

## Status Update COVID 19 – July 2021

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Due to the outbreak of the Novel Coronavirus (COVID-19), Endress+Hauser Australia has set up a task force and working groups to respond to the ongoing situation. Our customers and employees are our priority, and we seek to continue to provide service to your business in a safe and consistent manner. The focus of Endress+Hauser is to minimise the impact of the disruption caused by the outbreak to our customers.

The special conditions outlined in this document describe some of the impacts we are seeing, due to disruption of freight services and supply chains, and the measures we are taking to minimise the effects of these. We thank you in advance for bearing with us in this dynamic situation, and we look forward to working with you to ensure that we can mutually address the challenges of these times.

Above all else, we seek to continue being a reliable and safe partner for you, and should you have any concerns, please reach out to your local Endress+Hauser Australia contacts, who are ready and willing to assist you.

Warwick Bardsley  
Managing Director  
Endress+Hauser Australia Pty Ltd

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## Version history

Version	Editor	Comments
0	AH	Initial Release
0.1	SF	Added Gamma section
0.2	SF	Grammar + title + introduction
0.3	SF	Updated Gamma section
0.4	WB	October update
0.5	WB	November update
0.6	WB	July 2021 update

# 1 Impact

## 1.1 Production

Endress+Hauser has invested in a distributed network of production for a long time. This was done to provide localised support for the markets that we operate in globally, but also to help in mitigation against natural disasters that might affect production in certain regions.

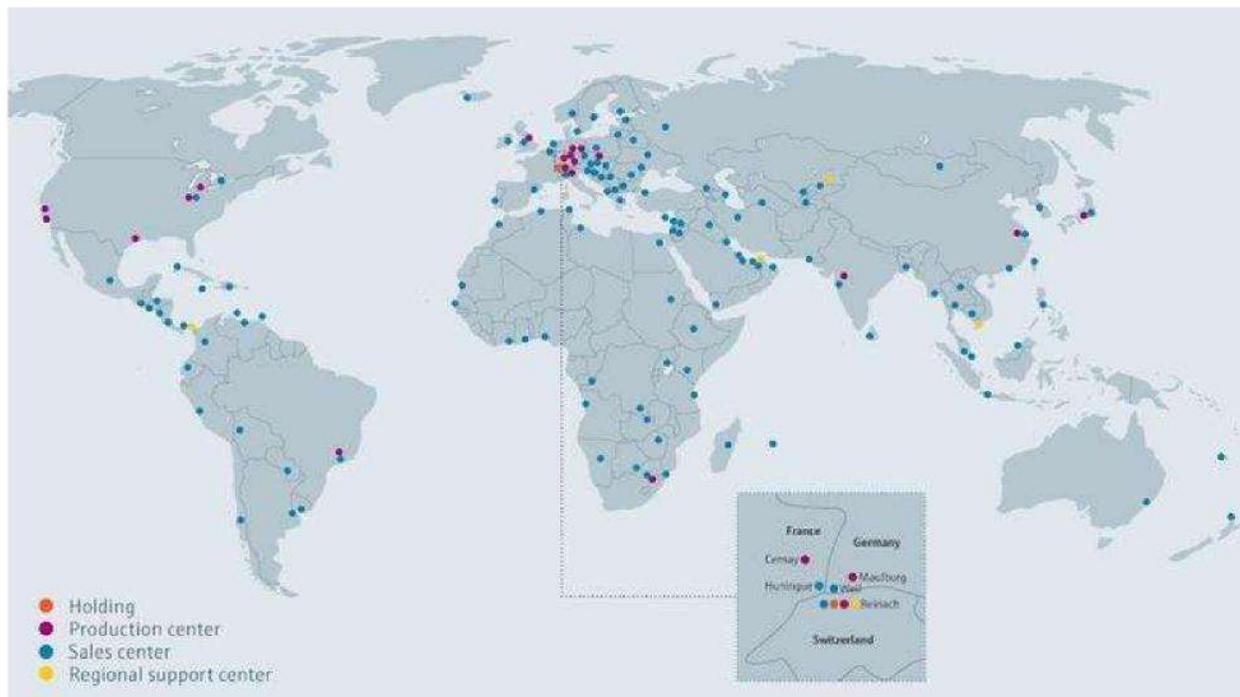


Figure 1: Worldwide Network

The figure above shows that our production is spread over five continents. The COVID-19 outbreak is unique to other natural disasters, in that the effect of the virus outbreak has spread globally. This has put global supply chains under stress. The issue is compounded by the reduction of commercial air transportation, which was also a major channel for air freight.

### 1.1.1 Current Situation

We are pleased to advise, that today, all of our production centers are operating at full capacity. We have been able to introduce Safe working policies and procedures at our plants and have managed to keep them open during the crisis as we are a Manufacturer to essential services such as Power, Water, Food & Beverage, and the Life Science sector. We continue to encourage Vaccinations, and have also implemented Vaccination services for staff at many facilities.

We continue to be flexible and follow all Government guidelines and directives. Staff that can work from home are doing so to reduce the chance of infection. We are attending Customer's premises on

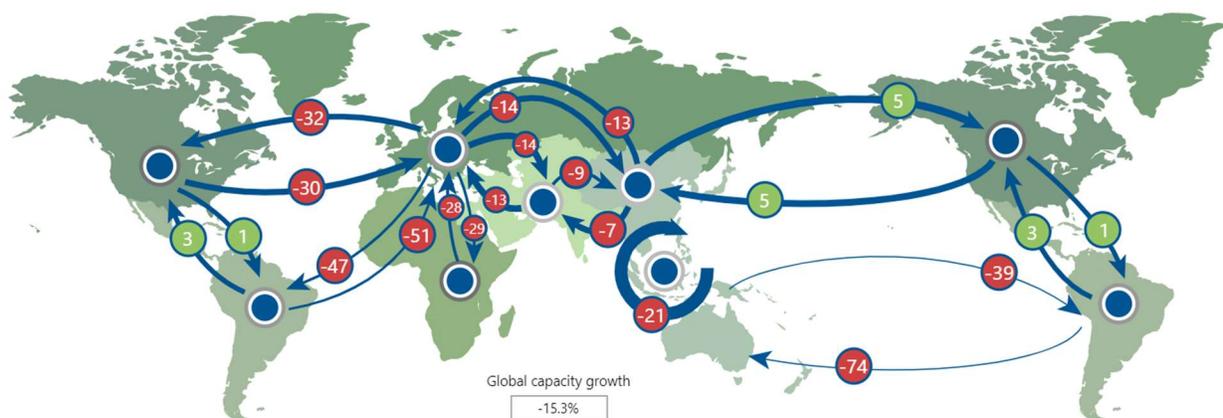
request and follow all applicable recommendations and site rules. Our Travel between States in Australia has been limited by border closures but with our distributed branch office structure we can operate safely and easily within home States. If required we can obtain travel permits under essential Services provisions, but at this point we have been able to limit all travel within State borders.

The aim of Endress+Hauser is to remain able to produce and deliver, even if there are some longer lead times of some items, and Logistical challenges.

## 1.2 Logistics Channels

Due to reduction in cubic capacity of air freight globally, with aircraft groundings, operational restrictions, and priorities given for Vaccines, there is an effect on freight lead times and costs. Where possible Endress+Hauser Australia is utilising production centers with the most secure freight channels. However, securing definitive lead times for products can be challenging. Now in July we are experiencing more consistent freight performance, but things can change quickly and we are constantly monitoring the situation. There is basically a shortage of Air Freight capacity coming into Australia, caused by the massive reduction in Passenger flights. Yes, there are freighters and we are utilising them, but as the graphic below demonstrates, the freighters have not made up for the reduction in capacity seen by passenger aircraft removal.

### Global Air Freight capacity now compared to same period 2019.



Endress+Hauser Australia aims to keep our customers as up to date as possible on all delivery lead times as they change. However, due to the circumstances, please note that any delivery times quoted are estimates only and should be re-confirmed at placement of order, and still may be subject to change due to the ever-evolving situation.

At this stage, we are experiencing minimum disruption in domestic freight services as previous Air freight lanes have moved to road, and with the downturn, capacity is available. Please note that Air freight within Australia is very limited and the costs have escalated. We will only use Air freight on request.

### **1.2.1 Radioactive Sources and Containers**

Flights to Australia bearing radioactive material and dangerous goods are very limited and as a result we are experiencing major disruptions in the logistics of radioactive material and extreme fluctuations in costs. The freight component allowed for in E+H quotations are based on freight costs at the time of quoting. Should freight costs fluctuate more than 3% E+H reserves the right to adjust the quoted price accordingly, and work with our customers to achieve the most cost-effective outcome. We are also looking at options to have Sources available locally to vastly reduce lead times.

### **1.2.2 Component Shortages**

We are starting to see some critical component shortages in our Supply chain, with the effect on resin pellet colour supply, Electronic component delay or non-availability, and the generally unpredictability of supply. We have increased our safety stocks and are delivering some products with different base colours and extending lead times where there is no alternative. To date the effect has been limited to two product lines, but this may expand depending on the Global supply situation and the ongoing global [Bull whip or Forrester effect](#).

We will keep you informed of any supply issues during the Quotation and/or Ordering process, if products become unavailable, we will contact you and suggest an alternative.

### 1.3 Pricing & Exchange Rate

The Australian Dollar's movement against major currencies has stabilised at this time. We continue to monitor the situation and will only change Pricing on exchange rate variance when the currency involved moves 3% in either direction. This should provide a more stable environment of pricing.

We continue to do the following:

- All quotes provided are subject to exchange rate variations. Unfortunately, Endress+Hauser is not able to provide a fixed pricing against exchange rate in AUD. We aim to limit this effect by holding prices steady as long as the exchange rate stays within 3% of the quoted exchange rate. Any fluctuations beyond 3% will require the invoice value to be adjusted accordingly.
- For projects, we can also provide quotes in EUR currency if required. We believe this option will provide some additional stability in price, especially for longer term Projects.
- Due to the situation, Endress+Hauser Australia will be limiting the validity of all proposals to 30 days from date of quote. As global supply chains are impacted – we may experience fluctuations in raw material pricing, especially steel and freight pricing. In such circumstances, Endress+Hauser reserves the right to vary the pricing as soon as it becomes aware of a material price change.

### 1.4 Factory and Site Services

In line with the Australian, and State Government recommendations, Endress+Hauser Australia seeks to limit the chance of transmission of the COVID-19 virus. This includes the use of social and personnel distancing. However, we are understanding of the critical nature of our customer's industries and are putting measures in place to continue to assist our customers.

- Endress+Hauser Australia can continue to provide commissioning and site services as requested by our customers. However, due to the restrictions in place between the different States of Australia, mass reduction of domestic flights, all site services may be quoted on a schedule of rates basis. We can provide estimates for onsite hours. Mobilisation and demobilisation costs will be dependent on the factors at the time of service requirement and subject to any Government restrictions that might be in place at the time of a service attendance, including the need to comply with changing requirements after the work has commenced, e.g. an immediate lock down.
- Due to the criticality of the Endress+Hauser production centers to our global operations – all physically witnessed factory acceptance testing will be cancelled until further notice. No non-essential staff are allowed into our production facilities (including Endress+Hauser's own non-production employees).
- Where possible, Endress+Hauser will utilise video technology, like Facetime, WhatsApp, and our new visual support application "SiteCall".

## 2 Measures

Endress+Hauser in Australia and globally has placed several measures in place to try and limit the effect of this global pandemic on our customers. We are also encouraging our Employees to take up Vaccinations where available.

### 2.1 Production Stock

- Endress+Hauser has material stock in the production centers to secure production quantities for the coming weeks
- The production facilities have also expanded safety stock of critical components for ongoing production

### 2.2 Local Stock

- Endress+Hauser has for many years, maintained stock in Australia to support our customers here
- We have ramped up our diligence with respect to reviewing stocked products and stock levels

### 2.3 Service

- Our Service personnel have been issued with additional PPE
- Endress+Hauser has put our Service personnel through briefings on social distancing and hygiene, to ensure that the importance of this issue is understood. Similarly, it is an expectation that in the case of emergency on-site support from our Service engineers, the need for social distancing and additional measures will also be enforced and supported by our customers on site.
- We will follow any site rules and regulations as required, in addition to our own procedures.
- Where possible, we propose to utilise video capabilities to provide remote assistance to limit the chances of social transmission of COVID-19.

### 2.4 Online Support

- With a personal [endress.com](https://endress.com) account our customers can track deliveries, get prices and delivery times and order products.
- Technical information, drawings, documents etc. can be downloaded from [endress.com](https://endress.com) at any time.
- With Smart Support, we support customers online with service issues.
- Our Visual Support app enables audio and video communication via mobile and stationary devices for service cases.
- Our preferred remote virtual presence software Microsoft Teams. We also work with Goto, Teams and Cisco.

## 2.5 General Measures

- We have limited travel to essential journeys where it is permitted (e.g. customer service and consultation activities)
- We have canceled all major meetings and events until further notice
- We have taken extensive organisational measures at our sites to ensure a high level of hygiene, attendance records (QR Codes), temperature testing, and to maintain enough distance between employees.
- We comply with any local regulatory advice and recommendations.
- Many of our Staff are currently working from home
- Endress+Hauser maintains an extensive IT infrastructure supported and designed by our internal organisation – InfoServe. This infrastructure allows all customer facing Employees full access to our Business Systems remotely, allowing us to maintain contact and respond to enquiries, even as local quarantines/lockdown are enacted.