



**Hager Group
Communication on Progress
2013**

**UNITED NATIONS
GLOBAL COMPACT**



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CEO Statement of Commitment

Blieskastel, June 2013



Sustainability means progressing in accordance with social, ecological and economic parameters. All three are instrumental in maintaining the company's profitable growth in the long term.

In our quest for a sustainable future and as a provider of systems and solutions, Hager Group commits to protecting the future and doing things in a sustainable way. In our business activities, Hager Group wants to take care of all resources through ethical and sustainable practices.

In April 2007, we signed up to the United Nations Global Compact, the voluntary business initiative supervised by the United Nations to foster Corporate Social Responsibility.

With our sustainable E3 approach we deal with our planet's limited resources by respecting our stakeholders, employees, customers, suppliers and communities and by respecting the environment in our business activities offering energy-efficient solutions to delight our customers.

At Hager Group we aim to grow in the long term rather than maximising profits in the short term. It goes without saying that making money is something that we have to and want to do, but the important thing is how we go about it. We want to do things properly for the right reasons by adopting an ethical approach when interacting with employees, partners and suppliers, and by continuously reducing our ecological footprint and developing more energy-efficient solutions for our customers. The results that we have achieved in recent years show that we are heading in the right direction.

We firmly believe that we should also create values in the markets in which we generate revenue. We want to offer the people to whom we sell our products, jobs and perspectives. Not only do we owe this to our respective environment in our capacity as a good corporate citizen, but it also ensures that our products enjoy a high degree of acceptance and popularity. It goes without saying that we produce in Asia and Latin America observing to the same quality standards as in Europe, but with a higher proportion of manual work. In European high-wage countries, we can only afford to do this with a high level of automation and qualified personnel. By investing in further training for our staff, we are also investing in our competitiveness.

With this document we renew our commitment to the United Nations Global Compact.

A handwritten signature in blue ink, reading "Daniel Hager". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Daniel Hager CEO Hager Group

Committed to sustainability...



...because certain values are not negotiable,

...because we believe in respecting people and our environment,

...because Corporate Social Responsibility is more than just words.

E3 – Hager Group’s sustainability approach

We act ethically and responsibly, caring for people and our environment.

With increasing globalisation and diminishing natural resources, we must consider the consequences of our actions. The need for greater corporate responsibility is increasing. Even though Hager Group is only a small cog in a large wheel, we want to move forward in such a way that we leave a clean bill of health for future generations. We have road-mapped our sustainability programme concisely and clearly, it is called E3.



This all-encompassing E3 Hager Group approach deals with how we can use our planet’s limited resources in a caring and sparing way. Each of the three pillars – Ethics, Environment and Energy – are supported by implemented measures. For us a family business, sustainability is more than just a buzz word, we actively practice it through E3.

We continuously improve our performance by further training our staff, designing more ecological products and increasing the proportion of sales achieved with products that enable our customers to use resources more intelligently.

In order to attain these goals, as we have done repeatedly in the past, values such as courage, authenticity and integrity, guide us and remain unchanged.

For sustainability Facts & Figures, please consult pages 58 and 59 of our Annual Report.

For an interview with Professor Klaus Töpfer on sustainability past and present, please consult pages 36 to 39 of our Annual Report.

For an interview with our Ethics Officer and Head of Sustainable Development, please consult pages 74 and 75 of our Annual Report.

For the interactive version of this sustainability interview please use the following links:

English: <http://vimeo.com/66076811>

French: <http://vimeo.com/66076791>

German: <http://vimeo.com/66076679>

ETHICS – we are a family-owned company promoting social responsibility

Our most important natural resource at Hager Group is each individual person. We prioritise processes ensuring mutually fair behaviour and commit ourselves to comply with the United Nations Global Compact principles. This undertaking between a company and the United Nations is made on a voluntary basis with the aim of making globalisation more caring and ecological.

Please consult pages 40 to 43 of our Annual Report.

ENVIRONMENT – we take actions to minimise our carbon footprint

We keep our processes and products as clean as possible, adhering to the motto 'less is more'. In real terms this means that 12 of Hager Group's production plants are already certified under the ISO 14001 environmental management standard and 13 of them OHSAS 18001. And determined to keep up the good work, we apply for further certifications year after year.

The development of new products and manufacturing processes focusses on eco-design and eco-production. We make an exhaustive product life cycle assessment and optimise where possible ecological aspects. And when completed, the product is packaged in 100% recycled paper with economical and environmentally-friendly natural dispersion colour printing. This packaging requires 20% less material, making it is just as intelligent as the products it contains. Thus, we continually reduce our ecological footprint whilst advancing our technology in the right direction.

Please consult pages 10 and 11 of our Annual Report.

ENERGY – we are a specialist offering smart solutions for energy efficiency

Internally, we are dedicated to reducing our energy consumption both in production areas and in our offices. Various measures are taken to recycle and reduce our energy use. Our customers also benefit from Hager Group taking a step in the right ecological direction, they reap the benefits of our solutions that include intelligent meters, dimmers, ultra-sensitive motion detectors, building automation solutions and innovative display software, making energy consumption visible, thus creating better energy awareness. Renewable resources can be integrated into each and every building, assuring a brighter, cleaner future. We devote all our energy to saving yours!

Please consult pages 46 and 47 of our Annual Report.

For further E3 information please use the following link.

www.hagergroup.net/sustainability

01 HUMAN RIGHTS - PRINCIPLES

Principle 1: businesses should support and respect the protection of internationally proclaimed human rights and

Principle 2: make sure that they are not complicit in human rights abuses

We at Hager Group support and respect human rights through our daily activities by providing safe and healthy working conditions and by ensuring non-discrimination in personnel practices.

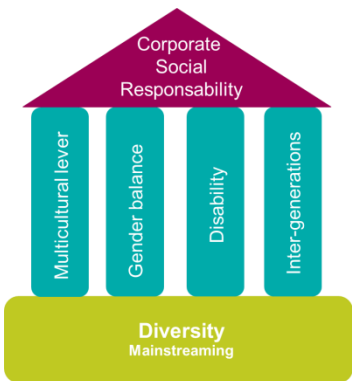
For example, occupational safety actions to promote safety at our Obernai site in France have resulted in over the last two years alone the number of accidents being reduced by 31%, the best record for at least the last 25 years. We expect a great deal from our staff at Hager Group, however we also make every effort to encourage them and develop their abilities in a favourable working environment. Every Hager Group employee currently completes 24.5 hours of professional training per year on average, therefore increasing collective knowledge and skills for all to enjoy the benefits.

The success of Project 2015 will be directly linked to our ability to make the best use of the group's human potential.

For facts and figures concerning our commitment to employees all over the world, please consult page 79 of our Annual Report.

> Assessment, policy and goals:

Diversity



Right from its very beginnings Hager Group's sensitivity to differences has been a key element of success. It is an on-going state of mind, which is why diversity is part of our sustainable development, expressed in our E3 approach.

It's our strong conviction that to be a main player in today's global market place, it is imperative to build a culture that embraces diversity at all levels & activities in the organisation in cooperation with our network of partners.

> Implementation:

We are operating in a global, multicultural, multigenerational & diverse world. To take leverage from diversity and achieve our ambitions to accelerate international expansion described in Project 2015, the position of [Hager Group Diversity Manager](#) was created in 2012 as well as a steering committee to focus on Hager Group's Diversity Mainstreaming.

> Measurement of outcomes:

From the four priority themes that are the pillars of our diversity development plan set up in 2012, three actions have already been implemented:

- an intercultural Training Offer Catalogue was developed to help employees adjust to new environments, make our international presence more relevant and sustainable & enhance innovation & creativity,

- a multicultural trainer network was set up with China as a pilot country. Trainers share experiences on how to develop & highlight people's competencies, capitalise on them & anticipate the future,



- parking spaces have been designated for pregnant women, thus contributing to the well-being of these employees.



On the theme of disability, as part of the French national “Semaine pour l’Emploi” Employment Week, two people with disabilities who wanted to learn more about activities and job opportunities at Hager Group in Obernai were welcomed. Colleagues with hearing impediments also participated in this event. The result: one of the visitors is following qualifying internship-training as a human resources assistant. To quote the recruitment officer, “The real success of this day

was breaking the barriers of prejudice and pre-conceived ideas. People who live with a handicap are just like you and me!” Taking the initiative further, a manual was also created for basic sign language enabling colleagues to communicate with their hearing impaired peers.

Please consult page 32 of our Annual Report.

Again, on the theme of disability and solidarity is an initiative involving five members of staff in Obernai France who are involved in an association that helps children who don't have use of their legs participate in running events. Our employees, whilst running, collectively carry the children in special single-wheeled carrying-chairs. All involved participate in out-of-the ordinary unforgettable adventures.

Please use the following link for more details.

<http://www.vimeo.com/hagergroup>

Corporate Social Responsibility CSR & community activities

> Assessment, policy and goals:

Corporate Social Responsibility is an integral part of how we conduct our business at Hager Group, make decisions & set our priorities.

> Measurement of outcomes:

Tara mobile Crèches



The vibrant growth of the construction sector in India nurtures growth and development of the Indian economy. However, this can come at a cost, as children's parents move from site to site. The children therefore receive little to no formal education and thus little hope for a brighter future.

Hager Group has always been attached to the fact that its growth should also be the growth of the people with a responsible attitude towards society.



By supporting mobile Crèche and its child-friendly sites policy, Hager Group in India enables every child living on a construction site to be safe, healthy and educated and able to enjoy their childhood.



In continuation with last year's efforts, this year Hager Group in India decided to support Tara Mobile Crèche's initiative of **Educate Girl Child**. This donation helps one student from Tara Mobile Crèches to enrol for the further studies thereby moulding a bright future. To quote the Managing Director at Hager Group in India: "Our effort captures the countless dreams and aspirations of these children, particularly the desire to learn & go to school. Supporting them with education will give them an opportunity to realise their full potential."

Please consult page 32 of our Annual Report.

Product & business awareness programmes in universities & internship programmes



In India, educational institutes provide a platform for professional organisations to meet young committed and enthusiastic students, who will soon step into the professional world. As part of our CSR activities, Hager Group in India is associated with some reputed educational institutes offering graduation & post-graduation courses in Engineering and Management disciplines.

Electrically Safe & Smart Installations ESSI

Hager Group in India finances an initiative to spread awareness of safe electrical practices, starting in Pune where our factory is based. The first phase of this initiative was an event in an Indian school to encourage awareness amongst school children – the future generation of safe electricity users. Presentations were made, tools distributed and communication made on the various social medias to promote the education of future generations.

Safety Eco-ficient Advisors Hager SEA

Yet another initiative from India highlights our Corporate Social Responsibility in our area of electricity, combining safety with sustainable business sense. SEA experts visit different sites and electrical installations to advise and suggest improvements to the electrical set up to promote safe and eco-efficient products.

Hager Family Day



The annual Hager Family Day provides a relaxed and fun opportunity for members of the family to get to know their relative's work place and its products. Family Day in China for example attracted over 400 visitors and in Poland there was an art-work competition for employees' children.

Please consult page 33 of our Annual Report.

United Kingdom

At Hager Group in the United Kingdom a procedure has recently been set up for employees to request sponsorship of various activities within their local community. They have ranged



from sporting activities and charities, from bicycle rides and walks, to community activities to better the local environment, such as the refurbishment of communal buildings, local gardening projects & school projects to invest in libraries, sports facilities and PC suites. The nominated charity for 2013 is the local Severn Hospice. Hager the Horrible as shown in the photo, was a family day where there were dragon boat races to raise money for charity.

France & Germany

For our Hager Group Symposium 2012, an annual top management team event to focus on and highlight progress to-date, rather than giving the traditional gift to managers, we chose to donate to a special cause. In the summer of 2013, children from SOS Children's Villages in Saarland, Rhineland-Palatinate and Alsace are invited by Hager Group to Germany's biggest



amusement park Europa-Park in Rust.

For further information about the special donation, please consult page 35 of our Annual Report.

Germany

As an example of E3 in everyday life, Hager Group and CJD Homburg Saar (a Christian organisation to facilitate the reintegration of youths through training) are partners in the field of youth training. Hager Group makes available two halls at Ensheim Germany for logistics trainees giving these young people an opportunity to learn their craft in real conditions as



CJD doesn't have suitable warehouse facilities available. The particularity – our warehouses are appropriate for apprentices with disabilities. Seven graduates have already completed their training, with excellent results. This cooperation between CJD and Hager Group fits perfectly with our sustainable

E3 approach in helping young people who have traditionally struggled to find a job to get practical training and thus facilitate their search for employment.

Please consult page 30 of our Annual Report.

Please use the following link for a press release about Hager Group and the CJD.

<http://www.hagergroup.net/press/press-release/pm-cjd-homburg/10803.htm>

To see a Hager Group and CJD Homburg Saar interview please use the following links.

English: <https://vimeo.com/66076316>

French: <https://vimeo.com/66076400>

German: <https://vimeo.com/66076217>

02 LABOUR – PRINCIPLES

Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

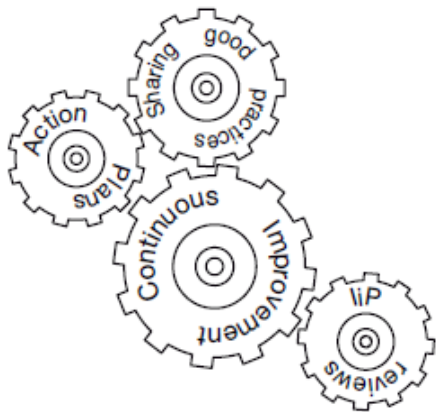
Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour

Principle 6: the elimination of discrimination in respect of employment and occupation

Investors in People liP

> Assessment, policy and goals:



In today's changing and increasingly complex world, Hager Group must constantly adapt to and anticipate new challenges in terms of organisation, technology and financial resources. The key factor of our company's success is the ability of our teams to initiate and manage these changes. In this context, being able to rely on skilled and fully engaged employees is a competitive advantage that drives sustainable growth.

The liP framework helps us to focus our organisation on improving our performance and achieve our objectives through excellent people management and development.

> Implementation:

- The liP management standard was first implemented at Hager Group in 1994 and we were one of the first companies to have certification in Continental Europe.
- In 2012, 68% of employees worked in liP-recognised units: 12 countries have liP certification & 25 entities have liP recognition.
- Our AB-Plast team in Italy and our newly opened Dubai office are now part of the certification process.
- Since 2011 both the Standard level of certification and [Your Choices](#) are used at Hager Group. Your Choices is a choice-based approach allowing Hager Group to go beyond the liP Standard, working towards further evidence requirements relevant to our priorities and goals, offering continuous development and stretch our organisation's needs.
- There are 27 members in the Internal Review team, 2 from Italy, 3 from Poland, 1 from the United Kingdom, 1 from Switzerland, 1 from China, 5 from Germany and 15 from France, a truly diverse and multi-cultural team.

> Measurement of outcomes:

From June 2012 to June 2013 no less than 15 internal (Int) and external (Ext) reviews took place. All three of the entities externally reviewed received recognition.

Year	Month	Country	Entity	Int	Ext
2012	06	France	Business Area Security	x	
	06	India	Business Unit & Market Area	x	
	07	France	Product development department in Saverne	x	
	08	Singapore & Malaysia	Market Area Singapore & Market Area Malaysia	x	
	09	France	Human Resources department	x	
	09	Norway	Market Area	x	
	10	The Netherlands	Market Area		x
	10	United Kingdom	Business Unit & Market Area	x	
	11	Spain	Business Unit & Market Area	x	
	12	Germany	Business Unit & Market Area Atral Secal	x	
2013	02	Italy	AB-Plast	x	
	03	France	Market Area	x	
	04	Portugal	Market Area	x	
	04	Poland	Business Unit & Market Area	x	
	05	Germany	Market Area & Support functions		x
	06	France	Business Area Security & Market Area Atral France		x

At Hager Group our company culture is to put the employee at the centre of the company's performance, in this context an liP booklet to further employee understanding and encourage their involvement in the Standard was created, demonstrating yet again that having competent and committed employees is a priority for Hager Group and provides an indisputable advantage for our sustainable development. It is available in eight languages: German, English, Chinese, Spanish, French, Indian, Italian and Polish.



In addition to this, multi-cultural training for the liP internal review team took place in June 2013, the aim being to grow faster and safer in an international arena through developing strong and effective mindsets and cross-cultural skills within the liP internal review team.

HagerGO! (Global Opinion)

> Assessment, policy and goals:

With the follow-up of the HagerGO! Global Opinion world-wide employee survey, Hager Group took further actions to enhance the labour conditions of its employees.

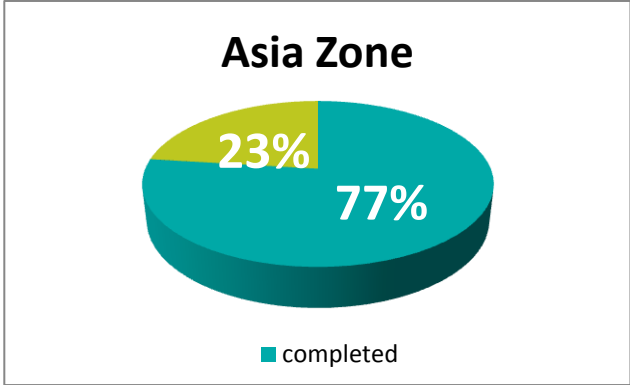
> Implementation:

In 2011, all Hager Group employees were invited to participate in the first phase of the global HagerGO! survey. The aim was to be recognised as an employer of choice providing an environment in which current and future employees are motivated to develop their careers by



supporting Project 2015 and deploying a common Hager Group worldwide frame. Identifying employee's expectations and opinions & putting into place concrete actions by integrating them into annual business action plans & measuring evolutions between two surveys are a priority for Hager Group.

> Measurement of outcomes:



In 2013 a further survey was carried out in China as actions plans from 2012 had already been followed-up on and best practices shared. This additional survey in China enabled Hager Group to measure not only the effectiveness of the actions already put in place but also continue to follow employee satisfaction.

Employer of Choice initiatives

> Assessment, policy and goals:

A number of initiatives to reinforce our position as an employer of choice were carried out over the last twelve months.

> Implementation:

Industry week March 2013

The objective of the Industry week, Semaine de l'industrie, was to promote and raise public awareness of industrial trades. It was also an opportunity to show case our own industry as it was operation 'open-doors' for the Obernai site. Over 100 people were welcomed – the public, employment seekers, students and school children – they all had the opportunity to visit the site and its factories, thus sparking their interest in Hager Group and all it has to offer.

School-Company Club in March 2013

The School-Company Club, Club école-entreprise, celebrated its 20th anniversary at the Obernai France site. Created in 1993, the club's 90 members carry out actions to promote



better mutual understanding between local schools and companies, working on the image of careers and training to facilitate the integration of young people into the business world. The rector of the Strasbourg Academy was present at the site in Obernai where the general assembly was held.

Care management at Hager Group

Care Management is a dedicated service with the goal of developing and implementing measures, aimed at raising employees' awareness of welfare, health and ergonomics in the workplace and a good work-life balance. As such, Care Management is continually developing and implementing needs-oriented and target-group measures to:

- create health-promoting working and environmental conditions and needs-oriented measures;
- provide employees with information that will encourage a healthy lifestyle tailored to their individual situation;
- organise and strengthen the feeling of well-being in cooperation with the works councils and relevant experts from the fields of occupational health and safety and physiotherapy;
- encourage a sensible work life balance.

> Implementation:

Country-specific circumstances and local needs are taken into account, under the themes of:

- Ergonomics & Safety
- Work Life Balance
- Sports & Relaxation
- Health & Prevention

> Measurement of outcomes:

Below are some of the special Care Management events from 2012 and 2013.

Hager Group Health Week June 2013



This worldwide initiative developed for the first time in 2013 is to help **raise employee awareness in the subject of well-being and its positive impact on their work**. Sport, relaxation, work-life balance, health, ergonomics, safety and even accident prevention were the subjects of a comprehensive programme adapted to each site group-wide.

For example: massage sessions and the learning of relaxation techniques, workshops for improving ergonomics of the workplace and information on topics such as tobacco and ways to stop smoking, a mini-golf tournament and workshops on running and Nordic walking. The company restaurants at the various sites took advantage of the week to emphasise the importance of good food hygiene with the help of dieticians to provide personalised nutrition advice.



An on-line platform was also created for colleagues to record their sporting activities during Hager Group Health Week 2013. Each activity is rewarded with a number of points according to the length of the activity. We'll have to wait until to July 2013 to find out who the sportiest colleagues were.

Employee Health Improvement initiatives at Fusetech in Hungary

At our Hager Group site in Hungary, various initiatives in the form of seminars and activities were set up in 2012 to **increase awareness** on, for example, smoking, cancer, cholesterol, osteoporosis and high blood-pressure. There were also group sporting activities such as table tennis, cycling, hiking, gym and football. We applied for and won 8.5M HUF (30,000 €) subsidy for the programme.

Care Management in Germany

Many projects are in place and German Care Management activities at Hager Group in general have been recognised by the Berufsgenossenschaft, a German association for professionals. Some examples:

In 2012 a [project for blue collar workers](#) to focus on the prevention of work-related injuries and generally improve their health was set up.



Since 2005 [Health Days for apprentices](#) just starting their trainee programme within Hager Group Germany have taken place. In 2012 it was done twice, once to welcome our new Berker apprentices who had never before participated in such a programme. For them, it was in May 2012, and in the autumn the second event took place for all the other new apprentice recruits of Hager Group Germany. Both events were attended by more than 40 young people and took place in Heltersberg. The programme covered subjects such as gymnastic exercises to help them with their balance, nutritional advice, safety at the workplace and medical checks - blood sugar & cholesterol. In addition a team of external experts was present to support the German Care Management team.



In 2012 Hager Group in Germany received a certificate from the Chamber of Commerce in the Saarland region for its [childcare activities](#). Since 2010 we offer 5 days of child care, from Monday to Friday. In 2012 there were daytrips to a zoo, a park and one day was spent with a ranger in the forest. The participants are 6 to 12 year old children. There were more than 40 participants.

Hager Family exchange programme



Hager Family is an active [exchange programme](#) for children of Hager Group employees. In 2012 the 7th Hager Family exchange took place from 27th July to 12th August. The idea behind these exchanges is to improve international communication and gain an insight into different cultural behaviors. The participating Hager Group countries are among others France, the Netherlands, Sweden, Norway, Italy, Hungary, Poland, Austria, Great Britain and Germany.

Defibrillators



[Defibrillators](#) have been installed in sites in the United Kingdom, Italy and France. First aiders on the various sites have received training to use these devices in case of a medical emergency.

Summertime barbecues



Late spring and summertime barbecues for employees take place in Poland, the Ukraine and the Czech Republic and since spring 2013 in France.

Home office pilot project

In the summer of 2012 a [home office](#) pilot project in Obernai France was set up, participants amongst other are members of the Logistics and Human Resources departments. This initiative promotes a healthy work-life balance not to mention reducing our carbon footprint and exposure to travel risks.

Fruit baskets



[Free fruits baskets](#) are provided in the Netherlands and Germany for employees.

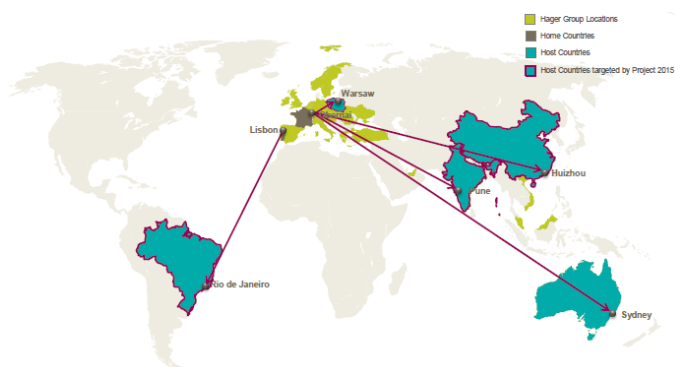
Work-life balance in Italy

In Italy, training days with experts in the domain of better [private-professional life balance](#), and advice concerning sporting activities and nutrition are provided.

Internal mobility

Internal mobility on a local and global scale is an important factor in career development.

> Implementation:



Human Resources departments in Hager Group follow indicators for the number of positions filled through internal mobility.

> Measurement of outcomes:

For example in France, the internal mobility objective is 50%. In 2012, the average was 48%, by the end of 2013 we will no doubt reach over 50% as in 2009, to date we are at 46%.

Health & Safety Certifications

> Assessment, policy and goals:

ISO 14001 and OHSAS 18001



We do our utmost to uphold the international ISO 14001 and OHSAS 18001 standards throughout Hager Group's industrial sites. For Hager Group's commercial organisation we have created an internal standard for quality, health & safety based on international standards. A team of internal auditors carry out evaluations, the certification lasts three years.

> Measurement of outcomes:

13 of our 22 production sites and 2 logistic sites are certified to OHSAS. 12 production sites and 2 logistic sites are certified to ISO 14001 and 5 sales entities are certified to Corporate Quality, Health & Safety standard.

Hager Group Health & Safety Policy

> Assessment, policy and goals:

As part of Hager Group Project 2015, senior management is committed to the continuous improvement of the health and safety of all employees. Numerous actions for certification, training and welcoming new-comers have been set up.

> Implementation:

One of the tools implemented is a Health & Safety Road Map allowing each site to auto-evaluate its own performance and thus develop a progress strategy more effectively. In addition to the cross-coherence obtained by utilising this tool, it also helps establish best practices in safety and promote knowledge sharing with other companies. Moreover, an agreement signed by the directors of Hager Group and the Hager SE Corporate Committee provides for the implementation of an independent commission made up of Works Council members. Their main role is to monitor the implementation of the Health & Safety principles at work – as well as the principles of environmental protection at all the European sites.

> Measurement of outcomes:

Hager Group Loss Time Injury Frequency Index LTIFI is at -28%, that is to say 28% less work and travel accidents from 2009 to end 2012 group consolidated.

Group Quality Health & Safety Accreditation was awarded to Hager Electro BV in the NL on 10th December 2012, Atral Italia Srl on 18th July 2012 and Hager Spa in Italy on 17th July 2012.

03 ENVIRONMENT - PRINCIPLES

Principle 7: businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environment friendly technologies

> Assessment, policy and goals:

Hager Group awards sustainable, carbon footprint-free and environmentally friendly initiatives to promote greater environmental responsibility and environment friendly technologies to help reduce our carbon foot-print.

Please consult pages 48 to 55 of our Annual Report for further information.

> Implementation:

In line with E3 and the Global Compact's principles to support a precautionary approach to environmental challenges, Hager Group undertakes and rewards both internally and externally initiatives to promote greater environmental responsibility and encourages the development and diffusion of environment friendly technologies.

> Measurement of outcomes:

Hager Group Eco-Awards

The annual Ceremony for Continuous Improvement has for the last couple of years had a special focus on initiatives that are environmentally friendly, the so-called Hager Group Eco-Awards. The selection committee for our Eco-Awards adheres to three evaluation criteria: reducing consumption of resources, evaluating return on investment and duplicating where possible proposed actions to share best practices group-wide. There are three different categories of awards: Gold, Silver and Bronze. In December 2012 the:

Eco Award Gold was granted to Heltersberg Germany, for the refinement of their compressed air production system. The 7 compressors supplying compressed air were replaced, the line pressure reduced from 7.5 bars to 6.3 bars and its control integrated into the building's technical management system. The result is that energy efficiency has improved by 15%, that is to say, 532 tonnes of CO₂ equivalent emissions in one year.



Eco Award Silver was granted to injection process energy consumption optimisation in La



Roca Spain. The energy savings are 306 MWh per year, CO₂ emission savings are the equivalent of 116 tonnes per year, not to mention active energy saved in hydraulic systems. 61K€ was invested, savings are 29K€ per year and the return on investment is within 2.1 years. The project can easily be extended and implemented to injection machines in other sites.



Eco Award Bronze was granted to Obernai for a compressed air energy saving project. A variable flow compressor was installed providing a supervision system for the installation and recovery of calories from the compressors, thus generating a huge decrease in energy consumption having a positive impact on the environment and allowing Obernai to reduce CO₂ emissions by

5%. 1.4 years will be enough to achieve break-even point. This investment generates an energy saving of 140K€ per year, that is to say 7% of the global energy bill. The project saves 90K€ in electricity costs which is 6% of Obernai's global electricity bill. This project also has an impact on gas consumption: 50K€ savings per year which represent 15% of Obernai's global gas bill.

Initiatives in line with E3

Power consumption reduction in Spain

In our site in La Roca Spain, energy **savings on injection machines** were successful, resulting in a power consumption reduction in the hydraulic system of between 30% to 40%, thus minimising the reactive power consumption in the motor, reducing the cooling circuit needs by 10% and increasing the hydraulic oil lifespan and durability of mechanical elements. Also actions to reduce water and waste in the foaming process were implemented, resulting in the reduction of water use by 16,500 litres saving 8,250€ in water treatment fees, not to mention the reduction in use of polyurethane.

Heating equipment modifications in Poland

In Poland a series of initiatives were implemented in line with E3. **The efficiency of heating equipment** has been increased by 7% and gas consumption lowered. Electricity consumption has been reduced by 5%. The treatment of scrap materials in the injection moulding machines has been reduced by 3.5%. All waste is sorted to facilitate municipal collection.

Car Sharing in France

An awareness campaign was also initiated in Obernai to motivate colleagues to car-share when travelling to work and to avoid undertaking business trips that are not absolutely necessary. In this way we are not only doing something for our environment but also for the safety of our colleagues.

Please consult page 31 of our Annual Report for further information.

Zero paper for the Supply Chain in France

Set up at the start of 2013, a Supply Chain France initiative for almost zero paper is well underway. The goal being for overseas export customers to have only 10% of the documents printed, zero paper not being possible due to legal constraints. The tool behind this is the Single Client System, SCS, an IT tool allowing all transactions for example bills, transport & export documents to be recorded. The benefits are everything being recorded in one place, resulting in less paper being used and less time needed to search for relevant documents as there is a common pool. Every year up to 800 files each containing on average 15 sheets of paper can be generated. Now the gain in reduction of paper use is considerable not to mention approximately 5m² extra office-space as hard-copy archiving is no longer necessary.

Hager Group Guidelines for Responsible Travellers

The more success we have around the globe, the more urgent is the need to talk to each other in detail. Such discussions are, however, frequently better suited to virtual rather than physical meetings. Our Guidelines for Responsible Travellers, which are now openly accessible on the intranet, demonstrate how much energy, emissions, time and costs we can save by using state-of-the-art-conference technology. For example, a meeting that requires 10 people to travel to Obernai from 5 countries involves a massive 51 hours of total travel time and 5,500€ in actual travel costs. Holding the same meeting by video conference, by contrast, would cost a total of 15 hours and 600€.

Please consult page 8 of our Annual Report for further information.

Eco-labels Der Blaue Engel & bilobay



Hager Group's 2012 Annual Report has been awarded the eco-label Der Blaue Engel <http://www.blauer-engel.de/> and the bilobay label <http://www.bilobay.com/>. The paper used Enviro Top is carbon neutral, made from recycled paper without the use of optical brighteners and chlorine bleaching. All other materials used to produce this report also comply with the requirements of the eco-label Blauer Engel (RAL-UZ 14). This label is known to be one of the most demanding in environmental matters. With the bilobay label, to compensate emissions we are supporting the Menegalli Project in Brazil to limit deforestation.

Annual Symposium guest speaker Jean-Marc Jancovici

For our 2012 Annual Symposium, the guest speaker was none other than the climate expert Jean-Marc Jancovici. He spoke to us about the energy transition and encouraged our managers to have an environmentally friendly approach in their daily work.

For further details about Jean-Marc Jancovici's presentation, please consult pages 70 to 73 of our Annual Report.

Hager Group recognition for the most promising innovation at CODE_n

**CODE
-n
13**

Hager Group designated 2013 as its Year of Innovation and was therefore present at the CODE_n event in Hanover Germany. To encourage innovation and as part of its E3 initiative, Hager Group gave three awards for Recognition for E_innovation @ Hager Group to young entrepreneurs.



Our Gold Award went to **tado°**, a box connected to the Internet and heating system, replacing the thermostat. tado° analyses lifestyle habits leading to a potential 300€ saving on annual heating costs.

Our Silver Award went to **Homee**, to address issues currently encountered in many intelligent houses. Homee unites and

coordinates the different systems used via one single device.

Our Bronze Award went to **LightDim**, control technology for LED-lights, street lights & traffic signs to reduce power consumption and heat generation and also extending the lifespan.

Please use the following link for a press release about Hager Group at CODE_n.

http://www.hagergroup.net/press/press-release/pm-code_n/11363.htm

New research and development building in Germany

Opening this autumn, the Blieskastel research and development centre is a flagship project for Hager Group's intelligent building efficiency.

Our 3,000m² building is much more than just a conventional purpose-built building. Connected to the electricity grid in 2013, the Research and Development Centre transforms into a highly efficient power plant. On the roof, 470 solar panels convert every ray from the sun into electricity. A 30KW wind turbine adds its contribution and a gas-fired combined heat and power plant simultaneously contribute both heat and electricity to the building. The majority of this energy, if it is not used immediately, is stored in bi-directional lithium-ion batteries and retrieved only when required.

The heart and brain of the Research and Application Centre is a sophisticated energy management system, which coordinates and controls four different energy sources: a solar power plant, wind power plant, combined heat and power plant and power from the electricity grid. The bottom line is that the building provides 70% of its energy requirement for heating, air conditioning and electrical supply, from its own sources.

The entire investment in renewable energy generation and storage should, according to the calculations of the systems engineers, have paid for itself in less than six years. The Blieskastel Research and Development Centre will be the clearest proof that energy efficiency today is not primarily a question of technology, but first and foremost a question of intelligence and ideas, making the building highly attractive, not just from an ecological viewpoint but also from a business perspective.



Please consult pages 65 to 69 of the Annual Report for further information about our new research and development building in Germany.

Please consult pages 60 to 63 of the Annual Report for further information on how Hager Group supplies its own energy via new energy & business concepts.

Please use the following link for a press release about our new research and development building in Germany.

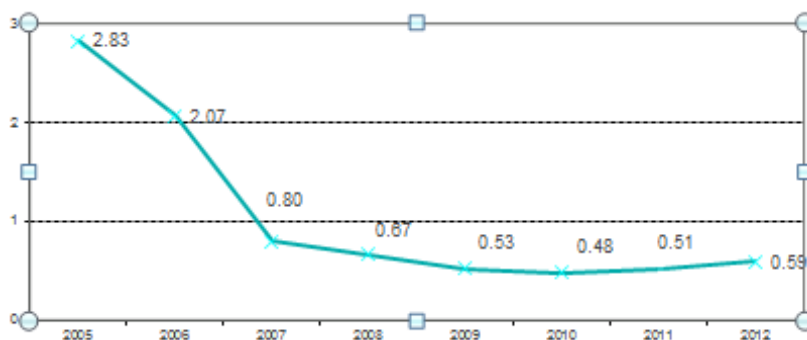
<http://www.hagergroup.net/press/press-release/pm-sponsorship-and-start-up-recognition/11263.htm>

Reduction of greenhouse gas emissions in France

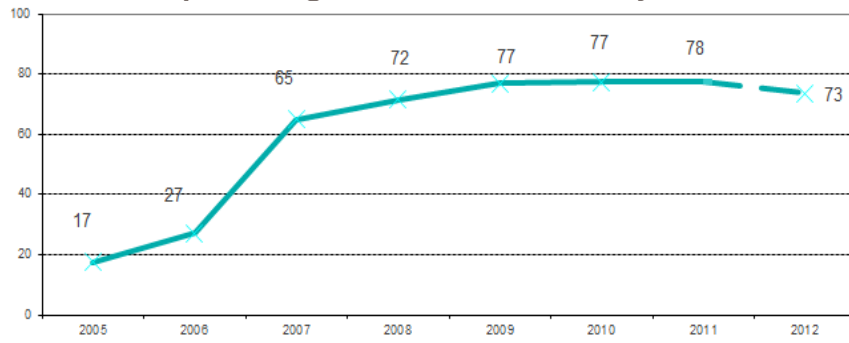
In Obernai France, **greenhouse gas emissions have been reduced by 30%**, the proportion of recycled waste has risen from 17% to over 75%, while the overall volume of waste has decreased. Waste management objectives in Obernai are to be below 77%. Our production of CO₂ in 2005 was 3,356 tonnes. Our objective for 2020 is 2,886 tonnes, that is to say -14%. By the end of 2012 we were already at 2,374 tonnes, which is the equivalent of -29.3%.

The following graphs on pages 25 to 27 illustrate just how successful we are in Obernai France at reducing waste and lowering energy consumption.

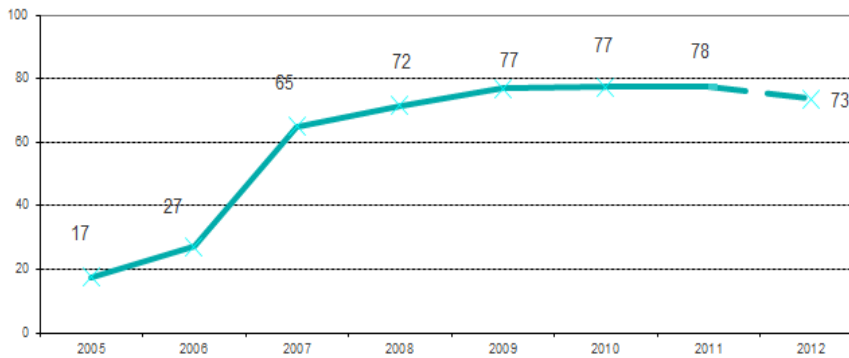
Evolution in tonnage of mixed Ordinary Industrial Waste per 1,000K€ of turn over



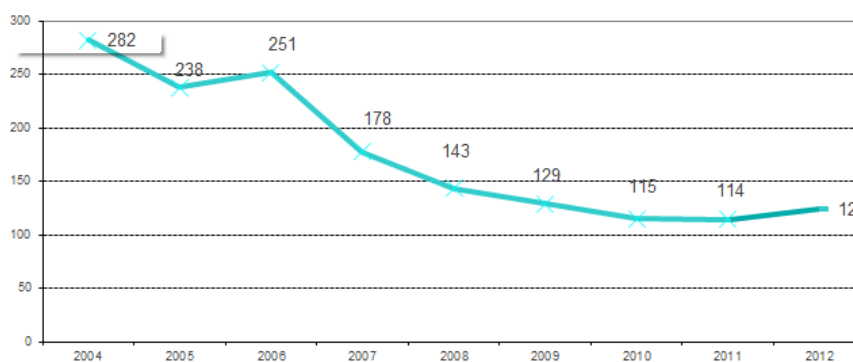
Evolution in percentage of recovered Ordinary Industrial Waste



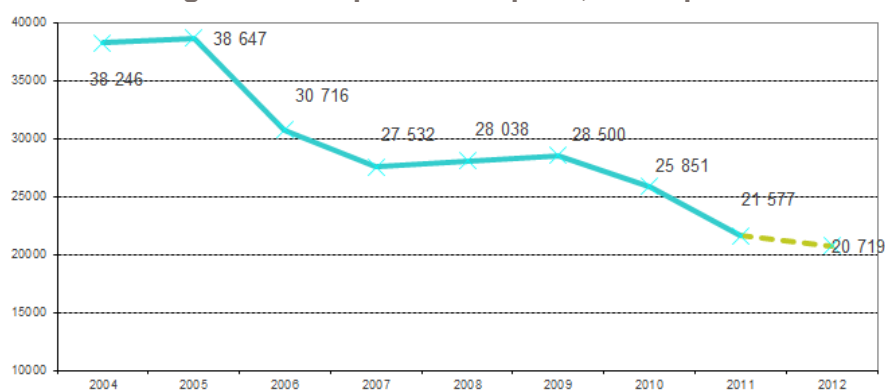
Evolution in electricity consumption in kW per 1,000K€ of turn over



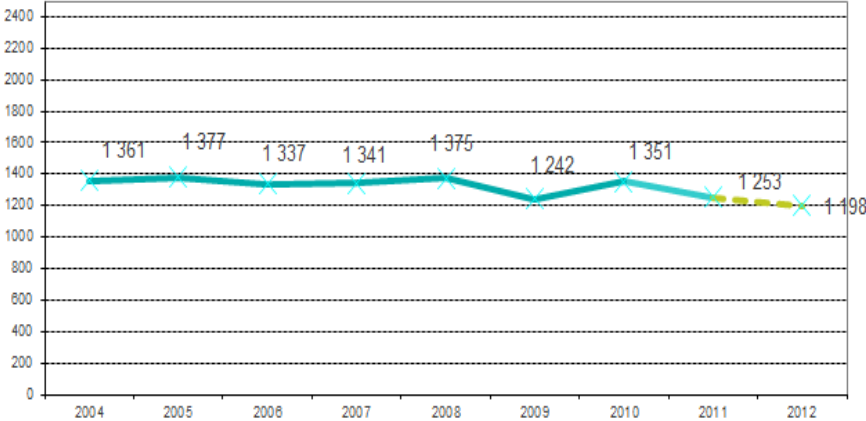
Evolution of water consumption in M³ per 1,000K€ of turn over



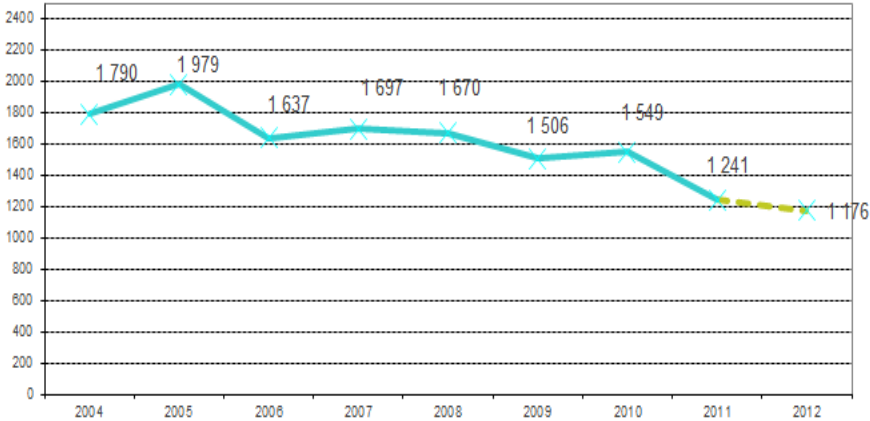
Evolution in gas consumption in M³ per 1,000K€ production of turn over



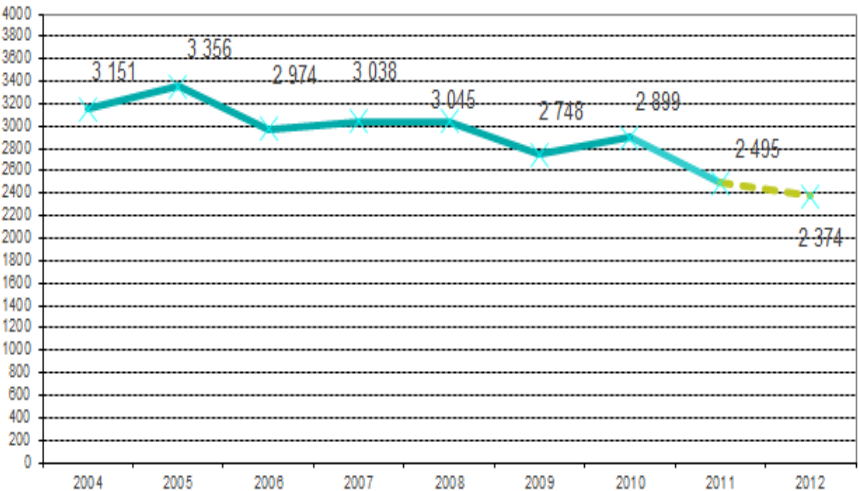
Evolution in carbon equivalent emissions linked to electricity consumption in tonnes in production



Evolution in carbon equivalent emissions linked to consumption of natural gas in tonnes in production



Evolution in carbon equivalent emissions linked to electricity and natural gas consumption in tonnes in production



Regulations & Certifications

> Measurement of outcomes:

REACH

Hager Group requires its 700 suppliers, with over 21,000 purchased references to declare the presence or not in their supplied goods of one or more of the latest substances added to the SVHC list (substance of very high concern). This list was updated twice in 2012, once in June and once in December, with a total of 138 substances now figuring.

ISO

By the end of 2012 the number of ISO certifications group-wide for production sites was: 20 ISO 9001, 10 ISO 14001 and 11 ISO 18001.

E-mobility

> Assessment, Policy and Goals:

As electrical mobility develops, charging stations for electric vehicles are increasingly more present in our lives, be they in public places or in the home. By developing of a range of recharging solutions we have put the focus on ease-of-use, ergonomics, intelligent and aesthetic charging stations, positioning ourselves as an active contributor to this new industrial and human adventure.

Please consult pages 4 & 8 of our Annual Report.

> Implementation:

Our *witty* charging station persuades with its functional design and user-friendly interface. Its functionality is enhanced by its accessible plug storage, simple cable management and an



illuminated LED window with easy-to-understand user feedback. *witty* enables intelligent charging by taking into account availability and consumption of electricity in the house. Its soft shape and smooth material lines generate a friendly perception for its users. An external polyurethane coating encases the metallic structure protecting the electronics thus allowing outdoor usage (IP54, IK10). Colour and function ranges for both commercial and private applications make *witty* the ideal partner for the sustainable success of e-mobility.

Please consult the interview with Daniel Hager pages 16 to 20 of our Annual Report for further information about Hager Group's Sustainable Growth.

04 ANTI-CORRUPTION PRINCIPLES

Principle 10: businesses should work against corruption in all its forms, including extortion and bribery

Anti-corruption initiatives

> Assessment, policy and goals:

What is the right thing to do?

What is not right?

Where do you draw the line?



Making ethical decisions is part of our company culture. With our Sustainable Growth and Ethical Policy we adhere to the anti-corruption principles set out by the United Nations. Hager Group's Ethics Charter has now been translated into all local languages.

An ethical dilemmas game is featured in our Annual Report; the source of this game is in fact the United Nations Global Compact Dilemma Game.

For guidelines on how Hager Group handles ethical dilemmas please consult pages 40 to 43 and page 76 of our Annual Report.

In addition to which, our top managers were invited during 2012's Management Summer School to make videos to illustrate just how they would stay on the correct ethical path not only in their professional but also in their personal life.

> Implementation:

To fight corruption 100 Top Managers of Hager Group have received specific training giving them concrete prudency rules when faced with ethical dilemmas.

Members of staff have also received information and there have been many informative articles in the company magazine, Horizon.

Compliance reviews are also followed-up in annual board meetings.

05 SELECTED EXAMPLES OF SOCIAL ACTIVITIES WITHIN HAGER GROUP

Peter-und-Luise-Hager Foundation

> Assessment, policy and goals:

As a family-run company, Hager Group has traditionally been aware of its great personal responsibility. This involves taking responsibility for employees and their families as well as the sustainable protection of the environment and natural resources, and above all, social responsibility. The founders are convinced that it is important to give something back to society in return for its commercial success. Such a commitment reflects the Hager family culture and their values.

Please consult page 31 of our Annual Report for further information.

> Implementation:

The Peter-und-Luise-Hager Foundation was established in January 2011 to further projects in the fields of science and research, protection of the environment, culture, child development and education. Many of the projects are located near Hager Group sites and therefore benefit the people who live and work in close proximity to the company.

To quote Evi Hager, President of the Foundation Board: **“For us it is about giving some of the economic success of Hager Group back to society.”**

The name of the foundation is also fitting, it is named after the parents of the company founders, who had a decisive influence on Oswald and Hermann Hager.

German Society for the protection of children in Saarbrücken

The town of Saarbrücken launched its project for pre- and primary school children to provide equal opportunities through education starting at a young age. It aims to promote reading ability and the development of language skills in primary schools, children's homes, community centres and libraries. 70 volunteers work in 19 primary schools in the city of Saarbrücken and in the city's community centres and public libraries, helping children to learn the German language.

Perspectiva Project in Spain

With the Perspectiva project, the Peter-und-Luise-Hager Foundation wishes to make a contribution by addressing an important socio-political problem in Spain. It concerns young men and women at the start of their careers who would like to gain experience in a company located in Germany. The project offers an invitation to Germany where work is available to get to know the future business environment, two months preparation, including a German language course in La Roca, arrangement of suitable accommodation in Germany (Blieskastel /Saarland area) and part-time German language courses amongst others.

Saar Study Foundation

In 2011, the Saar Study Foundation became a collaborative partner to award scholarships to young children. Part of the scholarship programme includes practical placements at Hager Group, the successful candidates in 2012 were from Cameroon.

Early Excellence 2013

Early Excellence promotes the quality of education for children in Saarbrücken. The programme focuses on developing children's individual strengths and talents, including parents in their children's upbringing and education by strengthening their parenting skills & integrating them into their children's educational processes and providing day care facilities which are a meeting point for the whole family.

For interviews with Evi Hager please use the following links.

English: <https://vimeo.com/66075841>

French: <https://vimeo.com/66075893>

German: <https://vimeo.com/66075512>

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