

Sustainability at HUBER+SUHNER 2017

Environmental protection

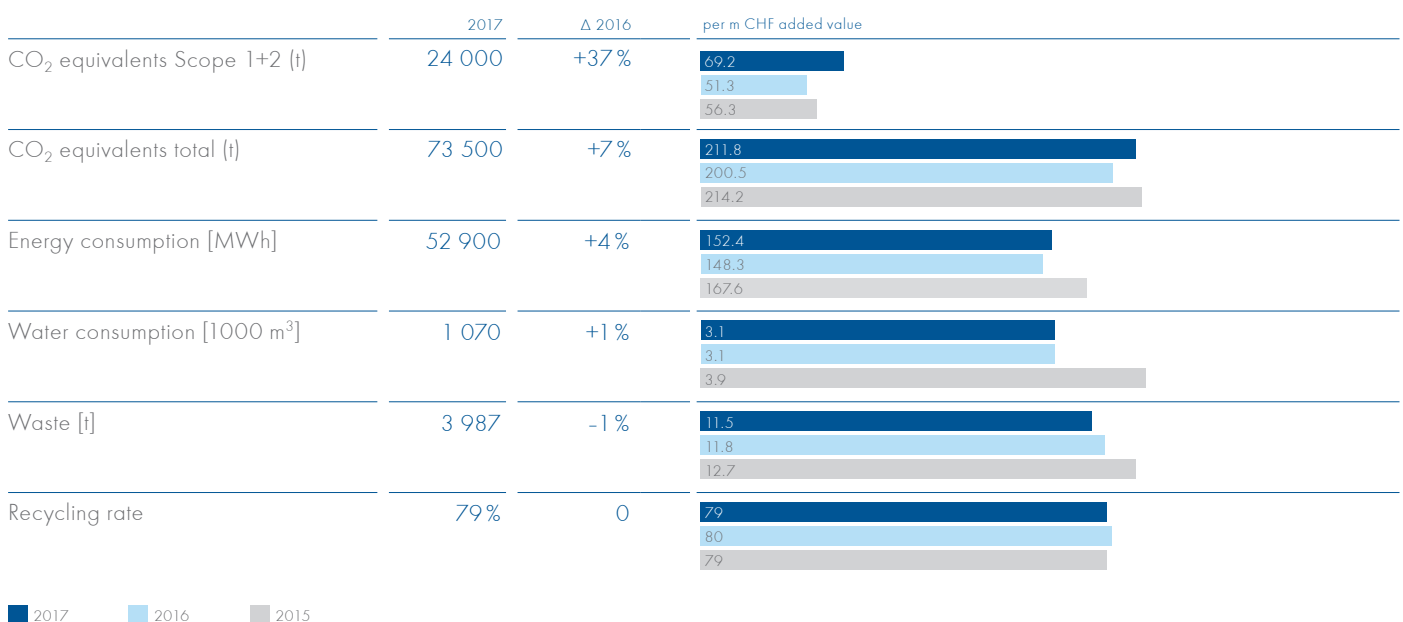
The HUBER+SUHNER Group gives high priority to environmental protection and sustainability. The corporate culture is characterized by a long-term oriented and holistic approach. The ethical attitude is laid down in the Business and Ethics Code and is binding worldwide. Honest, fair, respectful and aware of social responsibility - HUBER+SUHNER operates according to these principles in all countries and cultures.

Mixed picture of environmental indicators

In this Sustainability Report, HUBER+SUHNER for the first time publishes its global environmental figures instead of those for Switzerland as in previous years. This includes all subsidiaries with significant production activity plus Germany: Brazil, China, Great Britain, India, Malaysia, Poland, Switzerland and Tunisia.

While water consumption has increased only slightly and the volume of waste slightly decreased, energy consumption rose by four percent, due to the increase in production output. While the increase in total greenhouse gas emissions of seven percent compared to the previous year was in line with the increased production volume, greenhouse gas emissions in Scope 1+2 grew at an above-average rate.

The main reason for this increase was technical malfunctions in the electron beam crosslinking equipment at the Pfäffikon site. A larger amount of the insulating gas SF₆** was released than in normal operation. Measures to prevent such emissions have already been initiated. Another reason for the increase was the SF₆ emissions at the Chinese plant, which were recorded for the first time in 2017. They were in line with expectations in normal operation.



* Scope 1 covers all direct greenhouse gas emissions by a company. It includes fuel combustion, company vehicles and fugitive emissions. Scope 2 covers indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam. (https://en.wikipedia.org/wiki/Carbon_emissions_reporting)

** Sulphur hexafluoride is considered to be the strongest known greenhouse gas (1 kg SF₆ corresponds to 22.8 tonnes of CO₂).

CDP: Best Swiss industrial company

For the sixth year in a row, HUBER+SUHNER answered the questionnaire of the non-profit organization CDP (formerly Carbon Disclosure Project) based on 2016 facts and figures. With an overall grade of A-, the company achieved the best result in the industrial sector in Switzerland. This placed HUBER+SUHNER among the 21% of the world's top-ranked companies in this sector.

HUBER+SUHNER has committed itself to a science-based target to reduce greenhouse gas emissions, which has been recognized by the Science Based Targets Initiative. Such an objective is considered science-based if the reduction path is suitable for limiting the temperature rise on Earth to a maximum of two degrees Celsius compared with pre-industrial times. HUBER+SUHNER aims to reduce greenhouse gas emissions by 30 percent between 2015 and 2025 in relation to the added value generated. In scope 3, the company has so far exceeded its target reduction. In scope 1+2, the intermediate target 2016 was achieved, while the intermediate target 2017 was missed.

Energy saving through modernisation

Until 2016, injection moulding operations at the Herisau site in Switzerland were not located on the main site, but on a side site about 1.5 kilometres away. The historical production buildings were in need of renovation and hardly suitable to be used for optimizing production processes. For this reason, the management of HUBER+SUHNER decided at the beginning of 2016 to integrate injection moulding operations into the main site. As part of the move, the company invested in the modernization of the production equipment, modern equipment and room cooling, and in building insulation. Injection moulding operations consumed 678 megawatt hours less electricity in 2017 than in the previous year. This corresponds to a drop of over 50 percent.

* Scope 3 covers other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.
(https://en.wikipedia.org/wiki/Carbon_emissions_reporting)



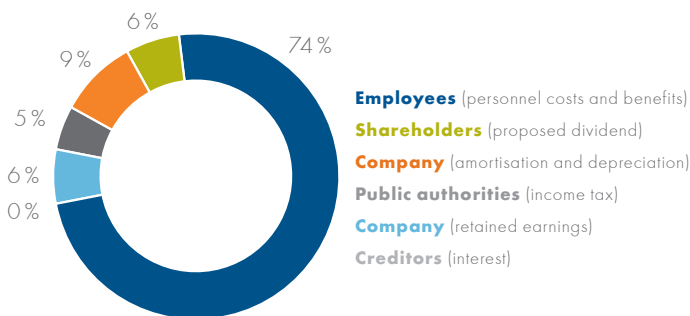
Injection moulding manufacture in Herisau: State-of-the-art plant and room cooling

HUBER+SUHNER as employer

At the end of the year, the number of permanent employees worldwide grew by 4.2 percent to 4,200 compared with the previous year, due to the expansion of production capacities in regions with fast-growing business, for example in China.

In Switzerland, the fluctuation rate fell from 9.2 to 8.5 percent. In terms of earnings the company was cautious about investing in further training. The number of training days fell correspondingly compared with the previous year. In 2017, more than two thirds of the vacant leading and specialist management positions (long-term average target value: 50 %) were filled with internal candidates. This extraordinarily high proportion was due to the fact that a large part of the positions to be filled became vacant as a result of organisational changes and could be filled with qualified internal candidates as part of the promotion of young talent.

Distribution of added value



Distribution of value added within the HUBER+SUHNER Group

The added value is a measure of a company's economic performance. It is calculated from profit before income tax, depreciation and amortization plus personnel costs minus other financial result. The distribution analysis discloses the extent to which value added flows to the various stakeholders of the company or is retained in the company. In 2017, value added amounted to CHF 347.0 million, up 1 % compared to the previous year.

In 2017, 74 % of the group's value added was paid directly or indirectly to employees and 5 % to the authorities in the form of income taxes. Subject to the approval of the Annual General Meeting, the shareholders receive 6 %, while 15 % remain in the company in the form of depreciation and retained earnings.

Key figures for Switzerland

	2017	2016
Fluctuation rate	8.5 %	9.2 %
Absence of target working time due to illness	3.2 %	3.1 %
Fraction of vacant management positions staffed with internal candidates	69 %	38.2 %

Training and further education Switzerland

		2017	2016
Investment in apprenticeship	CHF million	2.0	2.0
Investment in further education	CHF million	1.6	2.0
Number of further training days	CHF million	1 832	2 390

Social commitment

The subsidiaries of HUBER+SUHNER are involved in a variety of ways with the communities at their locations. A team of HUBER+SUHNER employees took part in the 21st Komen Charlotte Race for the Cure® in October 2017. Participants could choose between a five-kilometre run or a one-mile walk. The funds raised by Komen Charlotte Race for the Cure® and other events of the organisation support local education, screening, diagnostics as well as national research and training programmes in the fight against breast cancer.

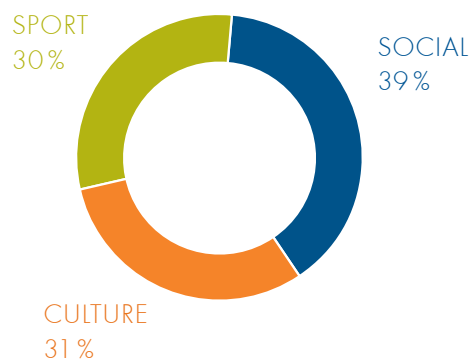
Two people with disabilities have been working at the HUBER+SUHNER plant in Changzhou, China, since autumn 2017. Recruitment was carried out in close cooperation with the local representation of the China Disabled Persons' Federation, which is committed to the professional integration of people with disabilities.

HUBER+SUHNER Foundation

In Switzerland, the HUBER+SUHNER Foundation supports social, cultural and sports projects. On the one hand, these are company-internal projects from which the employees benefit. On the other hand, these are external projects located in the geographical catchment area of the Swiss locations of Herisau and Pfäffikon or one of the subsidiaries abroad. Like last year, the HUBER+SUHNER Foundation supported around 180 projects in 2017, with approximately one-third of these allocated to each of the sectors of social affairs, sports and culture. Projects from which children, adolescents or young adults benefit are a focal point of the award process.

Among the most important projects supported is a construction project of the Ilgenhalde Foundation. This foundation cares for children and young people with severe disabilities in Fehraltorf near the Swiss HUBER+SUHNER site in Pfäffikon. The homes from the 1970s, in which the young people live, no longer meet present-day necessities and are in urgent need of renovation. After a specially convened building commission has recommended a new construction instead of renovation, three new houses for five residential groups and a therapeutic residential school group are being built in several stages. Dismantling work began in the spring of 2017 and the third house is expected to be ready for move-in in September 2019.

Share of the individual areas
in the sum of all funded
projects



The Ilgenhalde in Fehraltorf: a view of the houses 1 and 2 on 29 December 2017, which should be ready for move-in by summer 2018.