsidiary in Denver, Colorado (USA) produces car wash equipment primarily for the North American market. Our company in China serves as a components supplier and assembles equipment for the Asian market. The subsidiary in the Czech Republic manufactures equipment and components for final assembly in Augsburg. In Recklinghausen, control units are manufactured for the entire Group.

Since exhaust fumes and exhaust air generated during production are filtered, discharges or emissions of harmful substances are kept to the lowest levels technically feasible. Products are installed and maintained at our customers' places of business by some 500 in-house service technicians, subcontractors, and sales partners' technical personnel. The service technicians are on the road with modern, specially-equipped service vehicles, which themselves carry along suitable equipment and fittings ranging from tools and spare parts to safety equipment such as special mobile scaffolding.

The average service life for car wash equipment is between seven and ten years. At the end of its service life, the equipment is then professionally disassembled and either refurbished or recycled. All functional specification documents for the development of equipment at WashTec require maximum possible reuse or recycling.

Virtually all existing peripheral components can be used again in the event of equipment replacement; this now also extends to system control units. The sustainability of our products was examined as part of a project conducted by Öko-Institut Freiburg. The findings had an influence on ongoing product development in terms of ecological aspects such as lifetime water and energy consumption. This is where customer utility and sustainability come together.

### 2. Wash chemicals

The wash chemical products sold by AUWA are developed and produced in our laboratories in Augsburg, Bollebygd (SE) and Grebenau in close cooperation with the WashTec R&D Department.

In the production of AUWA products, conservation of scarce resources is always a priority. Accordingly, raw materials such as dyes, fragrances, emulsifiers or similar that are not required for a product to work are avoided as far as possible. All wash chemical products are concentrates automatically diluted and apportioned in the wash equipment. In addition to saving weight, this process also saves on packaging, thus minimizing transport costs.

The use of high-quality ingredients in a highly concentrated and optimized mixture reduces chemical consumption per wash. By using concentrated cleaning agents, consumption and the related transport costs and fume emissions can be reduced by 30–70% per product.



## WashTec environmental scorecard

The WashTec environmental scorecard is divided into the two areas of energy and waste:

### 1. Energy

At WashTec, the vehicle fleet accounts for the largest percentage of overall energy needs (60%). All vehicles newly acquired by WashTec are equipped with economical diesel motors with particle filters. Optimized route planning reduces fuel consumption. The company car policy incorporates limits for CO<sub>2</sub> emissions.

Energy-efficient systems are used for heating buildings. Measures such as energy reclamation, air recirculation, control technology, insulation of buildings beyond the industry standard and the use of available district heating systems for heating buildings are outcomes of our responsibility for sustainability.

The electricity that WashTec procures for corporate headquarters and the main production site in Augsburg is 43.6% renewables-generated (prior year: 39.9%). This figure is significantly higher than the national average of 27.9% (prior year: 24.6%). WashTec thus actively contributes to avoiding radioactive waste and lowering CO<sub>2</sub> emissions.

### 2. Waste

In 2016, WashTec generated 2,300 tons of waste material in Germany by taking back old equipment and due to production waste. This waste is systematically separated into single-material fractions. Through consistent separation of disposable waste (such as sheet and other metal waste), the sale of these waste materials in 2016 generated proceeds of €210k (prior year: €270k). Disassembled old systems are either refurbished or professionally recycled by authorized service providers.

## Certifications

Since 2000, WashTec has been certified under the ISO 9001 and ISO 14001 standards, which lay down globally recognized requirements for responsible quality management and environmental management systems. With its ISO 14001-based environmental management system, WashTec is taking part in the Bavarian Environmental Pact for Sustainable Growth with Environmental and Climate Protection. This is a voluntary agreement between the Bavarian state government and Bavarian industry which, among other things, creates an obligation to provide additional environmental protection going far beyond the standards required by law. In addition, WashTec has held SCC (Safety Certificate Contractors) certification since 1999. Compliance with this standard by engaging in preventive measures serves to protect the safety and health of our employees and also extends to additional environmental protection requirements.

An energy management system in accordance with ISO 50001 was additionally introduced and certified during 2016 in fulfilment of our responsibility for sustainability. Introducing an energy management system enables WashTec to better document and monitor energy flows for more efficient energy use. Certifications routinely performed by DEKRA also verify compliance with statutory provisions and standards, thus providing legal certainty.

Ecological aspects form a permanent part of WashTec's strategic planning, from product development to resource management in production. WashTec regularly lays down Group-wide environmental targets together with attainment measures, with projects for implementation and attainment measurement. Target attainment and environmental management systems are regularly monitored and presented in an annual management review. A continuous improvement process aids in the attainment of the Company's adopted targets.

## Stakeholder Dialogue

### WashTec as a sustainable investment

In view of its sustainable business model, WashTec's shares are included in investment funds specializing in sustainable investment. WashTec has held SRI (Sustainable & Responsible Investment) pass status as a sustainable investment since 2007.

### Customer satisfaction

Our goal is at all times to offer customers the best possible products and processes as well as the best possible service for operating a successful car wash business.

To review how far we satisfy this goal, we constantly carry out customer satisfaction surveys in which we assess the level of satisfaction with our products (such as regarding quality, price-performance ratio and introductory operational training) and our customer service (on measures such as quality, reaction time and friendliness). According to the most recent survey conducted in Germany, customer satisfaction with WashTec service and our products is very high. Just under 60 service deployments and some 17 machine installations were evaluated in 2016. 74 of our chemicals customers were surveyed as well. Our chemicals customers are particularly satisfied with initial training and technical advice on new products (grade: 1.3) and with wash results (grade: 1.7). In Services, high marks were awarded most of all for employee friendliness (grade: 1.6) and clean work execution (grade: 1.5; evaluation according to German school grades). We also carried out a customer survey among new equipment customers comprising a single question as to whether they would recommend WashTec to others. The 80% positive response rate reflects our customer satisfaction level and sets a benchmark for 2017.

## Personnel and Compliance

### 1. WashTec Code of Ethics

Since 2005, a standard Code of Ethics has applied to all WashTec Group companies, and its main tenet requires compliance by all employees with all rules, regulations and corporate directives. The Code includes the key directives on how employees are expected to interact with each other and with customers, suppliers, consultants and public authorities. WashTec Group managers and employees in *Sales, Purchasing, Personnel* and *Finance* routinely sign a commitment to comply with the Code. Since 2016, employees have been trained and tested on the compliance system and the Code of Ethics using an online training tool. The WashTec Code of Ethics can be downloaded from [www.washtec.de](http://www.washtec.de). Knowledge of compliance and the Code of Ethics is additionally trained and tested in an e-learning tool introduced in 2016. In further support of the compliance program, a whistleblower system, likewise introduced in 2016, enables employees and others to raise any concerns – anonymously if they prefer – and to bring attention to circumstances that may indicate a breach of the law or corporate directives. Any such indications are investigated and action taken as appropriate if grounds for suspicion or violations are identified.

### 2. Corporate Philosophy

The corporate philosophy introduced in fiscal year 2015 provides all employees with guidance on how to interact among themselves and with customers. The highest priority is on maximum customer benefit. Each contact with WashTec should be a positive experience for customers. Our corporate philosophy is the basis for the WashTec leadership policies. The corporate philosophy was rolled out throughout the Group during 2016 in the form of global workshops for all employees. Management training programs build on the corporate philosophy and are specifically tailored to WashTec's needs. Members of senior management the world over took part in the management training programs in 2016.

### 3. Employee handbooks

In all foreign subsidiaries of the WashTec Group, the most important provisions in connection with employment relationships are additionally laid down in **employee handbooks**. These contain, for example, rules on non-discrimination, handling employee complaints and employee interaction, as well as general provisions on how employment relationships are structured.

### 4. Corporate audits

Processes and transactions at all WashTec Group companies are examined for compliance with external and internal rules and regulations on the basis of risk analysis, both routinely and in ad-hoc audits in response to alerts. This enables any noncompliance to be identified and remedied as early as possible.

### 5. Training and human resource development

Human resource development plays an important role at WashTec. WashTec offers all employees the opportunity to participate in internal and external continuing education and training programs. These programs range from foreign language and IT courses and specialized training through to soft skills training. A separate budget is allocated for employee training each year. Throughout the Group, 90% of the continuing education and training courses requested by employees were provided.

In North America, the Company has voluntarily launched a system to continue paying compensation during illness as such benefits are not so far required under local law.

At the Company's headquarters in Augsburg, formal training is provided in the fields of information technology (IT) and mechanics, and for qualification as an industrial clerk. The high number of training places made available in 2016 is to be maintained in 2017.

### 6. Employee satisfaction

WashTec's employees are key to our business success. We constantly work to improve in this area.

In a study conducted by Focus magazine, WashTec was once again recognized as one of Germany's best employers in the engineering sector. WashTec was also awarded the accolade of Top Career Chances by Focus and of Top Company and Open Company by the kununu review platform.

Social activities during non-business hours, such the Family & Friends Day in September 2016, the WashTec happy hour in Augsburg, outings, and participating in the company run foster communication and teamwork.

### 7. Health and safety

WashTec contributes to workforce health with regular work safety training, ergonomic workplace design and medical checkups (such as during the WashTec Health Days held regularly in Germany). E-learning software has helped managers train our employees since 2007.

WashTec has a well-developed, SCC-certified occupational safety and health management system. WashTec service technicians are under special obligation to learn and understand safety issues. The focus of regular training and certification programs is on training sessions for working in and around filling stations when preparing and undertaking the commissioning, maintenance and servicing of our equipment and systems. All WashTec service technicians in Germany have participated in driver safety training with their fleet vehicles. The rollout of new safety equipment is accompanied by intensive training. For example, all service technicians are provided with special mobile scaffolding developed in collaboration with a major scaffolding manufacturer. A training program devised for the purpose introduced our employees to the



WashTec Tower so that they can correctly and safely use the scaffolding specially developed for working at height on wash equipment. The design and introduction of the WashTec Tower gained a safety award in 2014 from Berufsgenossenschaft für Holz und Metall, the woodwork and metalwork employers' liability insurance association. Compliance with safety provisions is routinely monitored in internal and external audits. Similarly, the findings of audits on customer premises are used to motivate employees and continually improve working conditions.

In the course of reorganizing production processes and investing in production locations, special emphasis is placed on ergonomic workstations and tooling. Over the years, WashTec has also been able to reduce the number of occupational accidents significantly below the industry average reported by employers' liability insurance associations. Awards for successful safety work handed out by major customers in the petroleum industry verify our high safety culture standards at WashTec.

#### **8. Balancing family and career**

Balancing family and career lies close to every parent's heart. WashTec actively seeks to meet this need by offering a large variety of individual working time arrangements. To this end, WashTec offers a wide range of flexible working time arrangements. Evidence of its success is the excellent way in which employees who return from parental leave reintegrate into their challenging roles and responsibilities and the rising number of mothers and fathers signing up for part-time working.

#### **Social commitment: Bunter Kreis e. V. and Stiftung Kartei der Not**

The birth of a handicapped child, a heart problem or the diagnosis of cancer, an accident or hereditary disease always affects the entire family and changes lives abruptly. With approximately 70 professionals, the registered association known as Bunter Kreis e.V., which was founded in Augsburg in 1991, provides handicapped and severely sick children together with their families with comprehensive psychological, social, medical and financial support. The work of Bunter Kreis is indispensable for Augsburger Kinderklinik, the local children's hospital in Augsburg. Bunter Kreis helps most of all during the period following discharge from hospital, when it assists families in dealing with new challenges and burdens. The reliable follow-up care often also allows children to leave hospital early. Since the frequently time-consuming work of caring for sick children and their families is only partially covered by statutory health insurance, WashTec has continually supported Bunter Kreis with donations in cash and in kind as one of its main sponsors since 1996.

We take our social responsibility seriously and want others to share in our success. Accordingly, WashTec supplemented its existing social engagement activities in 2016 by supporting the Kartei der Not foundation. Kartei der Not supports people who are in need through no fault of their own. This includes any predicament that is not the fault of the person seeking help, as a result of invalidity, illness, accident or other causes. Kartei der Not supports poor children and their families, people with disabilities, the chronically ill, old people with small pensions, social orphans and people who have suffered severe strokes of fate. Since its foundation in 1965, Kartei der Not has provided some €40 million to help people in need across the region.