



This is our Communication on Progress  
in implementing the principles of the  
United Nations Global Compact.

We welcome feedback on its contents.



## Communication on Progress

**Year: 2012**

### STATEMENT OF CONTINUED SUPPORT

LEM joined the UN Global Compact in 2006. This is our third Continuation of Progress Report. Being a good corporate citizen is an ambition enthusiastically embraced at all levels within our company. As a member of the Global Compact, we believe that our business policies incorporate the ten principles. Our management fully supports our actions in working towards sustainability goals – in particular those contained in the UN Global Compact – and endorses the future priorities and specific targets we set out in our report. Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against bribery and corruption. Here we summarised the progress we have made against these principles and we will continue to follow them up in future.

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### **Brief description of nature of business**

LEM is the market leader in providing innovative and high quality solutions for measuring electrical parameters. Its core products - current and voltage transducers - are used in a broad range of applications in drives & welding, renewable energies & power supplies, traction, high precision, conventional and green cars businesses. LEM's strategy is to exploit the intrinsic strengths of its core business, and to develop opportunities in existing and new markets with new applications. LEM is a mid-size, global company. It has production plants in Beijing (China), Geneva (Switzerland), Machida (Japan) and Copenhagen (Denmark). With its regional sales offices close to its clients' locations, the company offers a seamless service around the globe. LEM is listed on the SIX Swiss Exchange since 1986; the company's ticker symbol is LEHN. We have 1'100 employees worldwide and has a market cap of CHF 443Mio per 30.09.2011.

PRINCIPLE 1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
Actions	<b>Actions taken</b>
	<p>In 2007 LEM has reviewed and revised the Employee Handbook. We have added appropriate sections that refer to the way LEM supports and protects basic human rights and that we expect our employees to do the same.</p> <p>Furthermore LEM will not in any way be associated with a company that does not respect and protect human rights. This is part of the LEM Corporate Values and Principles that are also distributed to all LEM Employees.</p>
Outcomes	<b>Measurement of (expected) outcomes and value added for our company</b>
	<p>All LEM Employees are aware and respect and protect human rights in every action they take. The new edition of LEM Employee Handbook has been distributed amongst all staff and is also handed out to all new hires. It is a minimum criteria for the selection of a supplier to support the basic human rights.</p>

PRINCIPLE 2		BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES	
Actions	Actions taken		
	LEM will not in any way be associated with a company that does not respect and protect human rights. This is part of the LEM Corporate Values and Principles that are also distributed to all LEM Employees.		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	It is a minimum criterion for the selection of a supplier to support the basic human rights.		

PRINCIPLE 3		BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Actions	Actions taken	
	LEM is committed to adhering to all the various local legal requirements in order to provide fair and appropriately remunerated employment to all our staff. Over the last years LEM has introduced a number of policies and initiatives to ensure that all staff receives adequate pay and benefits that are fully in line with the industry standards.	
Outcomes	Measurement of (expected) outcomes and value added for our company	
	LEM has conducted benchmark studies in the most important countries covering 95% of total employees (Switzerland, China, Japan and Russia) to ensure that we are fully in line with the remuneration packages and comply with the industry standards. In addition we have shared the results of these benchmark studies with our employees.	

PRINCIPLE 4		BUSINESS SHOULD SUPPORT THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR	
Actions	Actions taken		
	LEM supports the elimination of all forms of forced and compulsory labour and furthermore will not collaborate with any suppliers or customers that do not adhere to this.		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	This is stated in the LEM principles and is distributed to all LEM Employees. We will not collaborate with any company that does not support the elimination of all forms of forced and compulsory labour.		

PRINCIPLE 5		BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR	
Actions	Actions taken		
	LEM supports the abolition of child labour and does not collaborate in any form with any supplier or customer that does not fully support this.		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	This is stated in the LEM principles and is distributed to all LEM Employees. We will not collaborate with any company that does not support the effective abolition of child labour.		

PRINCIPLE 6		BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION	
Actions	Actions taken		
	LEM employs people from all over the world and is committed to being an equal opportunities employer. This is stated in our Employee Handbook and distributed to all LEM employees world wide. LEM Management strongly condemns any form of harassment – and likewise any form of discrimination – and supports all preventative measures. Harassment is illegal and therefore employees who show repeated hostility with regard to other company employees will be prosecuted for such behaviour.		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	Distribution of LEM Employee Handbook world wide. Clear explanation of LEMs policy towards discrimination.		

PRINCIPLE 7		BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES	
Actions	Actions taken		
	<p>In accordance with our global quality strategy and commitment, LEM engages in an environmental policy to contribute to preserve the environment, to protect human health and to utilize natural resources in a rational way.</p> <p>LEM has implemented the ISO 14001 standard since December 2003.</p> <p>This means that LEM will not only support but actively seek to do the utmost possible to reduce the exposure to any environmentally challenges.</p> <p>In addition LEMs products can provide a better regulation of electric motors and thus a reduction of energy used in our customer’s applications.</p>		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	<p>LEM is certified ISO 14001 for its Environmental Management Systems. All our products meet the RoHS (reduction of Hazardous Substances) standards.</p>		

PRINCIPLE 8		BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Actions	Actions taken	
	LEM fully agrees that businesses should undertake all possible initiatives to promote greater environmental responsibility. LEM sets a good example, being ISO 14001 certified for Environmental Management Systems, and also demands that our suppliers take all measures possible to seek to be a company that takes environmental responsibility serious.	
Outcomes	Measurement of (expected) outcomes and value added for our company	
	The selection criteria for LEM suppliers have been adjusted to reflect this. LEM will continue to set a good example-	

PRINCIPLE 9		BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES	
Actions	Actions taken		
	LEM develops and manufactures components that can help reduce energy consumption e.g. in all types of electric motors, hybrid electric vehicles and environmentally friendly means of transport such as the train. Our products are also used in applications to generate renewable energy e.g. from wind and the sun. LEM strives to innovate so that our customers can continue to develop and advance these technologies.		
Outcomes	Measurement of (expected) outcomes and value added for our company		
	LEM will continue to develop and manufacture innovative products that will help our customers to delivery environmentally friendly applications. Furthermore LEM will continue to enforce environmentally friendly technologies.		

PRINCIPLE 10		BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
Actions	<b>Actions taken</b>	
	<p>LEM firmly believes that all businesses should work against all forms of corruption. We have strong internal policies that are part of our company values and are communicated to all our staff world wide in our Employee Handbooks. This handbook has been revised and updated to reflect the nature of our global business and contains expectations for professional and ethical behaviour.</p>	
Outcomes	<b>Measurement of (expected) outcomes and value added for our company</b>	
	<p>The LEM principles and values are very clear and communicated to all employees world wide.</p>	

<b>How do you intend to make this COP available to your stakeholders?</b>
<p>This COP report will be posted on our Corporate Website.</p>