

**2019**

Sustainability at  
HUBER+SUHNER

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## Social responsibility at HUBER+SUHNER

During the reporting year, the Executive Committee of HUBER+SUHNER passed a concept to promote the integration of the basic values of social responsibility into the company's everyday business activities.

At the heart of the concept is the introduction of and data collection for 25 performance indicators from the core subjects of human rights, labour practices, the environment, fair operating practices, customer issues, and community involvement and development. Beginning in 2020, data for these performance indicators will be collected worldwide. The

data collected should reflect the current status of HUBER+SUHNER as well as form the basis for identifying opportunities for improvement, setting targets and implementing actions.

In addition, workshops will be held throughout 2020 in the regions as well as in the business divisions and staff departments at headquarters. HUBER+SUHNER managers will be able to familiarise themselves with the basic principles, core subjects and fields of action, and define the focal points of corporate social responsibility for the coming years.

## The environment

To calculate the environmental performance indicators, HUBER+SUHNER uses data from countries with significant production activity: Brazil, China, Great Britain, India, Malaysia, Poland, Switzerland and Tunisia. In 2019, data from the production sites in Empalme (Mexico), Mainz (Germany) and Warren, NJ (USA) were included in the calculation of the environmental performance indicators for the first time.

This expansion of the system boundaries (additional production sites) is reflected in the environmental performance indicators. Despite a reduction in production output, total energy consumption is slightly higher than in the previous year. In contrast, the volume of waste has fallen by 3 %. The recycling rate rose by one percentage point to 80 %. Water consumption also rose by 3 % world-wide. This is due to a significant increase in the use of lake water at the Pfäffikon site in Switzerland. This use of water is not harmful to the environment: the water is used to cool buildings in summer and to cool the cables during extrusion. In these processes the water heats up. It is then cooled in heat exchangers at the municipal utilities and returned to the lake. With the thermal energy obtained, the municipal utilities supply the neighbouring residential area and HUBER+SUHNER buildings with heating energy.

With regard to the reduction of greenhouse gas emissions, HUBER+SUHNER has made two important decisions in 2019: First, in the actual year and in the following six years, an increasing proportion of the electrical energy consumed worldwide was and will be purchased from renewable sources (hydroelectric, wind and solar power plants) using certificates of origin. In 2019, this accounted for around 10 % of global electricity consumption. By 2025, this share is expected to rise to around 70 %. The company is focusing on the country with the highest electricity consumption (Switzerland) and the countries with the highest share of coal in electricity generation (Poland, India and China). With regard to certificates of origin, HUBER+SUHNER ensures that they originate from power plants in the country where the electricity is consumed.

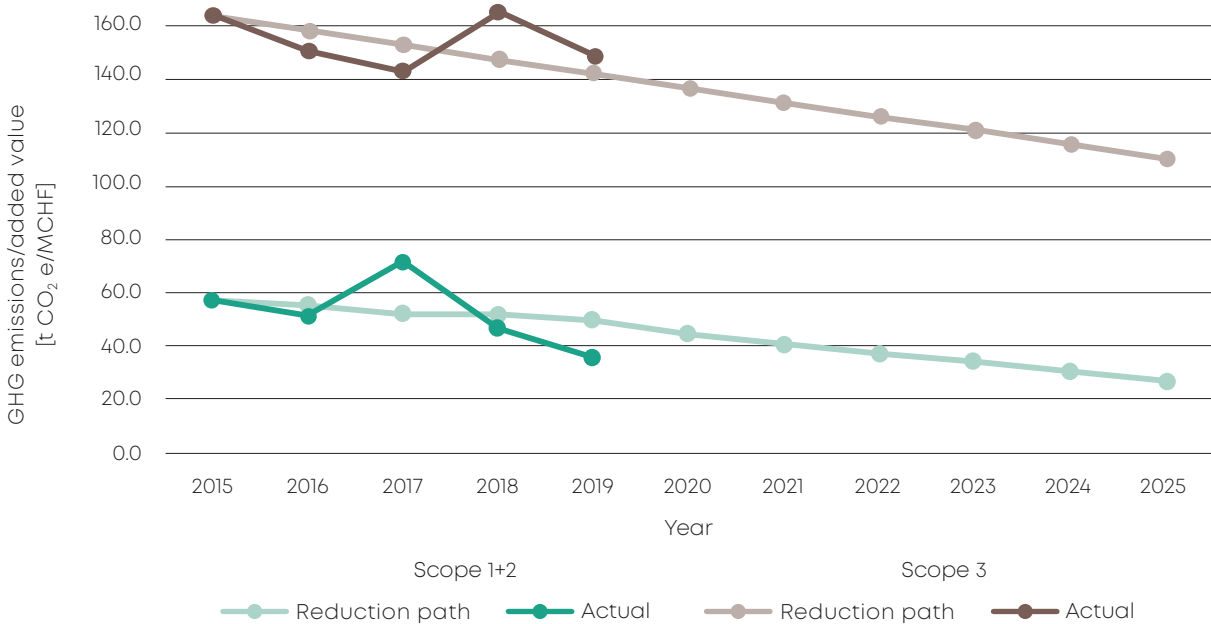
Environmental performance indicator	2019	Δ 2018 in %	per MCHF added value
CO <sub>2</sub> equivalents Scope 1+2 (t)	14 300	-20	37.1 46.1 69.2
CO <sub>2</sub> equivalents total (t)	71 200	-12	184.6 209.2 211.8
Energy consumption (MWh)	53 400	1	138.5 137.7 152.4
Water consumption (1000 m <sup>3</sup> )	1 127	3	2.9 2.8 3.1
Waste (t)	4 604	-3	11.9 12.3 11.5
Recycling rate	80%	1	

■ 2019   ■ 2018   ■ 2017

The second important decision relates to the voluntary commitment to reduce greenhouse gas emissions vis-à-vis the Science Based Targets Initiative. The original targets envisaged a reduction of emissions in relation to the added value generated in scope 1+2 and scope 3 by 30 % by 2025 compared to 2015. HUBER+SUHNER has tightened the target in scope 1+2 to a 50 % reduction over the same period. This new target now supports limiting global warming by 1.5 degrees compared with pre-industrial times.

In 2019, greenhouse gas emissions in scope 1+2 have fallen by 20 % compared to the previous year. This is primarily due to the lower heating energy requirement resulting from the use of process heat and the strict monitoring of the SF<sub>6</sub><sup>3)</sup> insulating gas at the Pfäffikon site, as well as the purchase of electrical energy from renewable sources. In scope 3<sup>2)</sup>, greenhouse gas emissions have fallen by nearly 10 %. This reduction is mainly due to lower freight volume. In scope 1+2, the reduction of greenhouse gas emissions was therefore significantly better than the more stringent target path. In scope 3, the current value at least approached the target path again after a significant excess in 2018.

Observed greenhouse gas emissions in comparison to the reduction path to which HUBER+SUHNER has committed itself.



1) Scope 1 emissions come from emission sources within the company, such as heating systems or vehicles. Scope 2 emissions result from the generation of energy that is sourced from outside the company. These are mainly electricity and heat from energy services.  
 2) Scope 3 emissions (total CO<sub>2</sub> emissions minus scope 1+2 emissions) are emissions caused by the company's activities but not under its control, for example from suppliers or service providers.  
 3) SF<sub>6</sub> or sulphur hexafluoride is the strongest known greenhouse gas (one kilogram of SF<sub>6</sub> corresponds to 23.5 tonnes of CO<sub>2</sub>).

# Social engagement

## HUBER+SUHNER as an employer

The number of permanent employees worldwide increased by 367 in 2019 to 4823 at year-end. The acquisition of BKtel Group and the permanent employment of temporary staff led to this increase.

### Key human resources indicators Switzerland

The fluctuation rate reached the lowest level in five years. At 7.3 % it was significantly lower than the previous year. This also reflects the results of the employee survey, in which HUBER+SUHNER proved to be a very attractive employer. Absences due to illness also reached a five-year low falling to 2.99% of the planned working time. The proportion of internal candidates in filling vacant management positions has increased significantly to 45.1 %. Following a low 36.5 % in 2018, the proportion is back on track to reach the long-term target value of 50 %.

Investment in apprenticeship training remained constant at CHF 2.0 million, underlining the great value that vocational training represents. Although investment in further training fell compared with the previous year (-19 %), the number of training days increased by 149. By using video conference platforms, e-learning, increased internal training and shorter training times, HUBER+SUHNER was able to raise the efficiency of further training. In 2019, the focus was on further training with a strong link to everyday work life.

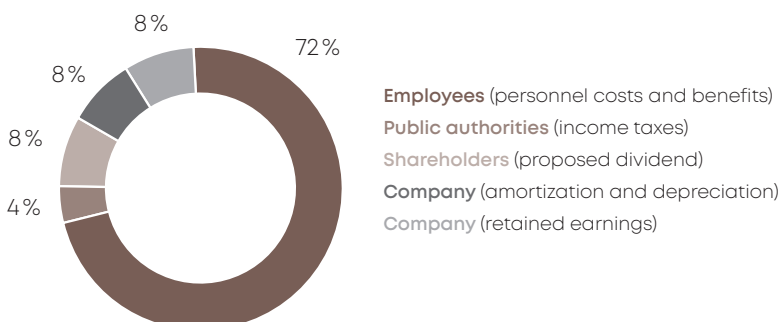
Key HR figures Switzerland	2019	2018
Fluctuation rate in %	7.3	9.4
Absence rate in % of target working time due to illness	2.99	3.06
Ratio of vacant management positions filled by internal candidates in %	45.1	36.5
Training and further education Switzerland		
Investment in apprenticeships in MCHF	2.0	2.0
Investment in further education in MCHF	1.3	1.6
Number of further training days	1 880	1731

### Distribution of added value

Added value is a measure for the economic performance of a company. It is calculated from earnings before taxes and depreciation plus personnel costs minus other financial results. The distribution calculation shows the extent to which the added value flows to the company's various stakeholder groups or remains within the company. In 2019, added value amounted to CHF 385.6 million remaining almost constant at the previous year's level despite lower sales.

72 % of the global added value flowed directly or indirectly to employees, 4 % to the public sector in the form of income taxes. Subject to the approval of the Annual General Meeting (1 April 2020), shareholders will receive 8 %, while 16 % remain in the company in the form of depreciation and retained earnings.

### Distribution of added value within the HUBER+SUHNER Group



## HUBER+SUHNER as part of the community

**Malaysia** – The local HUBER+SUHNER organisation is committed to promoting young talent and has enabled two students from the Faculty of Engineering at the University of Malaya (UM) to complete a ten-week internship. In addition to insights into the work of engineers, the students were given exercises in social competence and the right skills for job interviews.

**Germany** – In Germany, HUBER+SUHNER has been supporting the St. Anna House for Children in Aying near Munich for many years. Employees collect money and the company plans to double the amount collected. To celebrate the 50th anniversary of HUBER+SUHNER, one customer even brought a cheque for the children's home as a host gift. In addition to financial support, employees regularly invite the children of the home to a summer party, a hike and the last home match of FC Bayern München before the winter break.

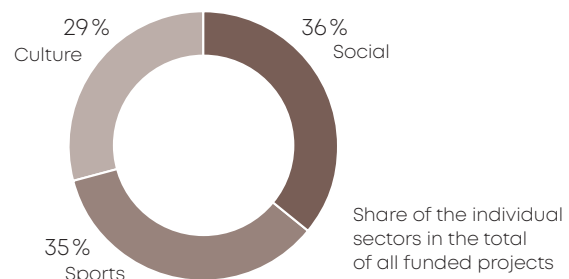
**China** – In addition to numerous other activities, HUBER+SUHNER employees organised a charity bazaar in November for the second time. Compared to the previous year's event, there was a wider range of goods and more interest among employees. The proceeds were donated to the Severely Disabled Foster Home in Pudong.

**USA** – Donating blood saves lives. Together with employees of a neighbouring company, numerous HUBER+SUHNER employees took part in two blood donation campaigns organised by the American Red Cross in May and November. In addition to their blood, the donors had to give one hour's time.

**India** - The Indian subsidiary of HUBER+SUHNER is involved in the community in many different ways. The promotion of young people is a central focus. For example, the Indian branch has taken on partnerships for 15 girls and 14 boys in an SOS children's village. In addition, it supports the "Spastic Society of Gurgaon", which is committed to the school and

vocational advancement and integration of young people with single or multiple disabilities. The Indian organization also supports a non-governmental organization that helps visually impaired people learn to read and write better, in order to improve their chances on the job market. Another important initiative is the apprentice training programme at HUBER+SUHNER in India, which was launched in 2018. The company now employs 25 apprentices, three quarters of whom are female. They receive a technical qualification which prepares them well for their professional careers.

**Switzerland** – In Switzerland, the Huber + Suhner-Stiftung (foundation) supports social, cultural and sports projects. The company's employees benefit from part of these projects. The other part is located in the geographical catchment area of the Swiss locations Herisau and Pfäffikon. The number of projects sponsored in 2019 remained constant compared with the previous year: around 180 projects were distributed quite evenly among the social (36 %), sports (35 %) and cultural (29 %) areas. As in previous years, the focus of project selection was on supporting young people.



An example of a particularly successful collaboration between the Huber + Suhner-Stiftung and the business divisions are two student projects at ETH Zurich that focus on the technological advancement of electric vehicles. While the Foundation provides financial support for the projects, the Low Frequency Division supplies the necessary power and control cables free of charge. Employees of the division also contribute their know-how. One of the projects deals with the development of an electric motor-cycle. Due to its small space requirements, these electric motorcycles are predicted to play an important role in urban traffic, both as a means of transport and for carrying small loads in densely populated cities.



The charity bazaar at the Shanghai location attracted great interest.