

# Sustainability at HUBER+SUHNER 2018

## Social responsibility at HUBER+SUHNER

The management team at HUBER+SUHNER Group is aware of the company's social responsibility throughout the company in its locations worldwide. The business and ethics code outlines the company's ethical conduct which we expect to be shared by every employee worldwide. In order to align these values of social responsibility more closely with the company's day-to-day business, a project team was formed in 2018 to develop a dedicated concept.

Based on the Guidance on social responsibility (ISO 26000:2010), the project team initially identified 16 issues that are relevant and significant for HUBER+SUHNER to influence and make a meaningful impact. Second to that, key performance indicators were defined for each of these issues in order to measure progress in each area of social responsibility. After a trial phase of data collection, medium-term performance targets will be set so that progress can be tracked.

## Environmental protection

HUBER+SUHNER uses data from the countries with significant production activity – Brazil, China, Great Britain, India, Malaysia, Poland, Switzerland and Tunisia – to calculate the environmental performance indicators. In addition, there is also data from Germany, a former production country.

Environmental performance indicator	2018	Δ 2017 in %	per m CHF added value
CO <sub>2</sub> equivalents Scope 1+2 (t)	17 800	-26	
CO <sub>2</sub> equivalents total (t)	80 700	10	
Energy consumption (MWh)	53 100	0.4	
Water consumption (1000 m <sup>3</sup> )	1 098	3	
Waste (t)	4 729	19	
Recycling rate	79%	-0.8	

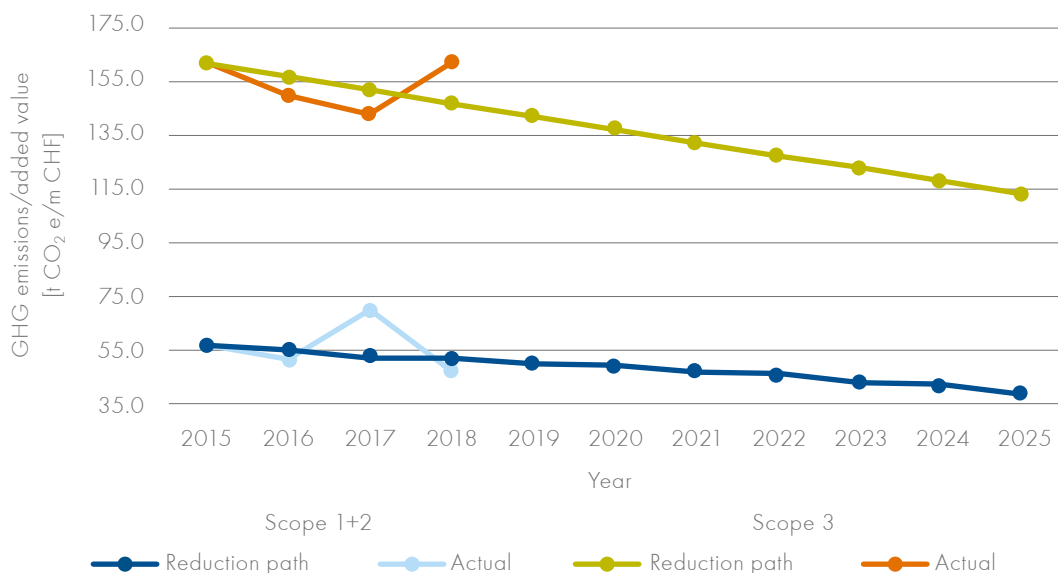
■ 2018   ■ 2017   ■ 2016

In 2018, total energy and water consumption increased only slightly compared with the previous year, while the volume of waste – at a virtually constant recycling rate – grew more strongly than the production volume. The dismantling of two old buildings at the Herisau site in Switzerland played a significant role in this sharp increase. A heterogeneous picture emerges for greenhouse gas emissions. The total volume of greenhouse gases caused by the activities of HUBER+SUHNER increased by ten percent compared to the previous year, less than the company's organic net sales. However, this moderate increase is due solely to the drastic reduction in greenhouse gases in Scope 1+2<sup>1)</sup> (–26 %). On the other hand, there is a considerable increase in the greenhouse gases caused in Scope 3<sup>2)</sup>. The main reasons for this growth were the significant increase in the consumption of plastics and copper for the manufacture of low-frequency cables and the increased transport volume, especially of air freight.

This mixed picture is also reflected in the greenhouse gas reduction targets to which HUBER+SUHNER has committed itself under the Science Based Targets Initiative (SBTI) in 2017. HUBER+SUHNER returned to the reduction path in 2018 for greenhouse gas emissions that the company can directly influence (Scope 1+2), while in Scope 3 the interim target for 2018 was missed.

HUBER+SUHNER achieved its return to the reduction path mainly in three areas:

- After a technical malfunction in the electron beam cross-linking facilities at the Pfäffikon site in 2017, during which a large amount of the insulating gas sulphur hexafluoride<sup>3)</sup> (SF<sub>6</sub>) was released, the corrective measures introduced resulted in a very small amount of SF<sub>6</sub> being released into the environment in 2018.
- The electricity for the Pfäffikon site was generated from renewable resources (hydropower plants).
- By installing a heat pump to generate heating energy, the Pfäffikon plant was able to save a considerable amount of fuel oil.



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

<sup>1)</sup> Scope 1 emissions come from emission sources within the company, such as the company's own 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.

<sup>2)</sup> Scope 3 emissions are emissions caused by the company's activities but not under its control, for example from suppliers or service providers.

<sup>3)</sup> Sulphur hexafluoride is the strongest known greenhouse gas (one kilogram of SF<sub>6</sub> corresponds to 22.8 tonnes of CO<sub>2</sub>).

## Social engagement

### HUBER+SUHNER as an employer

The number of permanent employees worldwide rose by 256 in 2018 to 4456 at the end of the year. The strong sales growth required an expansion of capacities within the global production network.

#### Key human resources indicators Switzerland

The fluctuation rate increased slightly in 2018 compared to the previous year: to 9.2 %. Absence due to illness fell to 3.06 % of planned working hours, the lowest level in the past four years. 36.5 % of managerial and expert management positions were filled with internal candidates. The long-term average target is 50 %. This comparatively low figure is due to the fact that specific know-how was required that was not available to this extent internally. This was also due to the high proportion of 69 % of internal candidates filling open management positions in the previous year. These positions were filled from a pool of young talent, which was thus almost exhausted and is now being continuously replenished. One indicator of the high attractiveness as an employer is the fact that several management positions in 2018 were also filled with former employees. Despite constant investment in employee training, the number of training days in 2018 fell by around 6 % compared with the previous year. This slight decline reflects the general trend towards shorter training events.

#### Key HR figures Switzerland

	2018	2017
Fluctuation rate in %	9.4	8.5
Absence rate in % of target working time due to illness	3.06	3.2
Ratio of vacant management positions filled by internal candidates in %	36.5	69.0

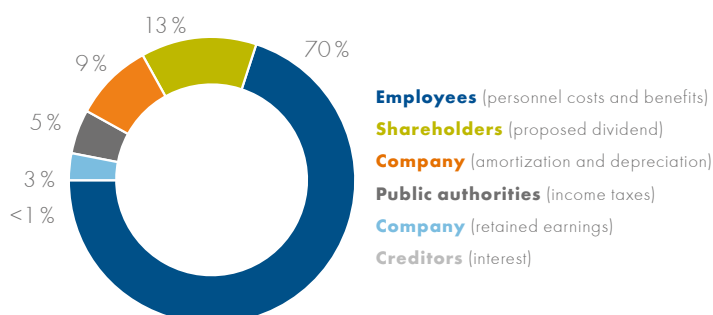
#### Training and further education Switzerland

	2018	2017
Investment in apprenticeships in CHF million	2.0	2.0
Investment in further education in CHF million	1.6	1.6
Number of further training days	1731	1832

### Distribution of added value

The added value is a measure of the economic performance of a company. It is calculated from profit before tax and depreciation plus personnel costs minus other financial results. The distribution calculation reveals the extent to which the added value flows to the various stakeholders of the company or is retained within the company. In 2018, added value amounted to CHF 385.7 million, 11 % above the previous year's figure.

In 2018, 70 % of global added value flowed directly or indirectly to employees, 5 % to the authorities in the form of income taxes. Subject to approval by the Annual General Meeting, shareholders will receive 13 %, while 12 % will remain with 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

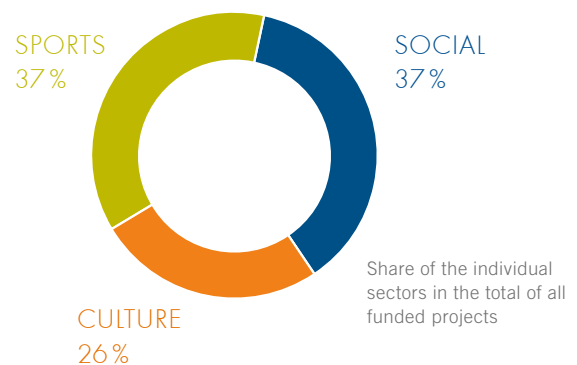
HUBER+SUHNER is committed to social responsibility in the communities it operates in across the world. The management of the Chinese organization has recognized that it must demonstrate this responsibility if it wants to make it an important part of the way of thinking throughout the company. This is why the management team from the region North Asia took part in Disability Equality Training (DET) designed by the ILO (International Labour Organization). In this training the managers learned the potential of a meaningful integration of people with disabilities into a "normal" working environment. In 2018, HUBER+SUHNER North Asia employed two people with disabilities who were fully integrated into the work environment, and the number is set to increase.

The Leukemia & Lymphoma Society at the HUBER+SUHNER site in Charlotte, North Carolina, raised money for the support of cancer patients and their families as well as for cancer research with an event entitled "Light the Night". The event culminated in a lantern-lit walk that symbolically brought "light to the darkness of cancer". Prior to the event, employees of HUBER+SUHNER North America had organized smaller events over several weeks, including a bake sale, pizza by the slice, candy sales, and a raffle drawing, in order to support the Leukemia & Lymphoma Society in its work.

HUBER+SUHNER Poland is committed to promoting young people. In 2018, employees visited various schools around the Tczew site to prepare students for entering the job market. The students were given the opportunity to prepare for future applications in simulated job interviews.

## The HUBER+SUHNER Foundation

The HUBER+SUHNER Foundation, based in Switzerland, supports projects in the social, cultural and sports sectors. Some of the projects are located within the company itself allowing employees to directly benefit from this. The other part involves external projects in the geographical catchment area of the Swiss company locations around Herisau and Pfäffikon. At a good 180, the number of projects supported in 2018 remained at the previous year's level. A quarter of the projects came from the cultural sector. The remaining three quarters came roughly equally from the social and sports sectors. The promotion of young people was a focal point in the selection of projects.



Once again, tunOstschweiz.ch, a special event under the auspices of the OFFA consumer exhibition, was a particularly valuable project. tunOstschweiz.ch, which takes place every two years during the spring school holidays in St. Gallen, aims to arouse interest in the STEM subjects and professions (STEM = Science, Technology, Engineering, Mathematics) among those aged 6 to 13. Around 4,000 girls and boys were able to experiment and craft at 25 stands. On the one hand, the foundation sponsored the event. On the other hand, it financed the HUBER+SUHNER stand, which was designed and maintained by the company's apprentices. There the children could make a key ring and engrave their names. Among other things, they processed radio frequency connectors and coaxial cables from HUBER+SUHNER.

The young visitors to tunOstschweiz.ch produced around 750 "cool" key rings at the HUBER+SUHNER stand.