

Waters Corporation

2014 Sustainability Report

Letter from the CEO

Dear Stakeholder,

With the world's population well over seven billion and increasing every day, the role of science is critical in addressing the challenges to the health and well-being of both people and planet.

Until recently, we couldn't confidently assume that our drinking water was reliably safe, our medicines had necessary quality controls or that our food supplies were uncontaminated. Today, all of those critical aspects of life are not only possible, but in many parts of the globe they are expected as a natural part of daily life. Every year these improvements are brought to more countries, more communities and more individuals as these possibilities become realities for more parts of the world.

Waters' mission is inherently a sustainability mission. Our brand, The Science of What's Possible, is a daily reminder of our commitment to provide the technologies that enable our customers, scientists from a broad range of disciplines, to address the most challenging problems facing human health and progress while remaining good stewards of earth.

Waters' 2014 Corporate Sustainability Report summarizes our short-term and long-term sustainability goals, and our numerous public/private partnerships. In all cases, the data in this report relates to the 2013 calendar year unless otherwise stated. We are proud of the progress we have made and are committed to building a sustainable enterprise that will make a positive difference for our stakeholders and the world around us. The ongoing support of our communities, employees, customers, business partners and investors is key to our success, and we thank them for their partnership.

We are pleased to report positive results against the goals we communicated in the Waters 2012 Sustainability report. Those goals focused on our internal use of energy resulting from our manufacturing processes, as well as the energy usage benefits that our family of ACQUITY technologies offers our customers. As we move forward, we will continue to focus on our energy use and the energy use of our products, and also establish new objectives regarding the impacts our operations have on the communities and markets where we operate. These new targets will focus on waste and on our suppliers, particularly with respect to the impact on our total greenhouse gas emissions. Together these goals will reinforce the areas we have focused on to date and will help form a more comprehensive approach for the future.

Douglas A. Berthiaume

Chairman, President, and Chief Executive Officer

About Waters Corporation

Waters Corporation is an analytical technology manufacturer that operates in two divisions; the Waters Division and TA Instruments. The Waters Division primarily designs, manufactures, sells and services high performance liquid chromatography (“HPLC”), ultra performance liquid chromatography (“UPLC®” and together with HPLC, referred to as “LC”) and mass spectrometry (“MS”) technology systems and support products, including chromatography columns, other consumable products and comprehensive post-warranty service plans. These systems are complementary products that are frequently employed together (“LC-MS”) and sold as integrated instrument systems using a common software platform. Waters is also a developer and supplier of software-based products that interface with the Company’s instruments, as well as other manufacturers’ instruments, and are typically purchased by customers as part of the instrument system. Through our TA Division (“TA®”), we primarily design, manufacture, sell and service thermal analysis, rheometry and calorimetry instruments.

Waters’ products are used by pharmaceutical, life science, biochemical, industrial, nutritional safety, environmental, academic and governmental customers working in research and development, quality assurance and other laboratory applications. Waters’ LC and LC-MS instruments are utilized in this broad range of industries to detect, identify, monitor and measure the chemical composition of materials, as well as to purify a full range of compounds. These instruments are used in drug discovery and development, including clinical trial testing, the analysis of proteins in disease processes (proteomics), nutritional safety analysis and environmental testing. Our thermal analysis, rheometry and calorimetry instruments are used in predicting the suitability of fine chemicals, pharmaceuticals, water, polymers and viscous liquids for uses in various industrial, consumer goods and healthcare products, as well as for life science research.

Organized as a Delaware corporation in 1991, Waters is a holding company that owns all of the outstanding common stock of Waters Technologies Corporation, the operating subsidiary. Waters’ headquarters is located at 34 Maple Street, in Milford, Massachusetts, U.S.A. Waters became a publicly traded company with its initial public offering (IPO) in November 1995. Since the IPO, the Company has added two significant and complementary technologies to our range of products with the acquisitions of TA Instruments in May 1996 and Micromass Limited (“Micromass®”) in September 1997. There were no significant changes in the size or reporting structure of the organization in the period of this report, and Waters received no significant financial support from governmental sources. Waters does not participate nor contribute to political campaigns, candidates, or political parties.

At the end of 2013, Waters employed approximately 6,000 employees, with approximately 43% of these employees located in the United States. Total sales in 2013 were \$1.9 billion. The company operates 23 United States facilities and 78 international facilities, including field offices. Our primary facilities are located in the United States, England, France, Germany, Ireland, the Netherlands, and Singapore.

Memberships

At Waters Corporation, we recognize the importance of playing a leadership role to advance our organization and to inspire others to move forward. To support our stakeholder communities, we associate with organizations that help us to improve our own operations while sharing information on best practices in sustainability.

American Chemical Society

American Society of Mass Spectrometry

Associated Industries of Massachusetts

British Society of Mass Spectrometry

Canadian Society of Mass Spectrometry

Food Industry Asia

Grocery Manufacturers Association

Manufacturers Alliance for Productivity and Innovation

The Royal Society

The Royal Society of Chemistry

Society of Chemical Manufacturers and Affiliates

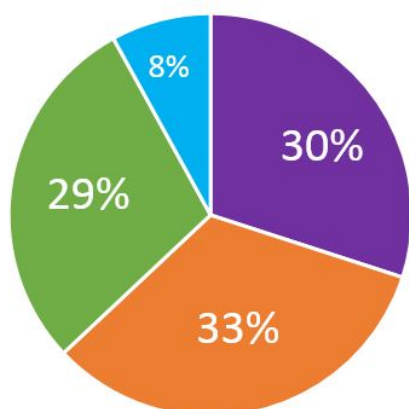
United Natural Products Alliance

U.S. - India Business Council

Business Performance

A truly sustainable business is one that is positioned for long-term growth and performance. Through investment in research and development, and reinforcement of a sales-focused culture, we have experienced solid year-over-year performance. In 2013, we saw continued strong adoption rates for our high-end mass spectrometers from academic, biotechnology and industrial organizations. Instrument systems sales grew as a result of increased demand in high-end mass spectrometry, core chromatography and TA instrument systems, in addition to the introduction of the new ACQUITY® UPC²® system, ACQUITY® Advanced Polymer Chromatography™ (“APC™”) system and the addition of mass spec capability with the 2013 introduction of the ACQUITY® QDa™ Detector. This growth was also supported by the performance of TA Instruments leadership in thermal analysis, rheology and microcalorimetry. In addition, strategically targeted acquisitions in 2013, by TA Instruments, are pushing the application range of our materials characterization platforms, opening new markets and customer segments.

2013 Sales by Geography



■ Europe ■ Asia Pacific ■ America ■ Other

Overall, sales increased 3% from 2012, with combined sales of chemistry consumables and services growing 4% and instrument system sales growing 2%.

	2012	2013
Net Sales (\$1000's)	\$1,843,641	\$1,904,218
Operating Income	511,490	517,343
Net Earnings	461,443	450,003

Further information about our economic performance can be found in our [2013 Annual Report](#) at www.waters.com

Sustainable Innovation

For over fifty years, Waters Corporation has been committed to delivering innovative laboratory solutions that enable our customers to deliver “The Science of What’s Possible”. This requires us to consider all aspects of the research and discovery process, from the germination of an idea, to the orderly exploration of the underlying science, to the development of a new product or process that meets the needs of the scientists and engineers.

A key component to Waters’ mission is to push the boundaries of discovery and develop technologies that open new avenues for scientists to explore. We are committed to bringing innovative solutions to market that address the world’s most difficult challenges.

Additionally, in recent years, added attention is being given to not only the performance of the products we develop, but also to the efficiency with which they do their tasks.

Transforming the expectations of laboratories worldwide

Over the last ten years, our ACQUITY UPLC System has had a profound effect on laboratories, both scientifically and from a business standpoint. It has opened new possibilities for analytical testing, with features that lead to high-quality, reproducible analysis in significantly less time, reducing run times by up to a factor of 10 compared to HPLC technology. Through this increased productivity, it has been shown time and again that one ACQUITY UPLC system typically displaces multiple HPLC instruments. ACQUITY UPLC has also proven to be a sustainable solution for laboratories by saving energy, using less solvent and producing less waste. In comparison to HPLC technology, laboratories utilizing ACQUITY UPLC save approximately 222 liters of solvent per year. Over a ten year period, that equates to 5.5 million liters of solvent, which represents a cost savings of over a half billion USD to Waters’ customers.

When introducing new products to the market, their sustainability performance, particularly related to energy usage and material consumption, is becoming increasingly important. We are investing more time and resources to concentrate on the long-term needs of our customer and offer high-performance solutions that address goals with respect to energy and materials usage, while maintaining the performance levels our customers demand. This innovation is accomplished through constant collaboration and interaction with our customers.

As one example of how we are integrating sustainability into our design process, we utilize a life cycle assessment tool to help us understand how laboratories may operate more efficiently using Waters technology. The life cycle assessment tool takes many factors into consideration, including the energy requirements of the materials that are used to manufacture our instruments, the energy requirements of the instruments as they are being used, and the ultimate disposal of the instrument at the end of its useful life. Each phase of the instruments life cycle is examined and considered for potential improvement. These efforts demonstrate our commitment to introducing product lines that make meaningful impacts from start to finish.

In 2012, we had set a goal to implement this life cycle assessment program for several new products. A product that has one of the largest potentials to reduce our customers’ Scope 1 and 2 emissions is our ACQUITY UPLC® systems. We had set a target to reduce the impacts of energy and solvents used by our products by a minimum of 2% per year from 2006 to 2013 using ACQUITY UPLC® technology, and by 2013 we have achieved a reduction of 15%.

Waters regularly assesses the feedback of our customers. We currently utilize a web-based system that allows us to survey a representative sample of our customers, and also allows us to quickly adapt as our market

Innovation for the next generation

A new partnership between the Irish Centre for Fetal and Neonatal Translational Research (INFANT) and Waters Corporation will address a global unmet clinical need by developing a predictive screening test for spontaneous preterm birth (PTB), one of the biggest causes of neonatal mortality and morbidity.

The collaboration will see Waters make a meaningful investment into the Science Foundation Ireland funded INFANT Centre at University College Cork with a view to ultimately bring groundbreaking innovations from Irish research to patients in need worldwide. The research directed by Professor Louise Kenny will develop a blood-based biomarker test which effectively can “predict the future” by indicating in the first fifteen weeks whether the pregnant mother is likely to develop PTB later in the pregnancy, thus allowing an informed healthcare management plan.

dynamics change. The surveys consistently show a strong relationship between customers and Waters' service personnel. In 2013, Field Service Engineers maintained an average score of 9 out of 10 for their customer service performance.

“He is always professional and takes time to help out and explain what he is doing and how we can prevent some problems created by usage.” -

Waters Customer

A more extensive review of the repairs and responses received indicates a score of 8.3 for overall satisfaction and 8.8 for overall quality. If an individual score ever falls below a level of 5.0, local Service Management takes an active role in assisting the customer to review and follow up on any given issue. After releasing new instrumentation, customers are also surveyed to ensure the customer's success with a single component added to an existing system or the introduction of a new system with unique capability to their laboratory. Our implementation service receives high marks averaging 8.9.

Sustainability Management

Health, Safety and Environment

As a company committed to the principles of sustainability, the management of our Impacts extends to fostering a safe and healthy environment for our employees and stakeholders. Our Environmental Health and Safety (EHS) Policy is one tool that allows us to uphold this promise. Its main objectives are:

- Act as a respectful corporate neighbor in our communities
- Meet or exceed all applicable environmental health and safety laws and regulations
- Closely monitor and use resources responsibly
- Set measurable goals to track our progress on EHS performance

Not only are we committed to the proactive management of our Impacts, we also seek to continuously improve our performance in ways that addresses the challenges of current and future generations. Part of this responsibility is carried out by closely monitoring the resources we use in everyday operations. Manufacturing products can be energy intensive, and therefore we have set performance goals to stay focused on improving our processes.

Since the release of our 2012 Sustainability Report, Waters has made significant progress to date on the goals we set to measure our performance:

2013 Sustainability Goal	Progress
<p>Energy Optimization:</p> <p>Our goal is to reduce the intensity of energy (per dollar revenue) used in our manufacturing processes by 10% by 2013 versus 2008.</p>	<p>During 2008, Waters began an expansion at its headquarters to accommodate the expected growth of our business. This facility is our largest, which led to concerns about its impact on our energy footprint. We therefore decided to focus on energy reduction at our headquarters and other facilities involved in manufacturing to improve the outcomes of these business decisions. Looking at five sites and the total energy used in nine buildings, we measured the effects of programs designed to reduce the energy use. In 2013, we reduced the absolute energy use below that of 2008, improving our target number to an 18% reduction against our revenue.</p>
<p>Take Back Program:</p> <p>By the end of 2012, we will be fully compliant with the Waste Electrical and Electronic Equipment Directive by helping our customer's dispose of unwanted Waters equipment.</p>	<p>To take full advantage of our WEEE initiative, Waters set out to strengthen customer awareness. We have simplified this process at 27 European locations, which may be viewed on Waters' website. We collect data from each of these identified locations, and are working with a leading European consultant to maintain the material on the website and ensure our continued good standing.</p>

Supply Chain Code of Conduct:

By the end of 2013 key suppliers will be aware of their responsibility to comply with the Waters Supplier Code of Conduct.

Waters developed a Supplier Code of Conduct, which has been added to the Waters supplier portal. The Supplier Code of Conduct is also referred to in our standard terms and conditions for purchase orders.

Design for Life Cycle:

We will implement a Life Cycle Assessment program for some of our key products being developed in 2012. Waters will seek to attain an overall reduction of the impact of energy and solvents used by our products by a minimum of 2% per year from 2006 to 2013 using UPLC technology.

Waters' development of ACQUITY was an innovation that has had an impact in laboratories around the world. Our customers were able to add LC instrumentation into their workflow, starting in 2004 that enabled them to save time, solvent and energy. Using Life Cycle Assessment we compared the product mix for HPLC and UPLC over the 2006 to 2013 time frame. This comparison was done including Waters' HPLC plus UPLC looking at the total impact for the given year. The trend shows an on average 2% per year reduction with the total being a 15% reduction, 2006 vs. 2013.

Global Corporate Outreach:

We will continue to sustain scientific endeavors in the area of healthcare, environmental programs and food safety. We will also continue our Matching Gift Program wherever possible, to support those charities that are important to our employees.

As good corporate citizens, Waters believes we can have an impact on multiple stakeholder communities and still continue to be good investors of financial, personnel and material resources. We continued to support those programs that our colleagues focus on. In Manchester, UK Waters' scientists are STEM Ambassadors and work closely with Museum of Science and Industry (MOSI). Waters continues to support the museum with finances and equipment which aids in highlighting the unique impact that mass spectrometry holds in the region. Waters' employees in New England ride and are supported by their colleagues in the Pan Mass Challenge (PMC), which is a major fundraiser for Dana Farber Cancer Research. We have continued to open laboratories around the world in support of scientific endeavors that will help lead the way in better understanding the disease and a healthy state. Waters has also continued to support the Red Cross with an on-going commitment.

2015 Sustainability Goals	
Tons of CO2Equivalent	Reduce emissions for manufacturing by 4% on a revenue basis using 2013 as a base year.
Supply Chain	Work with our top 20 suppliers to ensure their sustainability performance meets our customers' requests and reduces risk.
Water	Reduce overall water use by 2%, using 2014 as a base year.
Waste	Reduce landfill waste at manufacturing distribution, and headquarter sites by 4% using 2013 as a base year.

Environmental Performance

We regularly measure our environmental performance by collecting and analyzing key data such as energy consumption, waste generation, material usage and our global greenhouse gas footprint. This allows us to identify areas where adjustments and additional efforts may be necessary.

In 2013, our overall fuel use and electricity consumption increased by 4% and 5% respectively, which was mainly attributable to new products brought to manufacturing, poor weather conditions, and a growing team. At several facilities, fuel oil was replaced by natural gas as the primary fuel. Overall, scope 1 and 2 emissions grew 4% and 5% respectively. To minimize this impact, our site in Wexford, IE purchases 100% of its energy as renewable, and our headquarters in Milford, Mass. currently buys 10% of its electricity as renewable.

Overall Carbon-Dioxide emissions increased by 4% as a result of this energy consumption, along with scope 3 emissions from business travel that grew by 3%. This increase is attributable to the inclusion of car rentals and hotel accommodations, which were not accounted for in previous calculations. Additionally, improvements to our data collection efforts have allowed us to gather new and previously unavailable information; including where absolute data was not available we included an estimate based on data analysis for similar sites. The following tables provide an overview of Waters' environmental performance in 2012 and 2013.

Energy Consumption

		Unit	2012	2013	% change	
Scope 1	Stationary Combustion	Heating Oil	GJ	12,046	6,059	-50%
		Natural Gas	GJ	111,420	111,931	0.5%
		Other	GJ	144	263	83%
	Mobile Combustion	Diesel Fuel	GJ	31,122	32,544	5%
		Gasoline/Petrol	GJ	92,974	108,335	17%
		Other	GJ	36	140	289%
Total Scope 1 Consumption		GJ	247,741	259,272	5%	
Scope 2	Electricity Consumption	GJ	180,817	189,421	5%	
	Total Scope 2 Consumption	GJ	180,817	189,421	5%	
Total Scope 1 & 2 Consumption		GJ	428,558	448,693	5%	
Consumption per Employee		GJ /employee	72.64	76.17	5%	
Consumption per Net Sales		GJ /Mil. USD	232.5	235.6	1%	

CO2 Emissions

		Unit	2012	2013	% change	
Scope 1	Stationary Combustion and Fugitive Emissions		Metric Tons	7,163	6,755	-6%
	Mobile Combustion of Conventional Fleet Fuels		Metric Tons	8,783	9,963	13%
	Fugitive		Metric Tons	472	601	27%
	Process		Metric Tons	114	25	-78%
Scope 2	Electricity	Metric Tons	20,717	21,445	4%	
Scope 3	Air Travel	Metric Tons	6,119	6,291	3%	
Total	Total CO ₂ e Emissions		Metric Tons	43,369	45,080	4%
CO ₂ e Emissions per Employee		MT/employee	7.35	7.65	4%	
CO ₂ e Emissions per Net Sales		MT/Mil. USD	23.5	23.7	1%	

Raw Material Usage

We purchase a variety of raw materials, primarily consisting of high temperature alloy sheet metal and castings, forgings, pre-plated metals and electrical components. Some of the treatment we request are quite demanding and require materials that are manufactured to very tight tolerances. Therefore, substituting materials is not always possible (for example using materials with recycled content). However, we are always interested in reducing the impacts related to the sourcing and manufacturing of the materials we used. We do not currently track the amounts of materials used in a manner appropriate for external communications, nor do we have quantitative goals that require the use of recycled content. We are exploring options to collect the relevant data moving forward and expect to be able to provide this information in future reports.

A Culture of Integrity and Compliance

Science to Real World Solutions

Waters Corporation is committed to investing in the development of the next generation of leaders in science and technology. Because of that commitment, Waters entered into a first-time, one-year educational cooperation agreement with the University of Massachusetts Amherst to support their Integrated Concentration in Science (iCons) program.

As part of the cooperation, Waters contributed financially to the iCons program and offered two internships to iCons students. In addition, sixty iCons students in fifteen interdisciplinary teams studied global emerging contaminants, their biological pathways and their impact to food safety. Specifically, students worked with Waters on a case study involving the 2008 milk and infant formula melamine contamination in China to learn about the toxicology and chemistry of melamine and the human body's biological response to the toxin.

The culture at Waters includes strong elements of compliance and careful management. This is exemplified by our attaining certifications for the ISO14001 environmental management system at our headquarters reflecting our commitment to a structured approach to environmental safety, compliance with all applicable laws and regulations and robust management processes.

Waters also supports the intent of the European Union's "RoHS 2" directive (2011/65/EU) to reduce the environmental impact, and increase the recycling, of electrical and electronic equipment (EEE) through restriction of certain hazardous substances. To this end, Waters makes ongoing efforts to bring its products into RoHS compliance by applicable deadlines. In parallel with these efforts, Waters is working to ensure that its in-scope products comply with the material composition and product documentation requirements of other RoHS-like regulations, including the China RoHS regulation. We also comply with the Waste Electrical and Electronic Equipment (WEEE) Directive. European legislation designed the WEEE Directive to reduce the disposal of waste by allowing customers to return eligible equipment for recycling at the end of its useful life.

We are careful to assess and manage both internal and external risks to our business and license to operate. One key risk that we are actively seeking to assess, relates to the sustainability related impacts of our supply chain. This is especially relevant with regards to the use of hazardous materials and the incorporation of certain metals that may have originated in parts of the world where conflict is endemic. As part of

this, we value our relationships with qualified suppliers and partners who share our vision of responsible and ethical business practices. Strengthening these relationships enables us to improve the way we produce, transport, market, and sell our products, and ensures adequate working conditions for our employees. Key suppliers are required to comply with our Supplier Code of Conduct, which outlines performance expectations in areas such as human rights, health and safety, environmental impacts, ethics, management commitments and compliance with laws. Waters has identified 65 suppliers as critical to mass spectrometer production that have specific risk management plans in place.

While we don't actively manage our activities according to the precautionary principles, we do understand that Waters may face some risks due to the effects of climate change, such as an increase in the severity of global weather conditions at our manufacturing facilities. Severe weather conditions, including earthquakes, hurricanes or tsunamis could result in operational disruptions. As climate change legislation adopts stricter standards, Waters recognizes it may have to implement changes to its manufacturing processes.

Engaged Teams

Our talent

Our ability to deliver innovative solutions to our clients is highly dependent on the skills and expertise of a diverse team. Our talent extends across regions, allowing our team to operate successfully within our global markets. To identify leadership capabilities and manage our performance, Waters regularly reviews the performance of all employees. This supports our employees' professional development and achievements, while allowing us to monitor progress against our targets and set new goals each year.

As a highly technical company with a diverse product portfolio, it is imperative that all Waters' employees have access to regular training opportunities. Field personnel must receive certified training for any product they work on. Furthermore, that certification must be renewed on a prescribed basis. In 2013, Waters' Field employees averaged 16 courses per person. While we do not have a formal policy regarding sourcing talent locally, nearly all senior management positions are from the local communities where we have operations.

We are committed to providing a positive work environment that is consistent with our values. Waters Corporation's [Code of Business Conduct and Ethics](#) serves as a set of guidelines for our employees to follow that reflects the values and standards of our corporate culture. These expectations are intended to promote honest and ethical behavior across a variety of business practices. This extends to issues such as health and safety, discrimination, competition and confidentiality.

In 2013, our global workforce was approximately 6,000 employees. Waters' employees are not covered by collective bargaining agreements.

Recognizing performance:

To encourage our senior management to achieve their financial and operating objectives, Waters' compensation program is designed to incentivize for high levels of achievement. Our policies focus on pay-for performance, and consist of three elements: base salary, annual incentive plan, and long-term performance-based awards. Waters' personnel partake in annual performance reviews, which are collected and used during our salary review process. Including those reviews completed electronically or manually, in 2013 greater than 90% of our people have received complete reviews. The review process will be delivered using a new electronic process corporate wide in 2014 allowing for consistency, measurement and goal alignment.

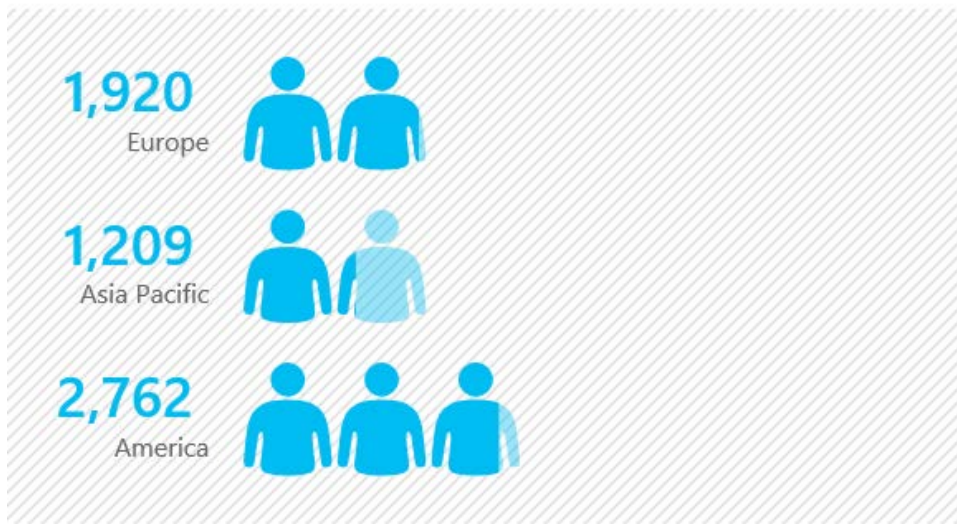
Engaging future employees

In addition to retaining our current talent, we support industry-wide knowledge exchange to educate the next generation of leaders within science and technology. Waters supports the FIRST Robotics Competition, an international high school competition aimed at inspiring students to pursue opportunities within science and technology. This program allows students to build valuable skill sets while learning from the expertise of their professional mentors.

Additionally, Waters is a founding member of the Manufacturing Advancement Center Workforce Innovation Collaborative (MACWIC), which was created as a focal point for employer-led workforce training initiatives throughout Massachusetts. Started in February 2012, the mission of the MACWIC is to preserve manufacturing knowledge and to execute the transfer of knowledge and critical skills to the current and future workforce. This is done through the development of relevant deployable curriculum in partnership with Workforce Training Providers, Vocational Technical High Schools, Community Colleges and Universities.

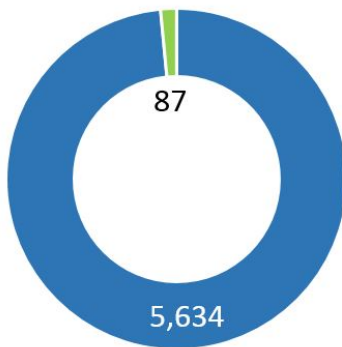
MACWIC is made up of partners including manufacturers of all sizes, education and technical training providers, industry association representatives, workforce investment boards and workforce development professionals. These partners provide crucial information on the manufacturing industry, including data trends in job growth, technology and other business-related issues. With 70% of Massachusetts manufacturing firms foreseeing employment expansion over the next five years, there is a tremendous opportunity for skilled workers.

EMPLOYEES BY LOCATION



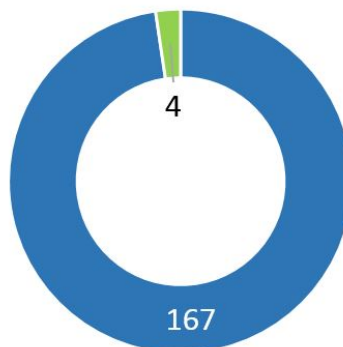
EMPLOYEES BY EMPLOYMENT TYPE

Permanent Employees:



■ Full time ■ Part time

Temporary Employees:



■ Full time ■ Part time

Leadership in our Communities

New research facility dedicated to phenome science

One way we support healthy communities is by enabling advancements in personalized healthcare by analyzing phenomes—the biological results of how our genes interact with the environment.

Understanding the huge potential to transform lives through the study of phenomes, Waters Corporation, along with other science industry partners, government, and academia collaborated to create the new MRC-NIHR Phenome Centre. Led by Imperial College London, the Phenome Centre is the world's first large-scale national phenomics facility. The mission of the Centre is to combine cutting-edge analytical science, epidemiology and clinical expertise to transform our knowledge about the causes, mechanisms, treatment and monitoring of human diseases.

The Phenome Centre will use high-throughput analytical methods to dramatically increase the scale of sampling, using advanced technology from industry partners Waters Corporation and Bruker Biospin. By sampling at this unprecedented scale, researchers will have large data sets to analyze, putting them in a better position to discover new 'biomarkers' faster. These biomarkers hold the key to why one individual or population may be more susceptible to a disease than another or why treatments are effective in one individual and not in another. As research on phenomics continues, these biomarkers will enable scientists to develop better, safer treatments, including those that can be specifically selected to match an individual's personal phenome. This has the potential to revolutionize the way in which we treat a wide variety of diseases.

Our commitment to the advancement of society extends beyond our scientific expertise. We engage with our colleagues and peers through our membership in professional organizations and we actively seek to be a responsible member of the communities where we operate.

We encourage our employees to make a difference in their communities by partaking in charitable activities. Through our Matching Gift Program, Waters matches employee contributions to qualified non-profit organizations. We also give back to society by partnering with foundations and charitable organizations that we feel are aligned with our values and aspirations. We focus our attention on charitable efforts within healthcare, science education, and technology.

Breaking new ground in the UK

Waters Wilmslow is our newest facility and the largest site committed to the development of mass spectrometry systems. The project was constructed to the Building Research Establishment Environmental Assessment Methods (BREEAM) 'Very Good' standard, and features a number of technological low-impact sustainable design elements. To reduce energy and water demands, domestic water heating is supported by 60m² of solar heating cells and twin coil cylinders, and rainwater is harvested to service restrooms and irrigation. In response to the high demand for nitrogen gas that is used in the mass spectrometry development and production process, we incorporated a nitrogen generation facility. This reduces the number of nitrogen gas deliveries onsite, reducing our carbon footprint and local traffic volume.

Governance

At Waters, part of our commitment to sustainability includes maintaining the highest standards of business integrity. Over the past 50 years we've built a valuable reputation for integrity and continually take steps to reinforce that commitment. We believe that adherence to sound principles of corporate governance is essential to protecting Waters' reputation, assets, investor confidence, and customer loyalty.

Beyond providing our employees with the resources and knowledge required to conduct ethical business, we are committed to prompt and full public disclosure. Waters provides financial information through our quarterly earnings call, website and press releases. We strive to achieve the highest standards in transparent accounting and reporting. This sustainability report continues that spirit of transparency and disclosure.

Good corporate governance starts at the top and the Board of Directors and its various committees are responsible for ensuring our business is conducted and managed in a responsible manner. The Board of Directors consists of nine members whose primary objective is to protect the long-term interests of Waters' shareholders. Waters' Chief Executive Officer is currently the Chairman of the Board. The other eight members are independent directors.

The Board includes three committees:

- The purpose of the **Audit Committee** is to assist the Board of Directors of Waters Corporation in ensuring that management is maintaining internal controls adequate to provide reasonable assurance that assets are safe-guarded, transactions are properly executed and recorded, generally accepted accounting principles are consistently applied, and that there is compliance with corporate policies for conducting business.
- The **Compensation Committee** discharges the Board's responsibilities relating to the compensation of the Company's Chief Executive Officer and other senior executives of the Company, produces an annual report on the compensation of the CEO and senior executives, oversees equity and long-term compensation plans, and reviews the legally required Compensation Discussion and Analysis.
- The **Nominating and Corporate Governance Committee** assists the Board by identifying candidates qualified for membership on the Board, recommends to the Board the director nominees for the next annual meeting of the stockholders, recruits such individuals for membership on the Board, recommends to the Board the director nominees and the chairperson for each committee and the presiding director at the executive sessions of the Board, develops and recommends to the Board the Corporate Governance Guidelines and the Code of Business Conduct and Ethics for the Company, and monitors a process to assess the effectiveness of the Board.

Code of Business Conduct and Ethics

Waters strives to apply high ethical, moral and legal principles in every aspect of its business conduct. This Code of Business Conduct and Ethics is a guide for each employee, executive officer and director to follow in meeting these principles.

This Code is designed to prevent wrongdoing and promote the following:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest with respect to personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
- Compliance with applicable governmental laws, rules and regulations;
- Prompt internal reporting to an appropriate person or persons of violations of this Code; and
- Accountability for adherence to this Code.

About this Report

This 2014 Waters Sustainability Report describes actions and the resulting outcomes from the previous year that we consider to be material to our global business and the impacts we have on our key stakeholders, the communities where we operate, and on the environment.

In all cases, data relates to the 2013 calendar year unless otherwise stated. This is our second stand-alone sustainability report, with the latest report being prepared in 2012 according to the GRI G3 guidelines. This report contains no restatements of data from previous reports. The boundaries for the report have changed from previous years due to multiple acquisitions in 2013.

As we developed this report, we considered the following stakeholders: shareholders, customers, employees, business partners, the environment, and the communities where we have significant operations. Key stakeholders are selected based upon their ability to significantly impact Waters' economic, ecological, and social performance, and where Waters' economic, ecological, and social performance significantly impacts stakeholders.

To continue on our sustainability journey requires understanding the impacts on and relationships between our operations, the planet and society. For the purposes of this report, we define "impacts" as the economic, environmental and social outcomes attributable to our business activities. Measuring these effects allows us to better understand our place in a connected world.

Some of the areas where we have the greatest impacts are:

- Offering reliable, efficient products and services
- Attracting and developing a diverse workforce
- Reducing greenhouse gas emissions /energy consumption
- Educating and supporting our local communities

Specifically, we engage our customers through routine contact with the sales and service organizations, in addition to specialized activities that enable us to collect specific input from them. Investors are invited to attend open forums, held by Investor Relations executives who speak to the market communities. Additionally, customers may be invited to Waters Executive Technology forums. These customers are invited to discuss a wide range of topics with the Vice Presidents of operational organizations within the Waters Division. This gives customers the opportunity to learn of others experiences, as well as express points of view that may direct, change, or maintains technologies' existence.

We also interact with stakeholders through a variety of reporting activities, including biennial sustainability reporting that communicate progress on our goals. In doing so, we cover customer requests such as reporting on CO₂ emissions. Waters responds to the Carbon Disclosure Project (CDP) annual questionnaires designed to capture our vital environmental information. As requested by our stakeholders, we also respond to the CDP Supply Chain Module to describe the actions taken to mitigate risks in our supply chain. In prioritizing the increasing amounts of requests, Waters strives to find ways to report information in a streamlined, comprehensive manner.

The scope of this report is based on an assessment of material issues, using feedback from internal and external stakeholders and a comprehensive materiality workshop, led by an external expert, where we identified the relative relevancy and boundaries of G4 Aspects. The coverage of Indicators categorized under

those Aspects deemed relevant was reported to the fullest extent possible as data availability allowed. From this process we identified 16 material aspects, which formed the basis for the content for this report.

Employees were engaged as part of the report preparation process, particularly during the materiality assessment workshop where key individuals representing a broad range of functions at the company participated in identifying relevant topics for the report.

This report was prepared using the framework of the Global Reporting Initiative G4 Guidelines at the “Core” application level as a guide, and in accordance with the principles advised by the Global Reporting Initiative G4 Guidelines for defining report content. This report, and the data contained herein, has not been externally verified.

For questions regarding this report and its contents:

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