



UN Global Compact Communication on Progress 2017

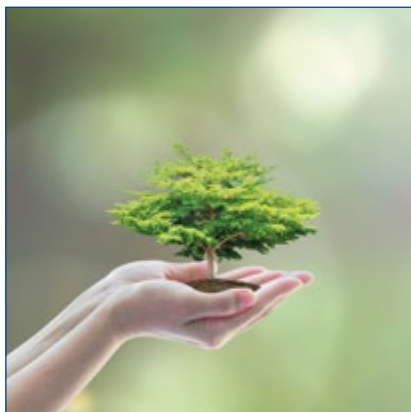
Successful together



Human



Labor



Environment



Compliance

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Sustainability for a Better Future



Sustainable company management and social responsibility toward employees, customers, business partners, and society are among the core values of KARL STORZ.

We strive to act sustainably at all times when pursuing our entrepreneurial goals as well as in our many socially relevant initiatives that go beyond our core business. This particularly applies to projects we pursue – either alone as a family company or jointly with partners – to promote health care, education and training as well as environmental protection.

In our efforts to protect the environment, we once again reached our goal to reduce our per employee paper use as well as the kilometers driven with our company fleet.

Our company activities are designed to not only make us a good partner to our employees and customers but also part of the society in which we conduct business. This year's projects demonstrate that we can be proud to be part of society on all continents. In return, we are happy to take responsibility for the environment in which we are active.

Our projects in Africa, Asia, Europe, North America, and

South America reflect this commitment. In this context, the wide range of volunteer work done by our employees deserves mention as well.

To us, Sustainability for a Better Future means that we not only take a long-term perspective in everyday business but that we also sustainably and carefully prepare our organization for future challenges. In 2017, we took two important steps to this end as well:

With the integration of the European legal form – the so called SE (Societas Europaea) – into our existing corporate structure, we set the course for the future. The so far used company name KARL STORZ GmbH & Co. KG has been changed into KARL STORZ SE & Co. KG as the new legal company name. The KARL STORZ SE & Co. KG will remain to 100 % in the family ownership of the Family Storz. One of many advantages of this change in the legal form will be that the family-held company will benefit from a modern organizational structure based on European law. We are convinced that this step is an important milestone for the future of KARL STORZ that initiates a long-term transformation that is based on continuity. The SE is a legal form that will allow us to combine the strength of a family company with future-looking structures.

Another step was the establishment of an Employee Representative Committee that aims to promote and intensify direct communication between employees and company management. This step is intended to further improve our focus as an employer on employee concerns regarding the workplace.

In the 13th year of supporting the UN Global Compact, we once again refined strategies and measures to even more strongly anchor the Ten Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption in our company culture and our day-to-day business. This review and the positive results of the measures we have taken and the goals we have reached strengthen our determination to continue promoting the Ten Principles of the Global Compact as an integral part of our corporate action in the years to come as well.

Dr. h. c. mult. Sybill Storz

Managing Director of KARL STORZ SE & Co. KG

Tuttlingen, December 30th, 2017

KARL STORZ at a glance



2,800

employees at the Tuttlingen headquarters

7,500

employees worldwide



– 4,4%

less fuel consumption
of company fleet compared
to 2016 (headquarters)



€1.6 billion

sales in 2016

People from over
50
nationalities working at the Tuttlingen
headquarters



47 subsidiaries in
44 countries worldwide

– 12%

reduction in paper use per employee
compared to 2016 (headquarters)



more than

15,000

products



KARL STORZ Endoskope – The path to gentle surgeries

The breakthrough in minimally invasive surgery



In 1945, Dr. med. h. c. Karl Storz founded this family business, which is named after its founder. Ever since the company's early day, he strived to tailor medical products to the exact wishes and needs of the doctors who use them by directly collaborating with physicians.

In over 70 years, the former two-person enterprise has developed into a globally active company with a worldwide presence. Everyday, our 7,500 employees enable KARL STORZ to implement new products and innovative ideas to support physicians.

KARL STORZ SE & Co. KG is one of the world's leading suppliers of endoscopes, endoscopic instruments and devices for more than 20 disciplines in human medicine. KARL STORZ also provides solutions for veterinarian endoscopy as well as for industrial applications.

In 1965, Dr. Storz collaborated with Prof. Hopkins to develop the powerful HOPKINS® rod lens system. The new technology delivered previously unimaginable image quality in terms of light intensity, depth of field, contrast, and resolution. About

20 years later, advancements in camera technology permitted the display of the surgical site on a monitor, so that the physician now uses a monitor rather than an eyepiece to view the inside of the patient's body. This advancement has promoted ergonomics in the operating room and significantly has improved the training of young physicians, since they can now better observe surgical procedures.

Today's minimally invasive surgery makes procedures much less physically traumatic and thereby contributes to reducing fear and worry about necessary medical procedures. The incisions, which are often only a few millimeters long, reduce wound pain and wound healing problems and additionally contribute to much better cosmetic results – permanent scars are reduced to a minimum. In addition, faster healing reduces hospital stays.

Innovative systems supplier

KARL STORZ is a successful full-range supplier, offering a product range that easily combines innovative instruments and devices with system solutions. The company presents process solutions that reflect the full range of medical services. KARL STORZ demonstrates its expertise as a system partner with the integrated treatment concept OFFICE1 for diagnostic workplaces and the integrated operating room concept OR1™ that is designed to optimize all processes and resources involved in surgery.

In 2017, KARL STORZ again successfully proved its outstanding development expertise and innovativeness: For the C-MAC® Pocket Monitor video laryngoscope, which was launched on the market in October 2016, KARL STORZ received in April 2017 the prestigious Deutsche Innovationspreis 2017 (German innovation award) in the "Major enterprise" category. Furthermore, KARL STORZ received one of 100 "Selected Landmarks in the Land of Ideas 2017" awards for the VITOM® 3D, an award the company previously received in 2009 and 2012 as well. The screen-based VITOM® 3D system is a revolutionary solution for the visualization of microsurgical and open surgical procedures in many medical specialties and provides surgeons with optimal conditions for performing detailed precision work.



Anesthesiology and Microscopy innovations that received awards in 2017

With the integrated operating room OR1™, KARL STORZ developed a solution in the late 1990s that has defined the state of the art ever since. For the past 20 years, the OR1™ has stood for modularity, ergonomics, and efficiency. Permanent progress in medicine and technology requires the continuous development of integration solutions.

The future is 4K UHD – offering ultra-high resolution and an extended color space for the precise display of the most delicate structures. Images are captured and processed with the aid of the IMAGE1 S™ 4U components within the modular camera platform IMAGE1 S™. The monitors used for visualization are available in various sizes and with different technologies (3D, 4K, etc.). The OR1™ components permit the routing and documentation of 4K image and video data. With OR1 NEO®, the 4K signals can be routed to any monitor connected to the system to supply the entire operating room staff with an ideal, ergonomic view of one of the monitors. AIDA™ allows documentation and saving of 4K image and video data and using them in ultra-high resolution for teaching, presentation, or study purposes. In addition to the familiar type of installation, which typically requires space in a separate technology room, KARL STORZ offers the OR1™ components as an elegant and space-saving wall-mounted solution.



Ultra-high resolution in the endoscopic image chain



Prospects for the future

The development of minimally invasive surgery is linked inextricably with the name KARL STORZ. Today, our product portfolio contains over 15,000 products for more than 20 medical disciplines. Nevertheless, the family-run business does not rest on its laurels but is always on the lookout for innovative improvement and solution options. Our motivation can be described with a quote from Hippocrates: "Healing is a matter of time, but it is sometimes also a matter of opportunity."

Dr. h. c. mult. Sybill Storz, Managing Director and daughter of Karl Storz, thinks that the potential of minimally invasive surgery has still not been exhausted by a long way. "Operating techniques that place less strain on the patient will continue to develop and give rise to new methods and areas of application." With entrepreneurial foresight, a good instinct for future trends, highly specialized employees, and innovative ideas, KARL STORZ plans to continue to develop products that will make new treatment options possible and make endoscopy even less invasive and even safer.

Implementation of the Ten Principles at KARL STORZ

Global Compact Principles 1 – 2: Human Rights

Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.

Every year, KARL STORZ aims to not only theoretically respect and support human rights, but to apply this idea to the specific business context.

For KARL STORZ, respecting human rights also means explicitly promoting projects focusing on human dignity within and outside of the company's core business. On the basis of this fundamental principle, KARL STORZ again provided sustainable support this year. On the one side we supported projects dedicated to medical education and training and on the other side we focused on supporting projects that specifically assist people in less privileged situations or that help others to help themselves.

I. Africa: Promotion of endoscopic third ventriculostomy (ETV) for the treatment of hydrocephalus

Worldwide, endoscopy training for physicians is an important prerequisite for the use of modern surgical methods to benefit patients. For decades, KARL STORZ has been supporting hospitals and universities in this important task. In Africa in particular, special efforts must be taken to make medical knowledge available where it is urgently needed.

For more than 15 years now, KARL STORZ has been supporting one of these efforts, a surgical training fellowship in the comprehensive treatment of children with hydrocephalus and spina bifida implemented by CURE International, CURE Hydrocephalus and Spina Bifida (HSB).

Cure International is a US based non-governmental organization. Its current official tag presents CURE International as a Christian health care network that operates charitable hospitals and programs in underserved countries worldwide where patients experience the life-changing message of God's love for them, receiving surgical treatment regardless of gender, religion, or ethnicity.

The centerpiece of the surgical training fellowship is an endoscopic procedure known as the combined endoscopic third ventriculostomy/choroid plexus cauterization (ETV/CPC), allowing a child to live a shunt-free life.

The program has also created a network of Partner Treatment Locations at the home institutions of the fellows. These locations are generally located in Sub-Saharan Africa and South-East Asia. Through these and other strategic global partnerships, such as KARL STORZ, CURE HSB seeks to save lives through building global health systems' capacities for treatment, training, research, and prevention.

To date, CURE Hydrocephalus continues to have tremendous success, having trained 32 surgeons from 19 countries while establishing and maintaining 17 partner treatment locations (PTLs) globally. This has resulted in more than 25,000 life-saving interventions for children with hydrocephalus and spina bifida in Sub-Saharan Africa and South-East Asia.

These vulnerable children and families have been given another chance at life and are now thriving.

Country Locations where all trainees have come from (19) countries:

Uganda, Zambia, Bangladesh (2), Malawi, Mali, Nigeria, Tanzania (2), Mozambique, Angola, Vietnam (2), Philippines (2), Kenya (2), Ethiopia, Liberia, Nepal, Guinea, Ghana, DRC and Honduras

Current Partner Treatment Locations are located in the following countries:

Uganda, Zambia, Bangladesh, Malawi, Mali, Nigeria, Tanzania, Mozambique, Angola, Vietnam, Philippines, Kenya

Roger Spoelman, D.B.A., M.B.A. President/CEO – CURE International

“An innovative endoscopic treatment of infant hydrocephalus, the ETV-CPC procedure, was born out of necessity at CURE International’s Hospital in Uganda. The ETV-CPC procedure requires the use of a flexible neuro-fibrescope. Since 2001, the KARL STORZ company has been the exclusive provider of flexible neuro-fibrescopes for CURE Uganda and its network of partner locations around the world. Our desire to share this innovation, has led to our Ugandan and global faculty training over 32 surgeons from 19 countries on the ETV-CPC procedure. Over 20,000 procedures have been performed through our hospitals and our network of partners, making it the largest hydrocephalus treatment provider globally. We’re proud to partner with the KARL STORZ company to deliver innovative, life-saving care to children around the world living with hydrocephalus.”

Dr. Ronnie Baticulon, Associate Professor and Pediatric Neurosurgeon Manila, Philippines

“The time I spent in CURE Children’s Hospital - Uganda gave me a comprehensive understanding of the management of hydrocephalus and spina bifida, particularly in a low-resource setting. I gained confidence in using the flexible scope for endoscopic treatment of hydrocephalus, under excellent mentorship from Drs. Ssenyonga and Onen. I also appreciated the importance of team work in the hospital, involving doctors, anesthetists, nurses, and care coordinators, to ensure that the best possible care is given to the children.”

Dr. Mukherjee Sudipta Kumar, Assistant Professor and Pediatric Neurosurgeon, Dhaka, Bangladesh

“In my home institution, it was the helplessness of a baby that had been shunted four times. The baby’s father was distraught, and told me “It was better not to have my baby”. The words made me very sad and the word has made me promise a very good promise “I have to do something for them”. This led to doing my doing the fellowship with CURE HSB in Uganda and learning how to treat Hydrocephalus endoscopically (ETV/CPC)”.

Dr. Vita Stagno, Bristol, UK-Member of Cure International global advisory group

“This program was like the light, it’s an amazing opportunity that came in the perfect time in my life...I can’t work in Africa but this is what I can give as part of my personal time to feel helpful, to feel I’m part of it and I see that even if my time is limited I can still contribute”.





II. Indonesia: Support of screening program for early cancer diagnosis in ENT

Smaller secondary care centres are equipped with necessary equipment for screening programmes for early diagnosis of nasopharyngeal cancer

Background

Dr. Matthias Lechner from the UCL Cancer Institute, University College London, UK, one of Europe's largest and most productive centres of biomedical research, founded the "Yogyahealth" project under the umbrella of ASEA-Uninet (ASEAN-European Academic University Network) in 2008 and serves as a trustee of the Association for the Global Advancement of ENT Surgery and Head and Neck Cancer Research (AGA-ENT). AGA-ENT ensures that secondary care centres with small ENT outpatient departments in rural areas where it is most needed are provided with equipment for screening for early diagnosis of nasopharyngeal cancer (NPC). The partners of AGA-ENT in Indonesia are: Gadjah Mada University (UGM), Yogyakarta, and Dr. Sardjito Hospital, Yogyakarta.

<http://www.aga-ent.org>

In 2016 this project was supported by KARL STORZ through a donation of two units of flexible nasoendoscopes to two district hospitals – Banyumas District Hospital and Wonosari District Hospital for early detection of nasopharyngeal cancer. The Dean of Medicine of UGM, Professor Dr. Ova Emilia, expressed sincere gratitude to KARL STORZ for last year's donation of this ENT equipment.

Continued support

In 2017 this project was supported by KARL STORZ through the donation of further equipment and a hands-on endoscopy simulation workshop which was held at Universitas Gadjah Mada (UGM) in September 2017.

The training workshop has been made possible as part of a long standing collaboration between Dr. Lechner and the local doctors. This year's workshop emphasizing on the diagnosis of early detection of nasopharyngeal cancer (NPC), organized by Dr. Lechner and Dr. Sari, was a follow up to last year's training and was attended by twenty residents who learnt and familiarized themselves with nasoendoscopic techniques for diagnosing postnasal space lesions. Dr. Lechner provided 3D printed simulation heads, kindly donated by one of his colleagues, Dr. Issa Beegun, for the residents to get hands-on experience with the use of flexible nasoendoscopes. A KARL STORZ representative gave a training session on the appropriate care and maintenance of the flexible nasoendoscopes to the local ENT doctors and the residents.

In addition to this event and the handover ceremony, the team from the Royal College of Surgeons, led by Dr. Bill Thomas and Dr. Helen Fernandez, organized a basic surgical skills workshop for the residents to refresh their basic surgical knowledge and skills.

The faculty at Universitas Gadjah Mada and the collaborating teams expressed an interest in further collaborations with KARL STORZ for basic surgical courses in the future.



Dr Lechner receiving certificate of appreciation from the Vice-Dean of Medicine of UGM



Group picture of all the participants and instructors involved in the surgical skills training



Dr Lechner teaching the residents on the use of flexible fibre-optic nasoendoscopes, kindly donated by KARL STORZ



Dr Lechner giving lectures on the early detection of NPC at the KARL STORZ Endoscopy Workshop 2017

III. China: Five-Year Minimally Invasive Surgery (MIS) Training Project

Based on years of cooperation, KARL STORZ China committed to a five-year training and capacity building project with Ningxia Medical University (NMU) Training Center in 2017. The project will span from May 2017 to May 2022. KARL STORZ will support systematic training courses and workshops to empower more local doctors to master MIS surgical skills across all disciplines. The project is a powerful boost to build the NMU Training Center as the go-to place for quality MIS education in Ningxia Province and Northwestern China.

To kick start the project, KARL STORZ donated four sets of full-scale laparoscopic endoscopy devices to NMU Training Center that will be used to demonstrate advanced MIS methodology to young doctors of the region.

The “Train the Trainer” concept is also deployed to establish training capacity of the center in the long-term. For this concept 24 experienced MIS doctors have been selected that were already working at NMU to be the designated lecturers of the training center.

The training concept also comprises an educational exchange between international and local scholars. This year the renowned Prof. Roger W. Motson, Director of the ICENI Centre from Colchester UK was invited to visit and work hand-in-hand with NMU staff. ICENI Centre is in operation of 25 years providing first-class training, education and development to healthcare professionals. It is one of the only four UK-based Royal College of Surgeons accredited centers.

NMU and KARL STORZ also organized the first Helan Hill MIS summit on May 12th 2017. The summit was the first official MIS academic exchange platform in Northwestern China. More than 300 doctors and healthcare professionals from neighboring provinces participated in the summit. With the goal of uplifting MIS surgery skills in Northwestern China, the project partners NMU and KARL STORZ are committed to bring advanced endoscopic devices, demonstration workshops, training and exercising classes to young doctors in the region. From head-to-toe MIS surgical disciplines, the NMU Training Center is set to be the education center for continued MIS advancement.

NMU Training Center is the fourth training base that KARL STORZ supported in China. Previously, KARL STORZ cooperated with Qingdao University Affiliated Hospital in Northeast China to build its first MIS training center. In Southern China, KARL STORZ also supported Guangzhou Zhongshan Hospital and Hong Kong University Shenzhen Hospital to establish their training centers. All centers have become important pillar of regional MIS development.



Ningxia University Hospital MIS Training Center



20 doctors joined the urology endoscopic workshop on May 13th 2017



KARL STORZ executives and scholars with first batch of doctor trainees



Opening of 1st Helan Hill MIS Summit on May 12th, 2017

IV. Afghanistan: Women Health – Gynecological Training

In March 2017 KARL STORZ started a cooperation for a 24-month program with the non-profit institution Cure International (USA) which operates a partially restored hospital in Kabul. This hospital provides higher quality maternity and pediatric care, general surgery and family health care.

The aim of this program is to set up a training program to build up required skills of healthcare professionals – specifically in Kabul and in Mazar-e-Sharif – to adopt and spread adoption of hysteroscopic, endo-urology and laparoscopic procedures. In this training program a total of five surgeons will be trained in modern and less invasive endoscopic methods.

The training mainly emphasizes on the following procedures:

- Diagnostic hysteroscopy and uterine biopsy
- Diagnostic laparoscopy and peritoneal biopsy
- Ovarian cystectomy or evacuation and laparoscopic evaluation of fallopian tubes for patency
- LAVH (Laparoscopically Assisted Vaginal Hysterectomy),
- TUR (Trans-Urethral Resections).

The training program is based on a train-the-trainer concept and consists on the following modules:

- 6 month training and qualification in a training center abroad
- Surgeons then pass on their knowledge in local training sessions
- Telemedicine sessions to supervise and intensify knowledge

KARL STORZ supports this project by providing endoscopic training equipment and educational grants so that physicians can be trained in the country but also abroad.

V. Brazil: Supporting medical care in rural regions

Together with our Brazilian distributor H. Strattner, KARL STORZ has been supporting the project “Bandeira Científica” (banner of science) since 2013. The project came up with the objective to reduce the great differences in health quality in remote regions of Brazil and the medical student as the key to improve this health conditions.

The medical students have contact with each stage of the process, in project management and in scientific assistance and production. For this, the project is organized in three pillars: assistance, education and research.

- In the assistance, the team performs complete gynecological and digestive examinations in screening, and ultrasound examinations, taking a minimally invasive technology to places with no access, with local continuity plans.
- In relation to education, the project brings the undergraduate student with a different reality from that seen in tertiary hospitals, thus integrating the student in each stage of the surgical process, so that he participates in the surgical procedure in a global and longitudinal manner, from admission to discharge. The student is also encouraged to develop a critical spirit and social awareness in the participants, forming links with local universities, in order to maintain the exchange of experiences even after the end of the expedition.
- In the research area, the expedition carries out epidemiological data collection for analysis, returning the results to the municipality and for academic publication.

The project combines aspects of medical training, research and free medical care as well as the establishment of medical structures in remote regions. Currently, about 50 students and physicians of the renowned Brazilian Medical School (FMUSP) are involved in the project.

In recent years (2013 to 2017), minimally invasive procedures were performed for one week in each of various remote regions. In July 1 - 9, 2017, the surgical expedition went to Goioerê in the federal state of Paraná, where about 65 minimally invasive gynecological and digestive procedures were performed.

The initiative aims to establish certain medical procedures in remote regions to offer diagnosis and treatment for patients in these areas. The initiative also intends to additionally train local physicians in the new techniques to enable them to continue offering the treatments in order to reduce long waiting times for patients.

The project thereby contributes to improving medical care in Brazil's rural areas, spreading minimally invasive techniques, and providing training in the handling of endoscopic instruments and devices.

Together with the local dealer, KARL STORZ supported this activity again in 2017 by providing the following:

- Supply of endoscopic equipment and instruments
- Prior training of program participants on the handling devices and instruments in the KARL STORZ showroom
- Funding of transport costs for the necessary medical devices
- Local support through dealer and KARL STORZ's personal



Students of the renowned Brazilian Medical School (FMUSP)

VI. Donation for medical technology products for sustainable development

This year, KARL STORZ once again supported numerous medical aid projects in various countries worldwide. These projects focus on treating patients in need as well as on the sustainable component of training local physicians and nurses in endoscopic methods. KARL STORZ contributes by donating endoscopic products that are then used by experienced physicians on site. Afterwards the products are donated to local staff following medical training.

In 2017, we supported projects in the following countries:

- Armenia (Gynecology)
- Burkina Faso (Urology)
- Cameroon (ENT)
- Chechenia (Anesthesia)
- Ethiopia (Gynecology)
- Ghana (Pediatrics)
- India (Gastroenterology)
- Indonesia (ENT)
- Laos (2 x Laparoscopy)
- Mongolia (Gynecology)
- Myanmar (Arthroscopy)
- Tanzania (ENT)
- Ukraine (Neuro-Endoscopy, ENT)
- Venezuela (Arthroscopy)
- Vietnam (Anesthesia)



VII. Employee Solidarity

KARL STORZ employees support charitable organizations

Under the motto “Playing sports for a good cause”, the KARL STORZ company sports group held two sports events again this year to promote cooperation between colleagues and combine that with a charitable cause. At the 24th International KARL STORZ Volleyball and Soccer Event in April 2017 and the 30th KARL STORZ Soccer Tournament in July 2017, playing sports and having fun with colleagues was as much of a highlight as the support of the Tuttlingen association “Phönix – gemeinsam gegen sexuelle Gewalt e.V.” (Phoenix – together against sexual violence). Already since 2004, KARL STORZ Aktiv has upheld this tradition of donating the net proceeds of these sports events to a social aid facility located in the region.

The net proceeds of this year’s sports events in the amount of € 2,700 will be presented to the Phoenix association. Since 1999, Phoenix has been the place to turn to for victims of sexual violence in the Tuttlingen region and it has sought to support those seeking advice. In addition to providing consultation services, the nonprofit organization has also continuously expanded the area of prevention, where it does important work against sexual abuse.

KARL STORZ kilometers run for charity

This year, KARL STORZ once again turned staff involvement in sports into a donation for local initiatives. Nearly 100 KARL STORZ employees participated in the Tuttlingen race “run & fun” (in May 2017) and the Berlin Company Race (in June 2017), where they ran a total of 770 kilometers.

Each kilometer run generated a donation amount of € 1, and Dr. h. c. mult. Sybill Storz topped up the total to a generous donation of € 1,500. Additional proceeds of € 300 were collected by the company sports group KARL STORZ Aktiv e.V. as part of KARL STORZ medal engraving in the run & fun 2017 event.



KARL STORZ runner and volunteer teams at the 2017 run & fun (May 2017)



KARL STORZ had 20 runners take part in the Berlin company run (June 2017)

This year, half of the donation amount of € 1,800 was presented to the Tuttlingen Chapter of the Deutsche Kinderschutzbund (German Association for Child Protection) and the other to Dornahof Tuttlingen. The Tuttlingen Chapter of the Deutsche Kinderschutzbund has been working to promote the protection of children, children's rights, and improved living conditions for children and families in Tuttlingen for more than 50 years. At two locations in the city of Tuttlingen, Dornahof offers housing and support options to homeless people or those at risk of becoming homeless.



Presentation of the donation (July 2017)

Donation drive for South African colleague

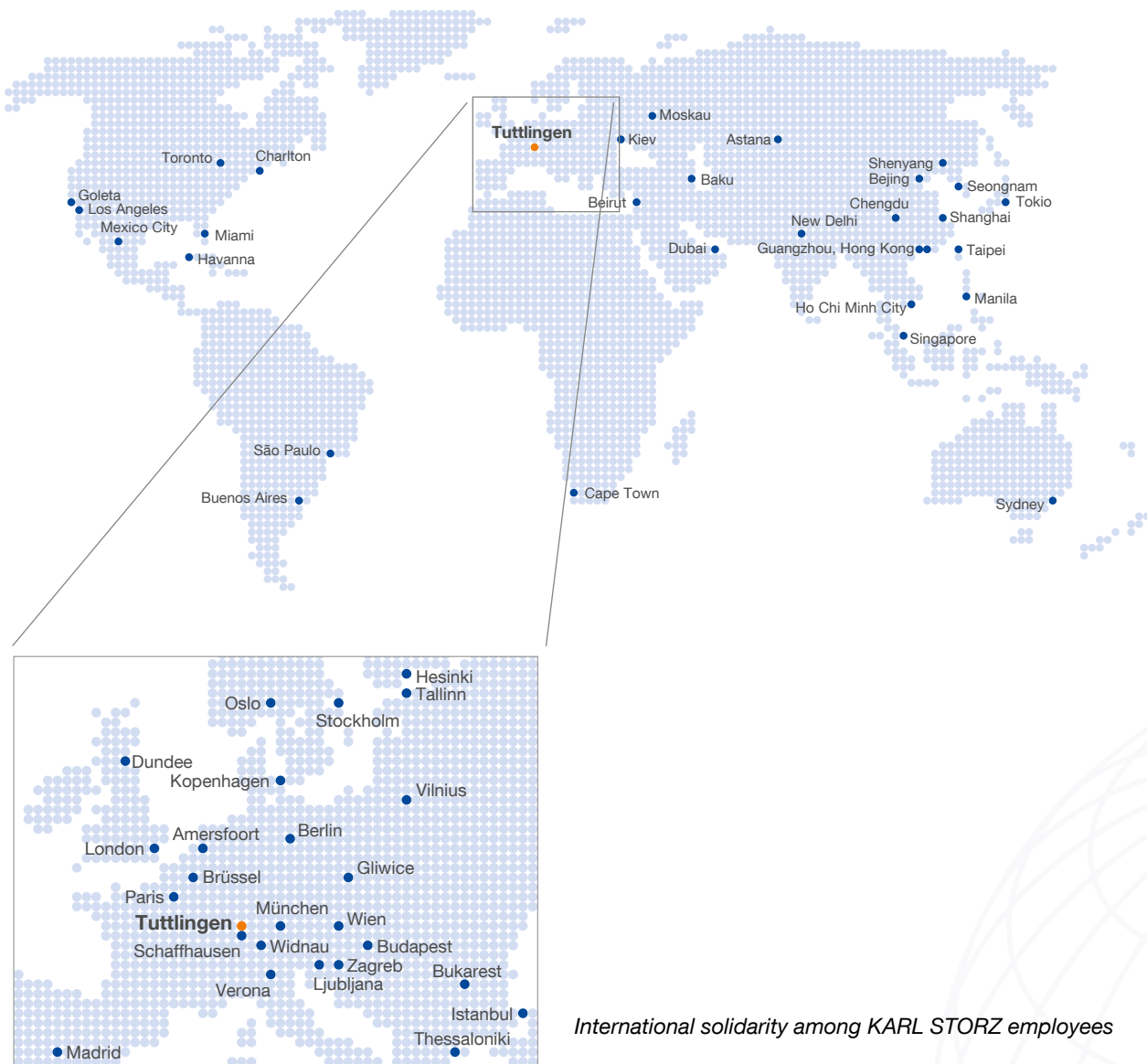
In November 2016, KARL STORZ employees from Tuttlingen collected donations for a South African colleague from Cape Town whose husband died in an attack.

The donated money is intended to help the colleague secure a livelihood again for herself and her family. A spontaneous staff donation campaign held in November and December 2016 raised a total of € 7,774. This amount was generously topped up to € 10,000 by the Storz family.

Donation drive for employees hit by Hurricane Harvey

In August 2017, Texans were hit by Hurricane Harvey, a major natural disaster that caused a great wave of sympathy.

Out of solidarity with about 20 KARL STORZ employees living in the Houston region whose houses and apartments were damaged, the Tuttlingen and Schaffhausen staff started a donation drive. In September and October 2017, a total of € 3,618 was collected. This amount was generously topped up to € 6,000 by the Storz family.



International solidarity among KARL STORZ employees

KARL STORZ Group – Subsidiaries’ Initiatives

USA: Community Services

At our subsidiaries in the U.S. (California and Massachusetts), employees volunteered to join forces and commit to the following projects:

Orange County Child Abuse Prevention Center

The Ragnar Southern California Relay Race was a major fundraising activity for KARL STORZ North America employees in 2017. The event comprises a series of long-distance running relays organized in 16 relays different geographic locations. Each relay is approximately 200 miles (320 kilometers) in distance, and lasts approximately 30 hours. Three KARL STORZ teams, representing facilities in El Segundo, Goleta and Charlton, participated to raise funds to support the Orange County Child Abuse Prevention Center. Nearly \$ 12,500 was raised by the three teams. The Orange County Child Abuse Prevention Center is a nonprofit organization that directly serves at-risk children and families in crisis to help prevent and break the generational cycle of child abuse.

Zero Prostate Cancer Run

KARL STORZ helped support this year’s ZERO PROSTATE CANCER RUN in Hartford, Connecticut. Participants in the 5K event raised more than \$ 110,000 to support prostate cancer research, education and associated programs. In addition, a Health Fair was held as part of the event, providing PSA testing, free blood pressure checks, lung screening and colorectal screening. The fundraising event was held at Hartford’s new minor league baseball stadium, which opened in April 2017.

KIDSAVE

KIDSAVE and the Los Angeles County Department of Children and Family Services (DCFS) work together to find permanent homes for older children in the County foster care system. KARL STORZ Endoscopy America (El Segundo) employees took part in this year’s KIDSAVE fundraising hike in November. The event raised funds to support efforts to find adoptive families and permanent connections for older foster youths.

Responding to Natural Disasters

Examples of true dedication and collaboration were displayed in response to a series of devastating hurricanes, tropical storms and an earthquake that occurred between late August and late September 2017. Harvey, Irma and Maria, as well as the major earthquake near Mexico City caused significant damage, widespread power outages and other problems affecting KARL STORZ employees and their families in areas of Texas, Florida, Puerto Rico and Mexico. Employees at KARL STORZ sites jumped into action to raise more than \$ 20,000 in donations, gift cards and more for those affected by the disasters. The fundraising efforts also entailed raffles, bake sales and popcorn sales. Corporate headquarters also matched the monetary donations made by employees.

Additionally, a group of employees in Houston were joined by a co-worker who flew from California to help them clean and repair homes in the area, and loaning generators for temporary power. They then drove from Texas to Florida pulling a trailer with supplies and helped employees there.

Thanks to the kindness and generosity of everyone involved at our sites, we have been able to help our colleagues in Stafford, Puerto Rico and other locations as they rebuild their lives. Through our Adopt-a-Family program, we distributed an initial \$ 22,000 to impacted employees in September to help with their most pressing needs, as well as a second disbursement of \$ 26,000, for a total of \$ 48,000. This was a massive effort and demonstrates the values of KARL STORZ and what’s possible when we work as a team.

American Diabetes Association

On Sunday, September 24, 2017, members of a KARL STORZ team took part in an annual walking event to raise \$ 2,187 in support of the American Diabetes Association. Members of the “KARL STORZ Walkerz” represented Charlton and Southbridge. “Step Out Walk to Stop Diabetes” events took place across the U.S. and is a premiere walking event to support people living with diabetes.

Other Fundraising & Community Outreach Efforts

Employees at the various KARL STORZ locations around the U.S. also raised substantial funds for Relay For Life (over \$ 8,000), the Santa Barbara Heart & Stroke Walk (\$ 2,352), the Annual Cancer Walk (over \$ 12,000) and the Mexico Earthquake Fundraiser (\$ 6,492).

USA: Educational Support

KARL STORZ Imaging (Goleta) supports the education and development of local youth in engineering and computer science with the following projects:

Dos Pueblos High School Engineering Academy

The Dos Pueblos Engineering Academy is a four-year Career Technical Education (CTE) program based at Dos Pueblos High School in Goleta, California. It applies project-based learning to teach students critical, analytical, design and problem solving skills, and is a CTE Pathway in the Engineering and Design Industry Sector.

In 2017 KARL STORZ has continued its financial contribution to the continuation of this public school program. The Product Development department in KARL STORZ, Goleta also provides the academy with a paid summer internship to promote interest and experience in the field of medical device design and development for these future engineers.

Santa Barbara High School Computer Science Academy

The Mission of the Santa Barbara High School Computer Science Academy is to expose a diverse range of SBHS students to computer science and computer-related careers through a series of engaging courses, extracurricular activities and outreach events, so that graduates will have a core literacy in Computer Science that provides broad opportunities for pursuit of post-secondary education and as members of the 21st Century workforce.

In 2017, Product Development in Goleta participated in the Job Shadows program. Academy students spent a day with various engineers at the Goleta site, shadowing their work, watching demonstrations of products, asking questions and learning how their own computer science skills can be utilized in medical device design and development.

Local University Engineering Programs

KARL STORZ Imaging representatives attend technology fairs at the local universities to provide insight into the expanding opportunities available in the Medical Device Industry. In 2017 the KARL STORZ Product Development group provided to these students a substantial number of diverse, paid internships in many engineering and computer science disciplines providing training and experience and promoting further education in product design and development.

KARL STORZ Group – Subsidiaries’ Initiatives

South Africa: Community Services

In 2009, the UN General Assembly declared the Nelson Mandela International Day. Nelson Mandela once said, “It is in your hands to make of the world a better place”; with this idea in mind, the South African KARL STORZ subsidiary annually provides help to people needing support in its vicinity.

At our subsidiaries in South Africa (Cape Town, Durban, Johannesburg), employees volunteered to join forces and support the following institutions with the collection and donation of books, toys, clothes and non-perishable goods.

Jabulani Day-Care (Cape Town)

Jabulani Day-Care (meaning JOY) started in 2004 with one baby. Cynthia Isaacs, the principal of the day-care, started the day-care in her own home, without any financial support. Now, 6 years later, with 45 children between the ages of 3 months to 5 years, the day-care is still run from her own home, where she lives with her husband and 2 children. They now rely on donations of any kind from all over the world. Cynthia and her family live and sleep in two rooms, while the rest of the house is used as a fully functional and equipped day-care centre. This family give their lives to helping the children. Jabulani Day Care is officially registered as day-care centre in the community of Westlake, one of Cape Town’s poorest communities.

St Thomas (Durban)

St Thomas is a registered non-governmental organisation that takes care of around 60 children of Indian, Coloured and Black race groups between the ages of 2 and 10 years old. There are emergency situations where the organisation takes children that are younger than 2 years and where they have to accommodate more than 60 children. The children come from disadvantaged backgrounds, i.e. abandoned, sexually, mentally and physically abused, neglected and orphaned. 50% of the children at St Thomas are HIV positive and need specialised care and nutrition and psychosocial care in order to accomplish normal activities of day-to-day living.

The aim at St Thomas is to provide their children with the closest to a loving home environment as possible. The childcare workers that work with the children are the only mothers that some of them will ever know. They have to be able to effectively provide, nurture and care together with love and compassion.

Mother of Peace (Johannesburg)

Mother of Peace currently provides a home to 25 children. With the help of generous financial contributions, they hope to take many more children into their family. They offer abandoned and orphaned children an opportunity to live within a structured family environment, to be cared for, nurtured and loved. Children are fostered by full-time and committed volunteers who dedicate their lives to looking after these amazing children. All the children attend local primary, secondary and nursery schools. They also provide care for the children that are HIV positive and disabled.

KARL STORZ Group – Subsidiaries' Initiatives

Estonia: Charity Team Event

This year, KARL STORZ Video Endoscopy Estonia organized a Charity Team Event at Haraka Kodu – a center for intellectually disabled children and adolescents, which is located not far from the company building in Laagri (Tallinn, Estonia). For the fourth time since 2013 employees of KARL STORZ Video Endoscopy Estonia gathered together for a good cause.

Within the Charity Team Event, 70 employees of KARL STORZ Estonia renovated two storage rooms where bicycles and tools of children are kept, placed ceiling supports and painted the walls. Prior to the project, there were no benches in the yard for the children and their caretakers to rest there. Besides the installation of five benches in the garden, the stone walkway was thoroughly cleaned from weed and bog and flower beds were seeded. Furthermore, the garden was filled with additional soil and new fall protection mats were placed at the playground to avoid the children to harm themselves.

Every helping hand of KARL STORZ Estonia enjoyed the common charity endeavour at outstanding weather. After completion of the renovation work, habitants of the children's home were very pleased with the results and immediately started exploring their new outdoor facilities.





KARL STORZ Group – Subsidiaries' Initiatives

China: Anhui School Donation Drive to Aid Left-Behind Children

Since 2009, KARL STORZ China initiated charitable donation drive to impoverished elementary and middle schools in Huaiyuan County, Anhui Province to support the local teachers and over 3,000 students with books, desks, computers and scholarships. The donation drive celebrated its 8th anniversary in September 2017 with over € 17,273 funds raised collectively by KARL STORZ China employees.

KARL STORZ China worked together with Huaiyuan and Anhui government ministries to identify targeted schools, teachers and students that were in great need of support. Between 2009 and 2017, KARL STORZ China mobilized over 30 employee volunteers, made 8 visits and trips to Huaiyuan County, delivered approximately € 47,629 worth of school supplies to 18 local elementary and middle schools.

KARL STORZ China employees started with small donations to fund school desks and books in 2009, but quickly involved by establishing a performance-based reward system to build the self-confidence among under-privileged students by encouraging them to achieve top scores and master additional skills outside school curriculum. Many students received top 10 rankings county-wide on curriculum exams and tests. Some students even won prizes from skills competitions at provincial-level.

KARL STORZ employee volunteers also created reward system to maintain excellent teachers to stay at under-developed local schools. As Mei Yang-Mille, Managing Director of KARL STORZ China, said at the 2016 scholarship ceremony: "Education is the building block of a strong citizen. If more excellent teachers are willing to stay and teach at local school districts, our students will get better chance of receiving quality teaching. We are honored to make our contribution, one step at a time, to the education of Huaiyuan County".



KARL STORZ employee volunteers visited a Huaiyuan local school



A portion of 2017 KARL STORZ donation supplies arrived at the local school



KARL STORZ employee visiting a class

VIII. Promoting the talents of children and adolescents

Sponsor of the regional “Jugend forscht” [youth research] competition



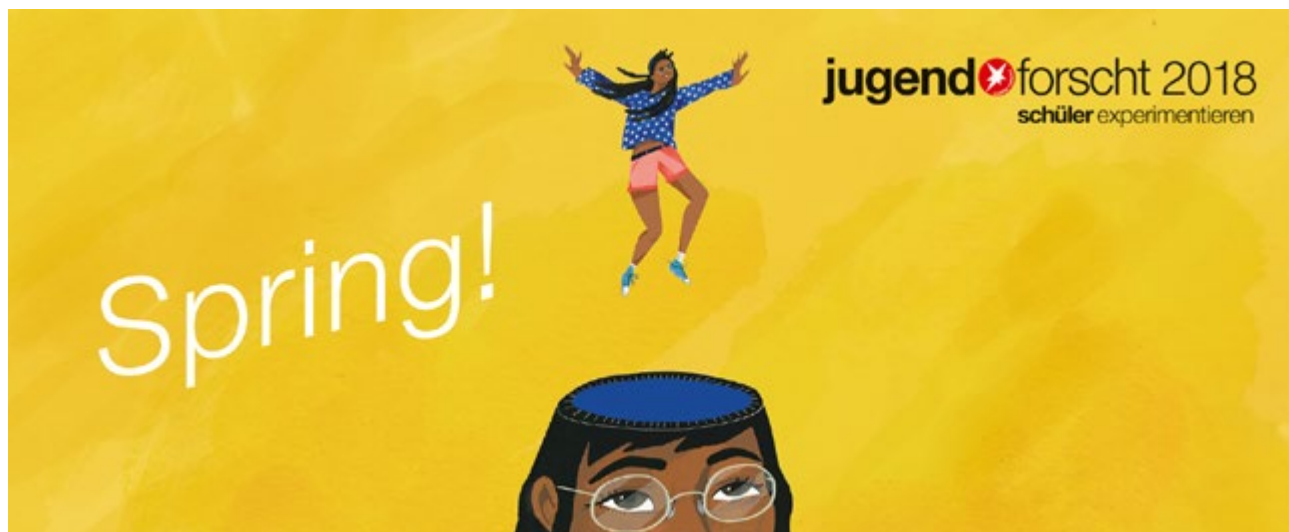
“Jugend forscht” is Germany’s best-known competition for young scientists. It aims to raise adolescents’ interest in mathematics, IT, natural sciences, and technology as well as to discover and nurture young talent. Nationwide, more than 100 regional competitions are held each year. Participants range in age from 4th grade through age 21. (Source: <http://www.jugend-forscht.de/>)

“Looking for the researchers of tomorrow” was the motto of the first Jugend forscht event in 1965, initiated by the publisher Henri Nannen.

This year’s Jugend forscht competition (2017) was held under the motto “Zukunft – ich gestalte sie” (Future – I design it). This was the 52nd round of Germany’s most successful youth competition. Regional competitions were held throughout Germany and the winners qualified for the next round in state and federal competitions. After the regional premiere in 2014, the fourth competition for the “Donau-Hegau” region was held in Tuttlingen in 2017.

The sponsors of the competition, KARL STORZ SE & Co. KG and the City of Tuttlingen, have been very satisfied with the rising interest of young people to participate in the competition. In February 2017, 114 participants presented their abilities and knowledge in 60 projects in the fields of technology, work environment, physics, chemistry, biology, mathematics and computer science, geosciences and space research. In addition to benefit from the experience of having participated in Jugend forscht, young researchers gain skills that will be great assets for their future.

The competition’s sponsors are already looking forward to the next Donau-Hegau regional competition, which will be held in late February 2018: “Jump!” is the motto of the 2018 “Jugend forscht” youth research competition. The next regional competition will again be organized by the sponsors KARL STORZ and City of Tuttlingen and held at the KARL STORZ Visitor Center. For 2018, we expect a total of 144 participants and around 71 projects in seven disciplines (as of December 2017).



Dr. h. c. mult. Sybill Storz
Managing Director of KARL STORZ SE & Co. KG

"The Donau-Hegau regional competition of Jugend forscht is very important to me personally because the experience of recent years impressively demonstrates that the participants are very courageous people with creative ideas, critical abilities, and perseverance as well as the enthusiasm to confidently face research challenges. At the KARL STORZ Visitor Center, we are very happy to offer young researchers in the region a platform for their ideas, creativity, and inventive spirit, not least because today's young researchers will be tomorrow's scientists and generators of ideas." (February 2017)

Michael Beck
Mayor of Tuttlingen

"I am glad that we were once again able to host the regional competition of Jugend forscht in Tuttlingen this year. I want to thank all those who made this possible by contributing their ideas, time, and of course funding – first and foremost the company KARL STORZ. I wish the young scientists the best of success – I cannot wait to see what great things they will achieve in the future." (February 2017)

Review of the 2017 Donau-Hegau regional "Jugend forscht" competition

Film teaser [only available in German] at <http://go.karlstorz.com/gc-2017-de-1>

Available via QR code (please scan):



School meets medical technology

As part of the "2017 Industry Week" (IWO) – an initiative of the Baden-Württemberg Ministry of Economic Affairs, Labor and Housing – KARL STORZ invited about 130 students of general education Gymnasien (upper secondary schools) in Tuttlingen to learn about current trends in modern medicine and medical technology. As part of this special week, interested individuals throughout Baden-Württemberg were able to familiarize themselves with industry and its varied achievements by participating in numerous events.

After being briefly welcomed to the KARL STORZ Training Center, the 10th and 11th graders received an overview of development trends in endoscopy and the applications of fluorescent imaging through various presentations. Another presentation introduced the audience to skilled occupations, university degree programs as well as job opportunities at KARL STORZ. Afterward, the students could choose from among various activities such as taking a guided tour of the KARL STORZ Visitor Center or Production. A workshop on medical virtual reality simulators was offered as well. Participants learned about how these systems work and how they facilitate medical training. Of course, the students were given the opportunity to actively try out the 10 simulators as well.

About IWO 2017: IWO Baden-Württemberg was held for the first time this year and for one week, it offered interested individuals the option to take part in events held by numerous companies, institutions, and associations throughout Baden-Württemberg.

The initiative is designed to improve the general acceptance of industry and to increase the focus on industry-relevant topics and challenges, such as digitalization, training and further education as well as the topic of skilled workers.



Students trying out the virtual reality simulators (June 2017)

School project with the Wild Wings team

For the fourth year in a row, KARL STORZ has implemented school partnership projects in collaboration with the local ice hockey club Wild Wings from Schwenningen. Also this year, a social component was added to the concept. Under the motto “Strong together”, students were asked to develop an idea for a local social project whose implementation is then supported by KARL STORZ with up to € 1,000.

A motivational trailer was used to contact the schools of the counties Rottweil, Schwarzwald-Baar-Kreis, and Tuttlingen, and invite them to participate in the competition. Classes may still apply with their project ideas through January 2018.

Motivational trailer

Film teaser [only available in German] at: <http://go.karlstorz.com/gc-2017-de-2>

Available via QR code (please scan):



KARL STORZ & Wild Wings: Final event for the cooperative project “Gemeinsam stark” (Strong together)



Closing event at the KARL STORZ Meeting Centre (May 2017)

With a closing event for this year's cooperative project “Gemeinsam stark!”, which was initiated by KARL STORZ and the Schwenningen Wild Wings, the family company and the regional ice hockey club thanked students from the region who participated in a project competition by entering outstanding local and social projects.

In the fall of 2016, the schools located in the counties Rottweil, Schwarzwald-Baar-Kreis, Tuttlingen, and Zollernalbkreis were encouraged to participate in the school partnership project “Gemeinsam stark!” by means of a motivational trailer. The students were asked to come up with a social project to benefit the people in the region. Following a selection procedure, four student groups with excellent project ideas were selected from the total of eleven applications. The winners included Gymnasium Spaichingen, Hermann-Hesse-Realschule (Tuttlingen), Realschule am Salinensee (Bad Dürkheim) as well as Rupert-Mayer-Schule (Spaichingen). KARL STORZ gave each of these student groups up to € 1,000 in funding to implement their ideas. In total, the four projects included more than 100 students.

The project “JufaM! – Junge Menschen für andere Menschen” (Young people for other people) was designed by 9th to 12th graders of Gymnasium Spaichingen: The classes volunteered to increase interactions between younger and older people as well as those with disabilities. Once weekly, the students visit the St. Josef Senior Center as well as the St. Agnes Home for people with disabilities in Spaichingen to spend time with the residents and do joint activities.

KARL STORZ & Wild Wings: Abschlussveranstaltung zum Kooperationsprojekt Gemeinsam stark

The 7th graders of Hermann-Hesse-Realschule started a charity run to present a special needs garden swing to the Family Relief Service (Familienentlastender Dienst, FED). As part of the project, the students organized many individual activities such as a bake sale and a flea market. They also actively helped care for animals or did household chores. These varied activities plus the donation of KARL STORZ raised a grand total of € 3,600 for the special needs swing.

The 5th and 6th graders of Realschule am Salinensee, who regularly conduct shared activities with the Protestant Daycare Center in Bad Dürkheim, were able to donate a gym apparatus thanks to this cooperative project. The daycare children can now safely have fun doing gymnastics and sports.

With the project “15 minutes of Christmas”, a 5th grade class of Rupert-Mayer school aims to surprise residents of social facilities who cannot celebrate Christmas at home with a self-made Christmas box. The students built 216 boxes and filled them with Christmas stories they wrote and self-baked cookies.

Global Compact Principles 3 – 6: Labor

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

As a family business, KARL STORZ consistently strives to design the workplace such that employees can optimally contribute to the company while allowing for personal creativity and creation of meaning. KARL STORZ offers the following volunteer programs to meet our employees' needs:

- Flexible work time models, **14,2 %** (2016: 13,1%) of workforce has a part-time contract
- Flexible job reintegration for working mothers
- Financial participation in the company's success
- Voluntary extended benefits
- Support of continued education and professional development

According to a statistic of the Federal Employment Agency (Bundesagentur für Arbeit) published in 2016, women hold about 15% of German technical jobs (MINT = mathematics, informatics, natural sciences, and technology). At KARL STORZ, women represent **37,7 %** (2016: 37,6 %) of workers in manufacturing and **27 %** (2016: 25,9 %) of those in Research & Development. The company is happy about this stable result, which is far above the state average. This is considered the result of a consistent human resources policies that focus on abilities rather than gender roles.

I. Establishment of the KARL STORZ Employee Representative Committee



KARL STORZ Employee Representative Committee

To promote and intensify direct communication between staff and company management, a new body – the Employee Representative Committee – was established in August 2017. The goal of this Employee Representative Committee is to offer employees direct contact persons within the staff to whom they can voice their concerns, wishes, and criticisms regarding their work at KARL STORZ. The Employee Representative Committee collects these concerns and discusses them with the company management during periodic meetings.

Through this body, KARL STORZ aims to engage in an open, honest, and transparent dialog with employees – regardless of hierarchies. The body currently includes a total of 20 participants across all areas and functions. Employees can confidentially contact the employee representatives either personally or via email and submit any topics for discussion.

II. Support of working parents



In 2017 KARL STORZ again increased its long-term commitment to supporting working parents. For the eighth **consecutive year**, KARL STORZ has expanded its cooperation with the local child care facility “Haus der Familie” [House of Family] and the childcare facility Denk mit! [Thinking together] in Neuhausen ob Eck (Tuttlingen county).

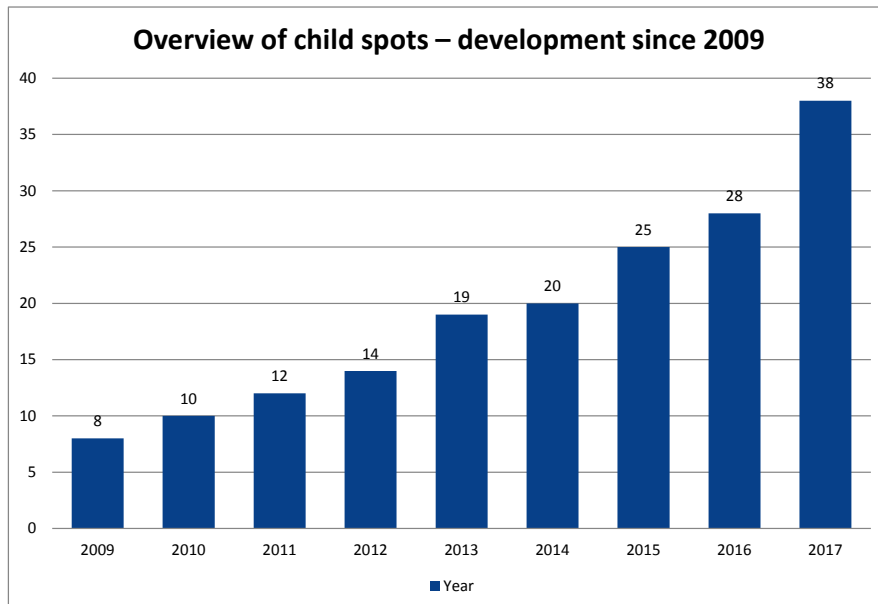
The KARL STORZ family company has now reserved a total of **38 child care spots** for use by employees with young children. The cost of care are sponsored by the company.

Within this engagement KARL STORZ cooperated in January 2016 to create 15 additional childcare places in a mixed-age group (0-6 years of age) at Neuhausen industrial park, where the KARL STORZ logistics center – that opened in 2013 – is located. The cost of these places will be fully covered by KARL STORZ, and therefore the places are reserved for the children of our employees, but children of employees of other companies located in the industrial park may benefit from the places as well if capacities are available.

Dr. h. c. mult. Sybill Storz
Managing Director of KARL STORZ SE & Co. KG

"With regard to the compatibility of family and career, high-quality, reliable childcare is an important factor. Therefore, we consider the expansion of available childcare facilities an important step to benefit working mothers and fathers. With such initiatives, we can also retain employees with their important knowledge and expertise and simultaneously ensure that parents know that their children receive the best possible care. We wish to particularly thank the City of Tuttlingen, the Community of Neuhausen, and the Take Off Industrial Park Association for their continued support and cooperation."

Overview of child spots – development since 2009



	Total number	Full-day places	Half-day places
2009	8		
2010	10		
2011	12	10	2
2012	14	13	1
2013	19	16	3
2014	20	15	5
2015	25	20	5
2016	28	18	10
2017	38	21	17

KARL STORZ Group – Subsidiaries' Initiatives

Estonia: Open House Day

At the Open House Day held in September 2017 at KARL STORZ Video Endoscopy Estonia, children and family members of employees had the opportunity to visit the new production building and learn about assembling and operating principles of different endoscopes.

In company tours guided by KARL STORZ employees, the guests were told about the company's history and were introduced to fiberscopes, flexible video endoscopes and rigid video endoscopes. All visitor groups had the opportunity to see and try out the operating principles of a wide range of endoscopes. A small video model with flexible light fibres was shown to understand the need of light inside the human body. Of particular interest was the usage of an intubation endoscope with a human airway model. Furthermore, the features of 3D imaging were demonstrated inside a black box.

The company tour was a great opportunity for the children to get a glimpse of their parents' daily work. For the employees it was a pleasure to meet the families of their colleagues and share some of their day-to-day operations with them.



KARL STORZ Group – Subsidiaries’ Initiatives

China: “Better work, better life” Employee Appreciation Campaign

Since 2013, KARL STORZ China started “better work, better life” employee appreciation campaign in all offices in China (including Hong Kong office). The campaign is designed to help employees build and maintain healthy work-life balance by creating fun and outdoor activities that bring teams and their families together. Through 2013 to 2017, approximately 48 activities have taken place and in total 1,000 KARL STORZ employees participated with more than 300 of their family members. We believe families are the corner stone of our employees’ well-being and we want to treat their families as our own. We also want our employees to get out of the office more often and bound with each other through outdoor trips and by the beauty of nature.



III. Support of education and apprenticeship training

Following up on our 2011, 2014, 2015 and 2016 Progress Report, we want to highlight our efforts in the area of education and apprenticeship training. The preservation of proven structures and concepts and the initiation of new projects demonstrates the great commitment of KARL STORZ to the field of apprenticeship training.

Training and university studies at KARL STORZ

Employees are a company's most important resource. Therefore, KARL STORZ places great value on young people receiving a solid education today, as they are tomorrow's qualified employees. In 2017, we hired 41 trainees and 18 university students who are enrolled in a practice-oriented program at the Baden-Württemberg Cooperative State University (DHBW). In addition, 53 trainees and students successfully completed their training or university degree and we offered more than 90 % of them an unlimited employment. Currently, there are a total of 185 young people who are in training or enrolled in university studies.

Since 2006, KARL STORZ has also been inviting interested parents of first-year apprentices. At an afternoon event, the parents receive a company tour and the opportunity to talk with representatives of the Human Resources department.

KARL STORZ honored as an exemplary apprenticing company

Following an independent review, KARL STORZ received the certificate "VORAUS IN DER AUSBILDUNG" (Ahead in apprenticeships) of the Constance Chamber of Crafts. The certificate honors companies for their special commitment and exemplary performance in providing training for industrial vocations.



*Rainer Ulmschneider (Training manager for industrial vocations) and Christian Braun (Director Personnel Support Production / Logistics / Apprenticeships) accepted the award on behalf of KARL STORZ.
© Constance Chamber of Crafts / Oliver Hanser*

Key criteria in the evaluation of companies were the anonymous assessments by apprentices, objective criteria such as success in testing, personal and material resources as well as special characteristics of the companies, such as additional learning opportunities or volunteer commitment.

"For years, KARL STORZ has been effectively and sustainably committed to training our own junior staff. We are particularly happy to report such positive feedback from the surveyed apprentices as part of the certification procedure. This certificate helps us to provide excellent orientation to adolescents considering an apprenticeship in industrial vocations and to demonstrate that KARL STORZ is the right partner for a solid and future-oriented apprenticeship", states Rainer Ulmschneider, Training manager for industrial vocations at KARL STORZ.

KARL STORZ apprentice wins national competition of surgical instrument makers

Tobias Murello, who completed his apprenticeship as surgical instrument maker at KARL STORZ this year, was selected the chamber winner and then state winner in September 2017. With his award-winning journeyman's piece, he is now also the national winner in the Germany-wide 2017 Performance Competition of German Crafts.

Tobias Murello is the 9th state and 8th national winner trained by KARL STORZ in recent years. In recognition of his outstanding apprenticeship performance, he was now personally received and honored by Dr. h. c. Sybill Storz and Karl-Christian Storz. "We are proud of the remarkable success of our apprentice Tobias Murello on the national level. With his outstanding written and practical examination results, he not only proved his own skills but also demonstrated the potential of a solid apprenticeship in skilled trades. To the instructors at KARL STORZ, this also proves that their great commitment and dedication pay off", stated Dr. h. c. Sybill Storz.



Joy about the national win: Dr. h. c. mult. Sybill Storz, national winner Tobias Murello, Karl-Christian Storz and Rainer Ulmschneider (Training manager) (from left to right)

Trainee exchange with supplier

To promote the professional qualification and the exchange of experience of our trainees, we established an exchange program with a local supplier since 2009. The industrial apprentices in both companies spend 2 months at the other company on an exchange basis to learn new processes and skills. The exchange especially expands the apprentices' understanding of processes involving cooperation between companies.

Cooperation without handicaps – one-week internship for trainees at a facility for people with disabilities

In collaboration with an association for people with disabilities, “Lebenshilfe für Menschen mit Behinderungen” [Life Aid for human beings with disabilities], Tuttlingen District Association, KARL STORZ has been offering a one-week internship at Lebenshilfe for trainees in their first year of training through the project “Cooperation without handicaps” since 2003. Beyond professional qualification and the social interaction with coworkers, this project enables trainees and students to learn to interact with other people in our society. In Tuttlingen, Lebenshilfe runs a workshop for people with disabilities, an assisted living facility, and a facility that provides support and care for people with severe disabilities.

Initially, KARL STORZ apprentices and university students attend a local information event followed by a visit of the various departments of Lebenshilfe Tuttlingen. In the subsequent weeks, the apprentices and students have the opportunity to complete a voluntary, one-week internship at Lebenshilfe. Internships can be completed at the workshop, the assisted living facility, or at the care facility. At a final event, the interns then reflect on their experiences and impressions together with the Lebenshilfe employees, and more detailed information about the causes and types of disabilities is discussed. This project benefits both interns and people with disabilities because the personal collaboration and exchange reduces prejudice and makes integration a reality in everyday life.

The KARL STORZ management is particularly committed to support people with disabilities and their integration into society. Therefore, we not only support the “Cooperation without handicaps” project but have been placing production orders with the Lebenshilfe workshop for years. The workshop employs people aged 18 to 65 with mental and multiple disabilities. The employees are supported occupationally and also receive personal development opportunities in the form of numerous accompanying programs, such as on numbers and money, cooking and baking as well as through music therapy, etc.

Internship year with technical focus

In cooperation with the local Steinbeis vocational school, we support adolescents who have not found an apprenticeship position to help them get ready to enter the professional world. During the one-year program, participants attend the vocational school three days per week. On the remaining two days of the week, participants work at the KARL STORZ trainee workshop. The project's practice orientation is intended to improve the readiness of participants to enter an apprenticeship program. KARL STORZ actively contributes to the support and development of these students. We aim to offer program participants a regular apprenticeship position. Between 2008 and 2017, we have already been able to provide apprenticeship positions to 16 program participants.

Educational partnership with local schools

Since 2009, KARL STORZ has been in a cooperation agreement with the Hermann-Hesse-Realschule (intermediate-level secondary school). In 2010, we added an agreement with the Wilhelmschule. Throughout the school year, we conduct joint events such as

- Job internships & tours
- Technology classes at the KARL STORZ trainee workshop
- Applicant training, including a “real” job interview with staff from KARL STORZ Human Resources
- In-house exhibition, where KARL STORZ trainees present their occupations to the students
- Support of Girl’s Day and the Technolino project to offer girls and elementary students playful and age-appropriate insights into technical occupations

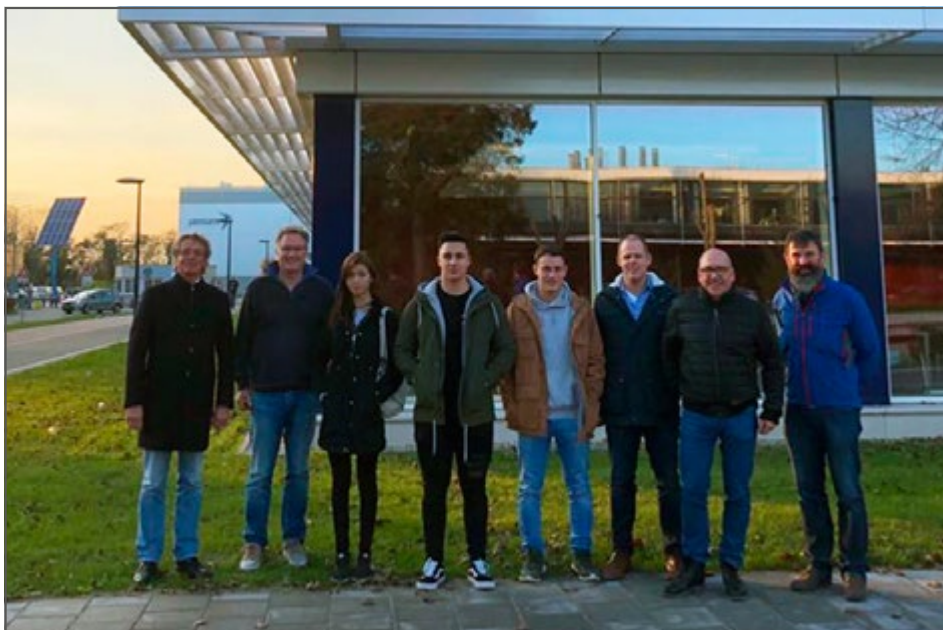
Exchange program with vocational school in the Netherlands

In cooperation with the vocational school Leidse Instrumentmakers School (LIS) in the Netherlands, which specializes in precision mechanics and medical technology, KARL STORZ conducted an exchange program for third-year apprentices in surgical instrument making this year.

Unlike the dual education system in Germany, where vocational schools and companies collaboratively offer vocational training, separated into theory and practice, at LIS, both theory and practice are taught at the vocational school.

Three KARL STORZ apprentices traveled to the Netherlands for two weeks, and in return, three LIS students visited KARL STORZ and the Tuttlingen vocational school Ferdinand-von-Steinbeis for one week. All costs for the exchange were covered by KARL STORZ and LIS.

The exchange program allows apprentices to familiarize themselves with the work environment of another culture that has a different vocational training system. Thanks to the cooperation with LIS, KARL STORZ can now for the first time offer a stay abroad for apprentices in the mechanical field.



KARL STORZ trainees visiting the Leidse Instrumentmakers School with representatives of both vocational schools and KARL STORZ.

IV. University cooperation projects

Collaboration with the Tuttlingen university campus – KARL STORZ Premium-Semester



In 2009, the Tuttlingen university campus was established; it is a model institution of higher education that differs from existing universities in terms of trusteeship, organization, and teaching. This idea was developed and implemented with joint commitment of the industry, Tuttlingen city and county, the Furtwangen University of Applied Sciences, and the state of Baden-Württemberg. Tuttlingen now offers a cutting-edge international university based on the public-private partnership model. With its innovative approach, the Tuttlingen university campus aims to recruit additional engineering students.

Offering the five Bachelor programs Automation & Mechatronics, Manufacturing, Materials Engineering, MedTec, and Engineering Psychology and the Master programs Material Sciences, Mechatronic Systems and Medical Devices & Healthcare Management, the Tuttlingen university campus perfectly responds to the needs of the economy of the region and beyond. During their studies, students already familiarize themselves with the companies, use their laboratories, and develop social networks. The public-private partnership between the regional industry, the city of Tuttlingen, Tuttlingen county, and Furtwangen University of Applied Sciences makes the Tuttlingen campus a novelty in the German university landscape. The Förderverein Hochschulcampus Tuttlingen e.V. [University Campus Tuttlingen Association], whose membership includes more than 100 regional companies, has a voice and decision-making rights regarding the university's teaching: This model concretely implements the companies' demand for practice-oriented university education.

Because we strongly believe in this idea, the company KARL STORZ has been a founding member of the sponsoring association founded in 2009. KARL STORZ and 100 other partners from the association have agreed to support this unique university concept with 2,5 million euro annually for 10 years. In Februar 2016 the cooperation partners of this Private Public Partnership – the state of Baden-Württemberg, Furtwangen University and the University Campus Tuttlingen Association – have renewed their agreement for continuing ten years. Therefore the financing of this outstanding university project will be assured up to 2029.

KARL STORZ additionally supports the Tuttlingen university campus as follows:



Premium semester: In 2014, KARL STORZ introduced the “USA Premium Semester.” In the context of a competition, university students receive a technical task. The solved task and complete application documents are submitted to and evaluated by KARL STORZ. Two students with excellent results and documents are awarded a six-month work experience semester at a KARL STORZ development site in the US (Massachusetts or California). KARL STORZ pays for the travel cost, lodging, and internship pay.

This attractive program is intended to particularly promote the professional and personal qualifications of participants through the experience abroad.

In 2017, Svenja Ottawa was awarded the Premium Semester, which allowed her to gain insights in the development and production site KARL STORZ Endovision in Charlton, Massachusetts, for six months. After her return in August 2017, she summarized her experience as follows:

Svenja Ottawa

Student at Tuttlingen university campus – field of study Industrial MedTec

„To me, the work experience semester was an unforgettable time in which I learned, experienced, and saw so much, made so many new friends, and gained so much experience in professional life as well as in everyday life in the US. I would apply again for sure!”

- **Freshman meeting:** Introductory event for first-semester students to get to know the company through a presentation and factory tour.
- **Mentoring program:** KARL STORZ employees from R & D, Production, and Product Management serve as mentors to students in their 2nd and 3rd semesters.
- **Internship positions for 6th semester students.**

Award of the Germany Scholarship [DeutschlandSTIPENDIUM]

Through the Germany Scholarship initiative, the federal government and private sponsors support tomorrow's leaders. Together, sponsors want to ensure that top university students reach their full potential and thereby invest in Germany's future.



© Deutschlandstipendium

Until 2017, the project aims to support up to 2 % of students at each German university. Germany's wealth, positive economic development, and innovative strength are primarily the result of the many excellently trained professionals working here. Their extensive knowledge, ideas, and motivation ensure our country's global competitiveness. But we must not rest on our laurels. In view of the demographic changes in Germany and the growing global competition, it is increasingly important to specifically support top talents. (Source: <http://www.deutschland-stipendium.de/de/1748.php>)

KARL STORZ has been supporting this initiative since 2011. In the year 2017, the company grants a total of ten scholarships to students at the following universities:

- Since 2011: Charité Berlin (1 scholarship), University of Ulm (1 scholarship)
- Since 2012: Pforzheim University (1 scholarship)
- Since 2013: Reutlingen University (1 scholarship)
- Since 2016: TU Berlin (1 scholarship), KIT Karlsruhe (1 scholarship)
- Since 2017: Freiburg University (1 scholarship), Heidelberg University (1 scholarship), Stuttgart University (1 scholarship), Tübingen University (1 scholarship)

“Endoscopy” lecture series – elective at Furtwangen university

In October 2017, KARL STORZ offered for the fourth time an elective at Furtwangen university that was open to Medical Engineering students in the 3rd semester or above. In 14 teaching units (1.5 hours each), KARL STORZ product and marketing managers teach the essentials of endoscopy. The lecture series particularly covers the fundamentals of anatomy, indications, methods, and technical instruments. Further teaching units deal with devices, cameras, molecular imaging, integrated operating rooms / OR management, and hygiene. To enhance their new knowledge, students receive hands-on training using endoscopy training stations. At the end of the lecture series, presenters and students discuss professional opportunities in medical technology.

V. Continued education at KARL STORZ

Alongside external further training options, KARL STORZ provides internal opportunities for employees to engage in continued education in career-relevant topics.

Product-related training

To supply employees and sales partners with the latest product knowledge, some 150 training events attended by about 1,800 participants were held in 2017.

Project and change management training

Since 2014, KARL STORZ has been developing programs on project management to enhance employee expertise in this area. In 2017, 55 trainings on this topic were held with nearly 480 participants in Tuttlingen and in the US.

Communications program & intercultural seminars

After the pilot phase was completed in 2016 and 2017, communications seminars and intercultural seminars are now offered to employees of the Tuttlingen and Swiss locations starting in 2018.

Leadership development

The PULS leadership development program fosters the management and leadership skills of managers. It aims to further professionalize leadership on the one hand and to visibly and sustainably further advance their individual areas of responsibility on the other.

Internal IT training & language courses

In collaboration with Tuttlingen Volkshochschule (adult education center), KARL STORZ offers interested employees IT training on commonly used Microsoft Office programs as well as language classes in English, French, and Spanish. The training and instructional materials are paid for by KARL STORZ.

Global Compact Principles 7-9: Environment

Businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

The sustainable and responsible use of resources is particularly important to KARL STORZ, a globally active company with a long history, and its Managing Director Dr. h. c. mult. Sybill Storz. As a family company with regional roots, KARL STORZ has been committed to the environmental protection for decades, and the company strives to protect the environment for subsequent generations as well. We believe that environmental protection and economic success are not mutually exclusive. At KARL STORZ, environmental protection and resource conservation are important criteria in business decisions

Manufacturing high-quality, multi-use products and using durable materials achieves long product lifetimes and thereby conserves resources. When developing new products, we place particular value on durability.

I. Environmental protection through innovative medical devices

Virtual Reality (VR) in medical training and continued education

The medical training and continued medical education of surgeons is an important part of the KARL STORZ company philosophy. Our goal is to optimally prepare surgeons for real conditions and situations through realistic training via the VR simulators – for the safety of surgeons as well as their patients.

KARL STORZ VR simulators are constantly available training solutions in a completely risk-free environment and offer highly realistic conditions thanks to original instruments and realistic patient cases. In conventional methods, such as training on so-called box trainers or cadaver training, metabolic processes, for instance, cannot be taken into account. Perfused organs (with artificial circulation) are expensive, and as soon as it is perforated, the organ can no longer be used for training. Training and continued education on anesthetized animals can be minimized as well.

Unlike conventional training methods, training on VR simulators does not require consumables or instrument reprocessing. It is a clean training system since it does not require the cleaning of box trainers or the purchase of expensive organs or cadavers.

Training on VR simulators therefore has the following advantages:

- No single-use consumables, thereby reducing hazardous waste
- No chemical reprocessing of the employed instruments
- No anesthetics required

With this in mind, KARL STORZ added two training modules to the VR training options in 2017: In addition to knee and shoulder arthroscopy, surgeons can now also practice the minimally invasive examination and surgical treatment of hip joint disorders.



The high-end platform for safe training of diagnostic and surgical skills in arthroscopy

Addition of the FAST module to our product range:



FAST (Fundamentals of Arthroscopic Surgery Training) is a US training program that was developed by the AANA (Arthroscopy Association of North America), AAOS (American Academy of Orthopaedic Surgeons), and ABOS (American Board of Orthopaedic Surgery) and standardized in 2011. It is intended to specifically convey basic skills before more complex procedures are practiced.

Again, the safety of surgeons and patients are top priorities for KARL STORZ.

Addition of mobile modules:

There is one more addition to our program – we have become more mobile!

We have added the portable GynTrainer and UroTrainer to our product range to enable us to promote the training and continued medical education of surgeons worldwide for the benefit of patients. The handling is precisely the same as training on stationary simulators, but transporting the units has become easier: the portable simulators can even be checked as airline luggage.



The mobile high-end solution for safe training in gynecology and urology

Through the continuous further development of virtual reality simulators, KARL STORZ not only contributes to surgeon training and further medical education but protects the environment with this fascinating new technology as well.

KARL STORZ Duodenoscopy System: The Answer to Therapeutic and Hygiene Requirements

With innovative functions as well as an intelligent combination of reusable products with single-use components, KARL STORZ in 2017 presented a gastroenterology system that optimally combines therapeutic purpose and hygiene requirements.

The correct cleaning and disinfection of duodenoscopes is extremely important to avoid complications following ERCP (Endoscopic Retrograde Cholangiopancreatography). The KARL STORZ duodenoscope sets new standards in the reprocessing of duodenoscopes and has been optimized in terms of hygiene in close consultation with the FDA. The Albarran module can be removed in a few easy steps. After dismantling, sensitive areas are easily accessible and can be properly reprocessed. The Albarran module is autoclavable and can be stored in sterile condition until it is next used. Immediately before the examination, the Albarran module is simply set onto the distal end. With this feature, KARL STORZ contributes to achieving optimal hygiene in ERCP and maximum safety for patients.

To further reduce reprocessing-related risks, KARL STORZ now optionally offers the Albarran mechanism as a single-use product. The single-use Albarran module is supplied sterile. The use of the sterile single-use product relieves the user from the responsibility for reprocessing the Albarran module. The combination of the single-use Albarran module with the KARL STORZ duodenoscope makes ERCP safer than ever before.



The KARL STORZ duodenoscope with removable Albarran module improves reprocessing characteristics

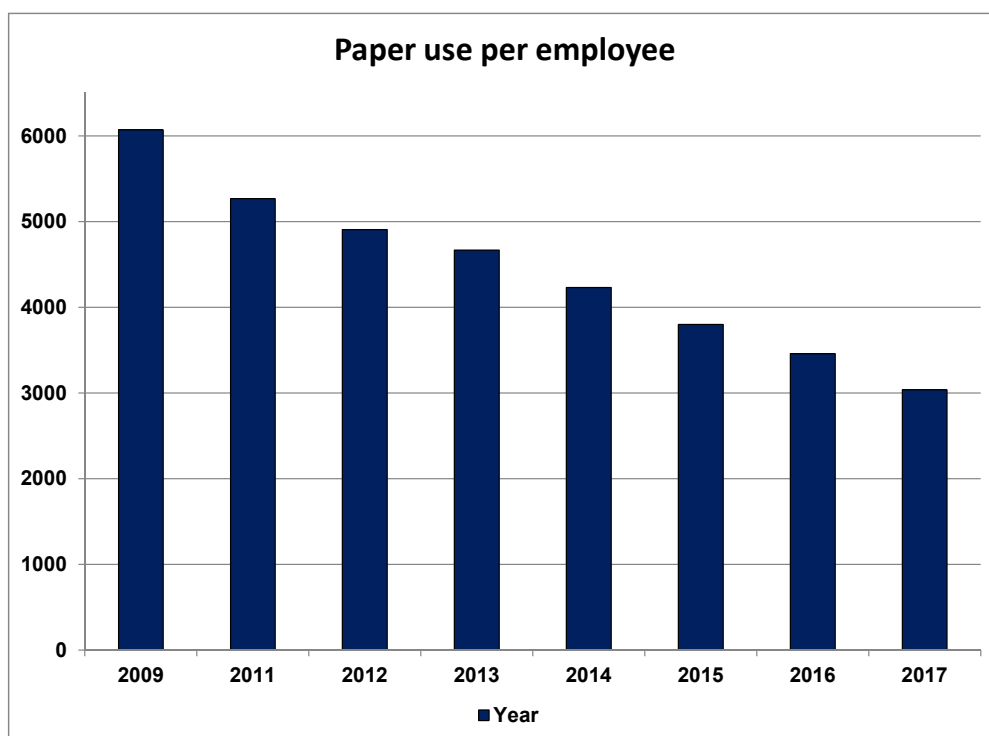


The single-use Albarran module, which is supplied sterile, offers additional hygiene advantages

Replacement by energy-efficient systems and units

In Production, we are gradually replacing high-energy-use systems and units to ensure energy-efficient and cost-effective operations in all production buildings in the long term. This includes, among other things, the modernization of the wastewater system by installing a new control, the replacement of inefficient motors and agitators, the replacement of an air compressor by a demand-controlled compressed air system as well as the conversion of existing production hall illumination to LED lighting.

II. Reduction of paper use



KARL STORZ pursues the long-term goal of continuously reducing paper use by improving processes and thereby sustainably contributing to resource conservation. Since 2009, our average paper use has dropped from initially 6,100 sheets per employee to 3,035 sheets (~50%) in 2017. Compared to last year (3,457 sheets), this corresponds to a reduction of 12% per employee.

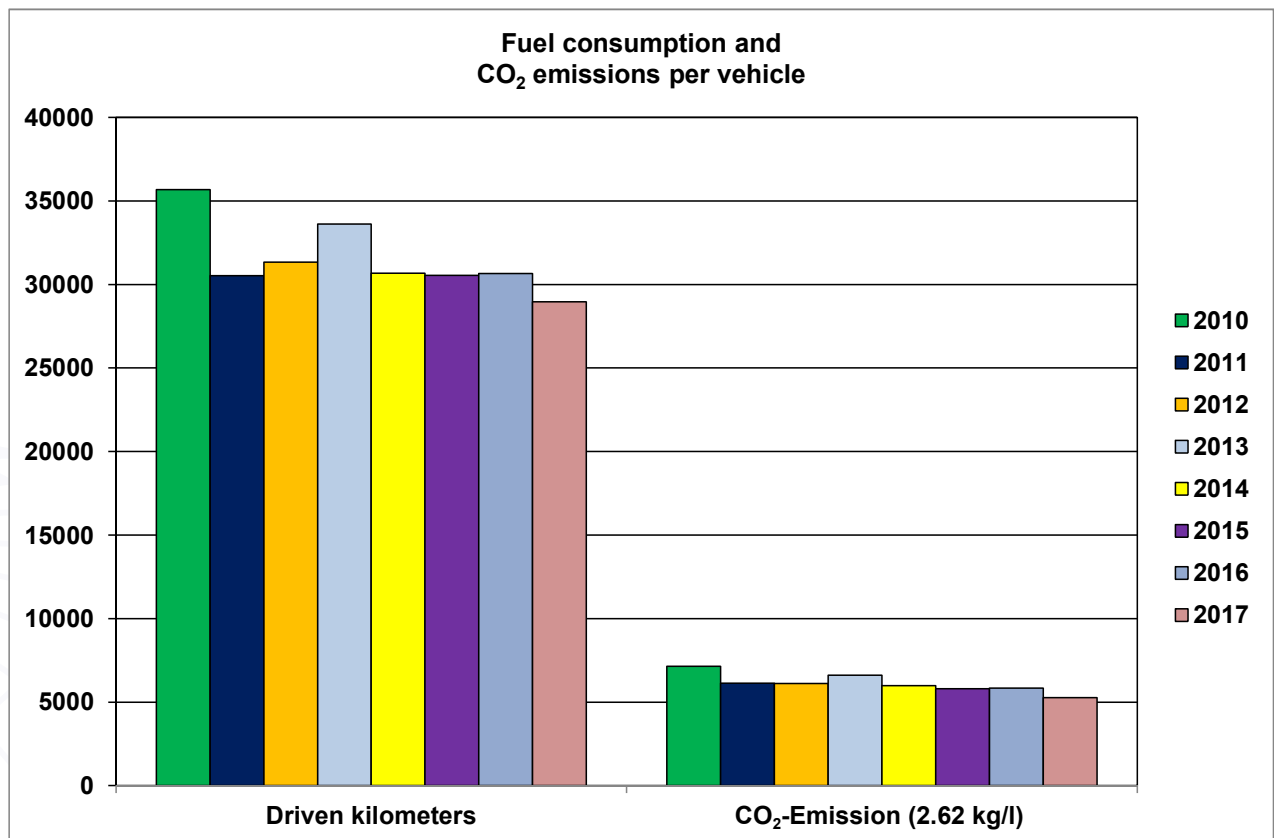
Paperless shipping of order confirmations and invoices

Since August 2016, Sales Administration sends order confirmations to customers, subsidiaries, and dealers only in electronic form. For each order, this saves the duplicate print-out of order confirmations (one copy for the customer, one for the archive). The associated correspondence is also processed and archived exclusively electronically. Since January 2017, invoices are sent electronically, which saves considerable amounts of paper.

III. Company Fleet: Fuel consumption and CO₂ emissions

Company Fleet	2010	2011	2012	2013	2014	2015	2016	2017
Total kilometers driven	6,494,594	6,256,525	7,051,607	7,127,941	7,085,096	7,057,877	6,744,900	6,660,749
Kilometers driven per vehicle	35,684	30,519	31,340	33,622	30,671	30,554	30,659	28,960
Average fuel consumption (liters / 100 kilometers)	7.63	7.67	7.45	7.51	7.46	7.26	7.26	6.94
Total CO ₂ emissions (2,62 kg/l*)	1,298,955	1,257,333	1,376,070	1,403,128	1,383,900	1,342,415	1,283,434	1,210,597

*Ministry of the Interior of the state of Baden-Württemberg: Average CO₂ emission per liter of diesel: 2.62 kg.



In late 2008, we introduced a fuel card system at our Tuttlingen headquarters that allows us to analyze the fuel consumption of company cars. Thanks to its consistent use since 2012, many more cars could be analyzed than in 2011 – which is the primary reason for the significant increase in driven kilometers.

Since 2013, the average fuel consumption per car has dropped, and in 2017, it reached the lowest average so far, at 6.94 liters per 100 kilometers.

IV. KARL STORZ bicycle leasing program



Riding bikes is popular and a good way to offset the typically sedentary office work. With the introduction of a company bicycle leasing program in June 2017, KARL STORZ now offers employees an attractive mobility option that actively contributes to health, to reducing traffic, and to protecting the environment.

For this purpose, KARL STORZ cooperates with a bicycle leasing company and thereby enables KARL STORZ employees to conveniently finance their favorite bicycle (regular or e-bike up to 25 km/h) through lease payments. Instead of paying directly at the store, for a term of 36 months, part of the monthly gross salary is withheld as a so-called salary conversion to pay the leasing rate to the bicycle leasing company. The salary conversion reduces taxable income and social security contributions. Only the monetary advantage (1% of the gross list price of the bicycle) remains tax relevant. In total, employees can save up to 30% compared to purchasing the bicycle in cash.

Since the introduction of the program, 141 individual leasing contracts have been entered into, and for another 19 contracts, the bicycle transfer is pending.

Global Compact Principle 10: Anti-corruption

Businesses should work against corruption in all its forms, including extortion and bribery.

I. Continued dedication with information and training

Transparent Statement on the KARL STORZ website

To KARL STORZ and our employees, observing anti-corruption guidelines as well as compliance requirements is not a project with a start and end date but an integral component of all business activities. Under “Compliance”, visitors to the KARL STORZ website can find out anytime about the basic principles we practice, with references to the Global Compact, the KARL STORZ anti-corruption guideline, and environmental and resource conservation.

KARL STORZ Website – Compliance Statement

“The KARL STORZ family company is committed to legal compliance, honesty, loyalty, transparency, sustainability, and fairness in everyday business operations. These values are not abstract requirements but essential guidelines for our corporate activity. Our company founder, Dr. med. h. c. Karl Storz, already practiced these values and recognized them as the key to long-term, sustainable success. Following laws and company-specific rules and principles of conduct is referred to as “compliance”. To KARL STORZ, this means that each and every employee, all supervisors, and the management board continuously ensure that our business activities are always conducted respecting the law and ethical rules. For this purpose, the company management in Tuttlingen puts in place global compliance standards in the form of a code of conduct and associated guidelines. At our worldwide sites, these standards are bindingly implemented through local instructions or expanded if national law requires.

Throughout recent decades, our company has worked hard to gain an excellent reputation for quality and innovation in endoscopy. Therefore, each and every employee is responsible for maintaining this excellent reputation and for further promoting it through positive action, for strengthening our customers’ confidence placed in us time and again and for safeguarding the company from any illegal or unethical actions. The compliance guidelines created for this purpose offer employees clear orientation, and to our customers and suppliers, they promise partnership in a fair and transparent business process.”

KARL STORZ operates in the global markets and we therefore have to follow a variety of binding rules and regulations of many different countries in our day to day business. Wrongdoing can be a matter of concern of multiple jurisdictions leading to penalties and even criminal convictions that involve major fines or governmental sanctions.

It is a clear mission statement of our Executive Management that KARL STORZ also stands for lawful and ethical business practices and zero tolerance for unethical or even illegal conduct.

To support all of us in “doing things right” and in following our conviction in an ethical conduct a Compliance Management System is established. This system is built on three pillars: Prevent, Detect, Respond. Each pillar handles a detailed and thorough system of activities by which it is intended to ensure that KARL STORZ acts completely in accordance with applicable laws and regulations as well as own policies.

Prevent

For preventing breaches a clear understanding of binding rules is mandatory. Regular trainings and support for employees exposed to high-risk fields are therefore preventive compliance tools to raise understanding and awareness. In 2017, KARL STORZ again offered face-to-face anti-corruption trainings and also offered refresher courses for employees being in regular contact with customers and other external stakeholders.

In addition extensive compliance communications measures internal processes were established to support sustainability at KARL STORZ.

Detect

Compliance infringements have to be fully clarified in order to prevent reoccurrence and in case of an illegal conduct to rigorously pursue such a violation. This is a substantial part of our Zero Tolerance Strategy.

Compliance regulations require a systematic neutral handling and filing of compliance cases. Therefore, Compliance is responsible for handling every case that someone gets aware of and that could represent a potential contravention of the Law, Code of Conduct or KARL STORZ Policies.

Respond

KARL STORZ follows a Zero Tolerance Strategy when severe compliance violations occur. Following this mission statement Compliance suggests suitable and appropriate sanction measures if compliance violations are clearly identified, examined and evaluated.

If compliance violations reveal systematic deficiencies or structural failures Compliance supports the business units to improve their processes.

Applying lessons from past compliance cases improve our compliance system. Therefore our policies and trainings will be regularly reviewed under compliance perspective and adapted and communicated where necessary.





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