

## UN Global Compact - Communication on progress April 2016

### 1. Schaffner – Shaping electrical power

The Schaffner Group is a global leader in providing solutions that ensure the efficient and reliable operation of power electronic systems by shaping electrical power. The Company's portfolio includes EMI filters, power magnetic components and power quality filters with related services. Schaffner components are deployed in electronic motor controls, in wind power and photovoltaic systems, rail technology applications, machine tools and robotics, electrical infrastructure, as well as in power supplies for a wide range of electronic devices in sectors such as medical technology. For the automobile industry, Schaffner develops and manufactures components for convenience and safety features in cars and filter solutions for electric vehicles as well as their charging infrastructure. Headquartered in Switzerland, Schaffner serves its global customers through its engineering and manufacturing centers in Europe, Asia and in North America. Through significant investments into research and development, the Company strives to expand its leading position in its markets

### 2. Statement of continued support

“Schaffner is a global corporate citizen with a Swiss heritage. This heritage comes with strong principles to protect the rights of the individual, to preserve the environment, and to conduct business according to high ethical standards. Our whole organization strives to treat all of our employees with equal respect. We see it as our responsibility to provide career opportunities for individuals and contribute to the well-being of our communities. I am personally committed to the consistent application of these principles at every Schaffner location. For these reasons, I wholeheartedly support the principles of the UN Global Compact.”

Alexander Hagemann  
Chief Executive Officer

### 3. Actions

#### Alignment with the Global Reporting Initiative (GRI)

Schaffner is currently aligning its sustainability reporting with the Guidelines of the Global Reporting Initiative (GRI). The sustainability reporting is an integral part of Schaffner's annual report.

#### 3.1 Human rights and labor (principles 1 to 6)

The Schaffner Group strives for a non-discriminatory company culture based upon responsibility and respect, founded on the talents of its global workforce. It is the policy of the Schaffner Group to treat all current or potential employees fairly and without prejudice. Schaffner is committed to eliminating any unfair or discriminatory practices. All employees must be given the opportunity for development within the Schaffner Group regardless of gender, marital or parental status, ethnicity or nationality, sexual orientation, religious belief, political affiliation, age (subject to the contractual retirement age), or disability.

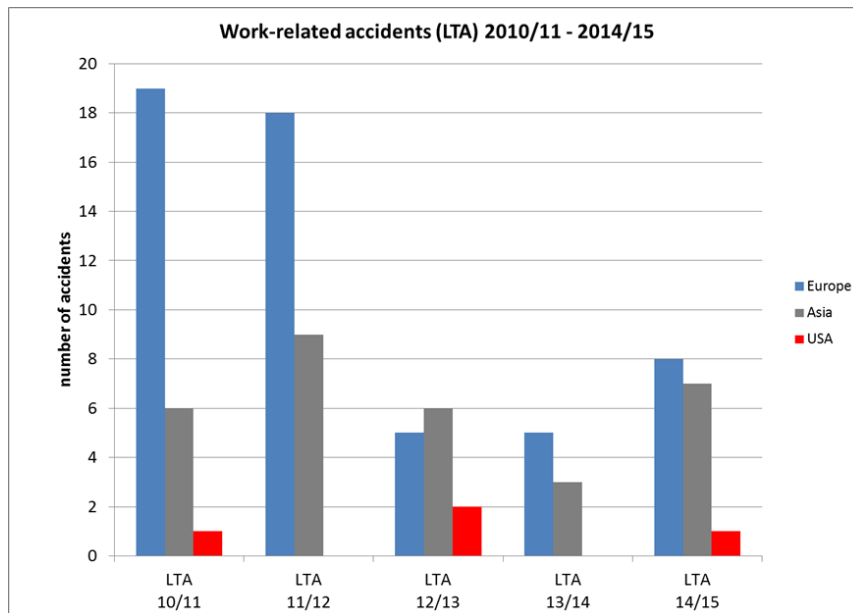
## Employee health and safety

Schaffner has been consistently investing for years in scaling up the promotion of employees' health and safety, and is proud of its success in this area. Since the introduction of systematic measurements in 2008/09, great strides have been made in industrial safety and health. Even with the strong growth in production, the number of work-related accidents resulting in more than one lost shift or working day (lost time accidents, or LTA), was reduced significantly from 25 LTA in 2010/11 to eight in 2013/14

Despite continued development work on employee safety, Schaffner registered an increase in LTA in fiscal year 2014/15.

The following measures have already been initiated:

- Review and improvement of occupational health and safety management at all sites
- Internal audits of workplace safety
- Global interpretation of accident analysis results and preparation of an action plan
- Inclusion of specific topics in the international training program (which is open to all management and staff of the Schaffner Group)



### 3.2 Environmental management

#### 3.2.1 Energy consumption, CO<sub>2</sub> reduction

##### Recently completed actions

Target	Action	Results
Reduction of electricity consumption at Schaffner's production plant in Thailand	Replacing of existing conventional lighting bulb with highly efficient LED lighting system. Installation of variable speed control for exhaust fan-motors in production lines.	Saving in electricity consumption 100 MWh per year
Reducing energy consumption at the Group's headquarters	Old production building was emptied and heating is completely stopped.	Heating cost will be reduced. Exact figure we will report after one year of measuring.

The reduction of the CO<sub>2</sub> footprint goes hand in hand with the reduction of energy consumption.

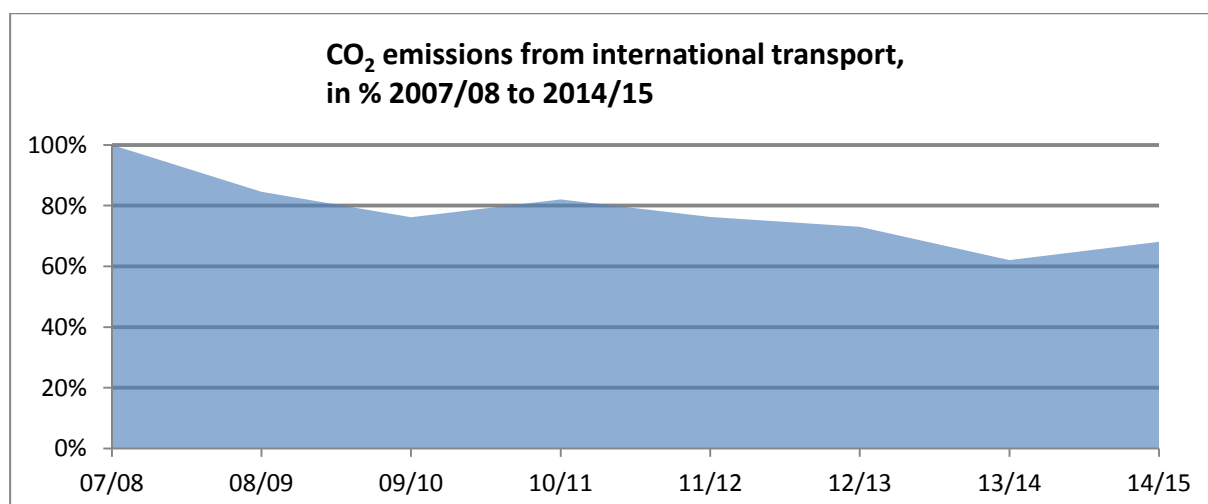
##### Reduce CO<sub>2</sub> emission

Schaffner's goal is to significantly cut carbon dioxide emissions and to be a role model for such efforts. To accomplish this, the Group launched a project to study its global potential for emission savings and plan the necessary investment. The findings to date showed that most of the CO<sub>2</sub> emissions are generated by materials transport, manufacturing plants, logistics hubs and the Group's headquarters.

Based on the analysis, further emissions reduction investment is being planned and implemented. As well, employees are being sensitized to the need to reduce energy consumption and to be prudent stewards of the available resources.

##### Transportation

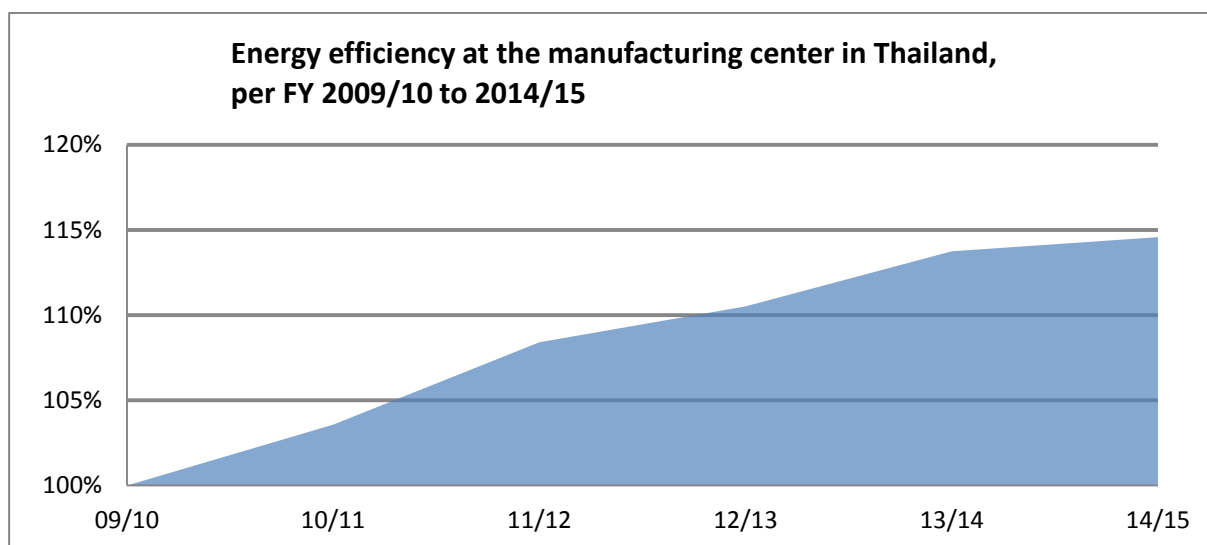
With production centers in Asia, Europe and the USA, the Schaffner Group is able to manufacture its products in close proximity to customer delivery locations, thus substantially reducing shipping costs. Over the years, Schaffner has reduced the share of air freight in favor of sea freight. The associated CO<sub>2</sub> emissions (per unit of weight and distance transported) were substantially lowered. Schaffner is aiming for a further significant reduction in CO<sub>2</sub> emissions in the coming five years through continuous optimization of processes and the increase in the share of sea freight. In fiscal 2014/15, the proportion of air freight increased again, as customer projects are demanding ever shorter delivery times and more flexibility. New approaches to this challenge are planned.



The calculation is based on the air- and sea freight transportation mix of the fiscal year 2007/08 and capacity neutralized.

**Production**

The Schaffner Group’s biggest manufacturing facility is located in Thailand. Energy efficiency at the plant has been continually improved since 2010 through investment in building insulation, efficient production infrastructure and rigorous energy management. As the large improvements have already been achieved, the focus has now shifted to realizing smaller-scale savings – for instance, by investing in LED lighting. In the aggregate, such multiple small efficiency gains continue to add up to significant economies.



The energy efficiency calculation is based on the status of the fiscal year 2009/10. The improvements were cumulated over the periode.

**Planned actions**

Target	Action	Expected Results
Reducing CO <sub>2</sub> emission (Energy consumption) within Schaffner Group	The global project “Carbon footprint” has been started in January 2016.  Global KPIs are defined and monitored globally and locally. Based on the measurement results local projects and investments will be initiated.	Significant reduction of CO <sub>2</sub> emission until 2020

**3.2.2 Product content restrictions**

**Conflict Minerals Policy**

The Schaffner Group abides by the Conflict Minerals Act for the protection of human rights in the mining industry, particularly in the mining of ore to produce tin, tantalum, tungsten and gold in conflict regions. The Schaffner Group works closely with its suppliers to verify the origin of the raw materials used.

### 3.3 Anti-Corruption Policy

An Anti-Corruption Policy has been part of all employment agreements in the Schaffner Group since fiscal 2012/13. The policy is supported through training programs at the Group sites, and compliance is monitored.

#### Completed actions

Target	Action	Results
No corruption cases within the Schaffner Group.	Continuous training and auditing related to complying with the rules and regulations of Schaffner's anti-corruption policy.	No suspicious cases have been reported via assigned email address and taken care off by Schaffner's business ethic committee.