

## **Global Compact – Communicating Our Progress 2009**

EPCOS has communicated its progress to stakeholders in various corporate publications. The EPCOS corporate website provides detailed information on the company's commitment to the Global Compact. The Corporate Responsibility pages present EPCOS' Corporate Principles ([www.epcos.com/corp\\_principles](http://www.epcos.com/corp_principles)), which coincide with the principles of the Global Compact. Addressing corporate citizenship and corporate governance, they provide ethical guidelines binding on all employees. Details are also available on environmental management, employee safety and security, and various community involvements.

### **EPCOS recognizes and accepts its responsibility toward people and society**

A global presence and cultural diversity shape our company and our business activities. We have employees, customers and partners in many countries of the world. Together, they make up an agile network that exchanges goods, services and knowledge and commits to intercultural cooperation. This dialog provides new ideas and insights while arousing sympathy for, and creating confidence in, our company and its business policies. EPCOS maintains close contact with educational institutions around the world. Our experts cooperate in basic research with renowned universities and research institutes.

Wherever we do business, we see ourselves as a member of the local society in which we operate, and as a good corporate citizen that actively contributes to the community and its environment. Our sales companies and regional bases are an integral part of the national economies where they operate. We also see ourselves as a good neighbor in the literal sense, purchasing goods and services locally and providing well-paid jobs by local standards. By buying local goods and services, we promote an efficient supply industry. Our local operations thus create extra jobs indirectly.

Our conviction that corporate responsibility involves a commitment to society and permanent protection of the environment is documented in our Corporate Principles. To do justice to the diversity of cultures, their values and moral precepts that we encounter, we base our conduct on high ethical standards. Our corporate culture and interpersonal relations within the company, with our customers and with business associates are molded by values such as decency, loyalty, tolerance, and respect for local customs and the law.

EPCOS' commitment to human rights, labor standards and the environment date back to its establishment in 1999 and can be traced back even further to its predecessor companies.



---

Electronic Parts and Components

### **EPCOS partners with its suppliers in promoting sustainability**

EPCOS calls on its business partners to ensure that their organization and also all of their subcontractors and suppliers comply with the Ten Principles of the Global Compact. We rely on our suppliers to communicate and actively promote the standards of these principles throughout their entire supply chain. To promote our partnership with suppliers EPCOS set up a specific suppliers' page on the website ([www.epcos.com/cr\\_suppliers](http://www.epcos.com/cr_suppliers)), which offers a link to the Ten Principles and outlines our philosophy of collaboration in terms of reliability, transparency, communication and sustainability. In addition, all purchase orders issued by the company contain the statement, "EPCOS supports the UN's Global Compact Initiative and aligns all of its activities with the initiative's Ten Principles. We rely on you to comply with the standards of these principles," and refer to our suppliers' page. This statement is also a standard element in the auto-signature of all purchasing employees.

### **EPCOS recognizes and accepts its responsibility toward its employees**

We seek to actively nurture the creativity of our employees. Their health and ongoing personal development are matters of prime concern to us. Their knowledge and skills are the basis of our competence, and thus of our business success. Our personal development program, among other things, enables employees to exchange their production experience across different locations and attend production-related training courses, besides attending specialized seminars outside the company.

To prepare our best people for future leadership roles, EPCOS has established the Junior Management Circle. About two-thirds of the top management positions throughout the Group are recruited from this group. On average, 20 people a year participate in the program. As a result, they spend two years in the Junior Management Circle and represent all the Group's key functions as well as the main regions in which we operate. Women currently account for about one-third of the participants.

### **EPCOS promotes the social responsibility of its employees**

After the devastating earthquake in the Chinese province of Sichuan in 2008, EPCOS' facilities and employees in China launched a campaign to help the victims. More than EUR 60,000 was raised in total and distributed to a number of aid organizations. Following on from a five-year commitment to two children's homes, EPCOS Singapore is now sponsoring a residential foundation for needy senior citizens. Our people in Singapore organize donation campaigns and programs of entertainment for the elderly.

## EPCOS recognizes and accepts its responsibility toward future generations and our natural environment

In the context of environmental protection, the need to improve the energy efficiency of electrical devices and systems – and technologies that allow this need to be met – are gaining in significance. The global trend toward more efficient use of energy is emerging as an increasingly important driver of growth in our business. EPCOS already generates more than a quarter of its sales with products that directly or indirectly improve energy efficiency. For example, power factor correction capacitors, thyristor modules and inductors are instrumental in ensuring that electrical energy is used with as little loss as possible in machinery and industrial equipment. In household appliances too, components from EPCOS ease the burden on the environment. In refrigerators, for example, special capacitors improve the way the compressor works, thereby reducing losses when electrical energy is transformed into cooling energy.

Our ISO 14001-compliant global environmental management system ensures the same high standards of environmental protection worldwide ([www.epcos.com/envirou\\_management](http://www.epcos.com/envirou_management)). This code of behavior applies to all locations. Regular audits by Det Norske Veritas, a leading certification and environmental testing institution, monitor compliance every three years. The auditors have certified the effectiveness of our environmental management system. Our aim, however, is not merely compliance with all statutory and administrative requirements, but the efficient use of precious resources too. In doing so, we avoid hazardous substances and minimize waste.

### Better protection of the environment

What	Unit	FY 2006	FY 2007	FY 2008
Energy	MWh	456,122	448,134	<b>435,477</b>
CO <sub>2</sub>	t	94,097	91,830	<b>88,096</b>
Water consumption	m <sup>3</sup>	2,170,353	2,123,453	<b>2,125,368</b>
Waste	t	6,097	9,585	<b>9,470</b>

In fiscal 2008 (Oct. 1, 2007 to Sep. 30, 2008), EPCOS made further progress in improving vital consumption and emission levels. Although we again achieved double-digit volume growth in the period under review, our energy consumption fell by 3 percent to approximately 435 gigawatt-hours (448 GWh in 2007). We also reduced our carbon dioxide emissions by 4 percent to about 88,000 metric tons (92,000 metric tons in 2007). Water consumption (approximately 2.13 million cubic meters) and the volume of waste (around 9500 metric tons) remained stable at the previous year's levels.

Our people on the ground are the ones who lay the foundation for ever better environmental protection figures. The employees at our plant for SAW products in Munich are a good

example. To maintain constant humidity levels in our cleanrooms here, the steam humidifiers used up to now are being replaced by very efficient high-pressure nebulizers that consume much less energy. This will save the facility about a gigawatt-hour of electricity per year, as well as cutting energy costs by about 3 percent. Additionally, new refrigerating machines that are needed for the cold water supply, for instance, will save a further gigawatt-hour per year. The plant is also saving water. A new membrane system used to provide the ultra-pure water that is needed for a number of production processes has reduced water loss by 10 percent.

Our plant in Brazil has started using a new pond with special aqueous plants to decompose the nitrogen and phosphorus compounds that are present during the production of aluminum electrolytic capacitors. Since this biological process maintains the oxygen content in the treated water, the latter can be channeled back into public waterways after treatment. If the oxygen content in the water were too low, this would cause algae to proliferate and thus impair natural biodiversity.

### **EPCOS responds proactively to rising environmental protection demands through new legislation and regulations**

EPCOS' dedication to the environment is summarized in seven environmental protection principles. These include assessing the environmental impact of new products and processes right from the design stage, and regular monitoring and updating of technological and organizational procedures to ensure ongoing environmental protection ([www.epcos.com/environment](http://www.epcos.com/environment)).

Since the EU's directive on the Restriction of Hazardous Substances (RoHS) went into effect in July 2006, electrical and electronic equipment can be sold in the European Union only if it meets the requirements of this new directive. The RoHS directive aims to eliminate the use of four heavy metals – mercury, chromium, cadmium and especially lead – and also to ban the use of polybrominated biphenyls and polybrominated diphenylethers. EPCOS is fully compliant with all aspects of the RoHS directive ([www.epcos.com/rohs](http://www.epcos.com/rohs)).

All products that EPCOS manufactures in, exports to, or sells in China are affected by China's law entitled Administration on the Control of Pollution Caused by Electronic Information Products (ACPEIP). EPCOS offers its customers an online service to help them comply with the requirements of ACPEIP ([www.epcos.com/china\\_rohs](http://www.epcos.com/china_rohs)).

Today's markets demand more and more information about the materials used in electronic components. Material data sheets that are also posted on the Internet provide examples of the typical composition of our product families. On request, we also supply customers with documentary evidence from certified laboratories for substances whose use is restricted in accordance with RoHS.

Compared with RoHS, Regulation (EC) No. 1907/2006 of the European Parliament and of the Council concerning the registration, evaluation, authorization and restriction of chemical substances (REACH) applies to a much wider sector of industry. The purpose of the regulation is to ensure a high level of protection for human health and for the environment. This includes the promotion of alternative methods of assessing the potential risks posed by substances. Under the REACH regulations, manufacturers and importers of substances must obtain all the data needed to assess the substances they produce or import. They must also demonstrate convincingly that their substances are safe to handle for all identified uses and thus harmful effects on human health and the environment can be avoided. Registration is required for each substance produced or imported in quantities of one metric ton or more per year per manufacturer/importer. This is done with the ECHA, the European Chemicals Agency, which is based in Helsinki, Finland.

EPCOS has been preparing to implement the REACH requirements since the end of 2006, thus ensuring that it will be able to comply with these within the set time limit. Also, EPCOS was involved at a very early stage in the process of developing the REACH regulations. For example, EPCOS supported studies into the impact of REACH on the German economy and helped to draft the final Guidance for downstream users document. EPCOS offers its customers a comprehensive online service about REACH ([www.epcos.com/reach](http://www.epcos.com/reach)).

Many product and system manufacturers have no choice but to factor environmental considerations into the design of their products. Failure to do so could damage their reputation among consumers, their brand image and, hence, their business. Some of our customers therefore go beyond the requirements of law and impose their demands on the entire supply chain. EPCOS satisfies the strict environmental protection directives of Japan's Sony Group, for example. Sony buys components only from manufacturers and resellers who have been audited and certified as »Green Partners«. Samsung Electronics awarded us its »Eco Partner« at an early stage. Samsung's suppliers must not only supply environmentally friendly components, but must also use environmentally friendly packaging materials to deliver them.

### **EPCOS participates actively in industrial associations**

EPCOS plays an active role in numerous committees, workgroups and commissions in the electronics industry, such as the International Electrotechnical Committee (IEC) and the German Electrical and Electronic Manufacturers' Association (ZVEI Zentralverband Elektrotechnik- und Elektronikindustrie). This enables us to identify future trends in legislation that may affect our business and helps us respond quickly and comprehensively to any resultant laws. Actively shaping future regulations and standards is part of our corporate environmental policy.

### **Links to resources on EPCOS' website**

Corporate responsibility:

[www.epcos.com/corp\\_resp](http://www.epcos.com/corp_resp)

Global Compact:

[www.epcos.com/global\\_compact](http://www.epcos.com/global_compact)

Partnership with suppliers on sustainability:

[www.epcos.com/cr\\_supplier](http://www.epcos.com/cr_supplier)

Environmental protection:

[www.epcos.com/environment](http://www.epcos.com/environment)

Environmental management:

[www.epcos.com/environ\\_management](http://www.epcos.com/environ_management)

Environmental report:

[www.epcos.com/environ\\_report](http://www.epcos.com/environ_report)

Material data sheets:

[www.epcos.com/material](http://www.epcos.com/material)

RoHS Directive of the European Union:

[www.epcos.com/rohs](http://www.epcos.com/rohs)

China RoHS:

[www.epcos.com/china\\_rohs](http://www.epcos.com/china_rohs)

REACH:

[www.epcos.com/reach](http://www.epcos.com/reach)

---