



LEM Communication on Progress

Year: 2009

STATEMENT OF CONTINUED SUPPORT

LEM joined the UN Global Compact in 2006 and committed to the 10 principles in the areas of human rights, labor, the environment and anti-corruption. We also expressed our intention to support and enact the Global Compact's principles within the sphere of our influence and inside the company and properly inform the public and our stakeholders of our commitments and progress.

This is our second 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, labor rights, the environment and the fight against bribery and corruption. Here we summarized 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 a 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 industrial, traction, energy and automotive markets. LEM's strategy is to exploit the intrinsic strengths of its core business, and develop opportunities in new markets with new applications. Together with production plants in Geneva (Switzerland), Copenhagen (Denmark), Machida (Japan), Beijing (China) and our regional sales offices, LEM offers a seamless worldwide service. LEM has been listed on the SIX Swiss Exchange since 1986. The company's ticker symbol is LEHN.

LEM is a mid size company with a global feel. We have 900 employees worldwide and reported revenues of CHF 196 MCHF in 2008/09.

PRINCIPLE 1	BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS
Commitment and Systems	<p>Actions taken</p> <p>Commitment to protecting human rights:</p> <p>In the past year 2008/09 we have reworked our company Values and Principles to incorporate our commitments to the UN Global Compact. As LEM has become a global company (with factories in Geneva, Switzerland, Beijing, China, Tokyo, Japan, Tver, Russia, Copenhagen, Denmark and Milwaukee, USA but also sales offices in all major markets including Europe and India) we found that the existing Values and Principles needed to be reviewed. We have benchmarked best practices and come up with a new set of 6 core company Values and the Principles – business and ethics code. The Principles cover the area of work environment, business practices, relationship with partners and public authorities, enforcement of the principles. These can be viewed at:</p> <p>http://www.lem.com/hq/en/content/view/380/800/ http://www.lem.com/hq/en/content/view/381/801/</p>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>The LEM Principles and Ethics Code is binding upon all LEM employees. Each employee has been asked to return a signed copy to HR.</p> <p>The world-wide roll out of the values and principles has taken place. Presentations were done to all staff. A small size pocket guide containing the values and principles has been printed in all local languages and handed out to all employees.</p> <p>A survey is currently taking place through our employee newsletter Inside LEM to measure the effectiveness of the roll out communications and see if the communication needs to be repeated.</p> <p>These principles are publicly accessible via the Internet http://www.lem.com/hq/en/content/view/380/800/ http://www.lem.com/hq/en/content/view/381/801/ and are also published in the LEM offices world-wide by posters in all local languages. All employees are informed about the principles by the Human Resources department when joining the company. A pocket guide has been handed out to all employees</p>
Activities	

PRINCIPLE 2	BUSINESS SHOULD ENSURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES
Commitment and Systems	Actions taken
	<p>Although LEM is a relatively small company that works in a limited market we make sure that we will not in any way be associated with a company that does not respect and protect human rights. This is incorporated in the LEM Corporate Values and Principles see links under Principle 1.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>It is a minimum criterion for the selection of a supplier to support the basic human rights. We inspect the sites of our supplies ourselves and ensure the compliance. We also audit them on a regular basis.</p>

PRINCIPLE 3	BUSINESS SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING
Commitment and Systems	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.
Activities	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
Commitment and Systems	Actions taken
	<p>LEM supports the elimination of all forms of forced and compulsory labor and furthermore will not collaborate with any suppliers or customers that do not adhere to this.</p> <p>We audit our supplies on a regular basis to ensure this.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>This is stated in the LEM Values and 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 labor.</p>

PRINCIPLE 5	BUSINESS SHOULD SUPPORT THE EFFECTIVE ABOLITION OF CHILD LABOUR
Commitment and Systems	Actions taken
	<p>LEM fully supports the abolition of child labor and does not collaborate in any form with any supplier or customer that does not fully support this.</p> <p>We audit our supplies on a regular basis to ensure this.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>This is stated in the LEM Values and Principles and is distributed to all LEM Employees. We will not collaborate with any company that does not support the effective abolition of child labor. Our suppliers are audited on a regular basis.</p>

PRINCIPLE 6	BUSINESS SHOULD SUPPORT THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION
Commitment and Systems	Actions taken
	<p>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 behavior.</p> <p>Also see the LEM Values and Principles with the links under Principle 1</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>Distribution of LEM Employee Handbook world wide. Clear explanation of LEM's policy towards discrimination.</p> <p>Roll out of the new LEM Values and Principles to all employees and survey to ensure understanding.</p>

PRINCIPLE 7	BUSINESS SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
Commitment and Systems	<p>Actions taken</p> <p>In accordance with its 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. LEM is committed to the pursuit of environmentally sound business activities. We continuously improve the performance in both production- and product-related environmental protection</p> <p>LEM has implemented the ISO 14001 standard. Since December 2003 the LEM Geneva site is ISO 14001 certified and it is qualified every year by the Swiss Association for Quality and Management Systems recognized by the international certification network IQ Net. The LEM China site has been certified in 2006 and our Japanese site in 2007.</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>
	<p>Measurement of (expected) outcomes and value added for our company</p> <p>LEM is certified ISO 14001 for its Environmental Management Systems. All our products meet the RoHS (reduction of Hazardous Substances) standards.</p> <p>Furthermore our products are used to reduce and measure energy consumption. We are promoting the Wi-LEM wireless local energy meter. This is a product that is installed to measure the entire energy consumption of electricity, gas, temperature and humidity. This enables companies to get a very detailed knowledge of their consumption and be able to reduce it.</p>
Activities	

PRINCIPLE 8	BUSINESS SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY
Commitment and Systems	Actions taken
	<p>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.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>The selection criteria for LEM suppliers have been adjusted to reflect this. LEM will continue to set a good example- Our suppliers are audited on a regular basis.</p>

PRINCIPLE 9	BUSINESS SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES
Commitment and Systems	Actions taken
	<p>LEM fully supports the encouragement and development of environmentally friendly technologies. We ourselves are dedicated to develop and manufacture 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. We are also working with universities and sponsor numerous projects in Europe, USA and Asia to advance the research and development in this field.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>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. We are also working with universities and sponsor numerous projects in Europe, USA and Asia to advance the research and development in this field.</p>

PRINCIPLE 10	BUSINESS SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY
Commitment and Systems	Actions taken
	<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 Principles – the Ethics code. These are communicated to all our staff world wide in our Employee Handbooks, the company Values and Principles. This handbook has been revised and updated to reflect the nature of our global business and contains expectations for professional and ethical behavior. All employees were asked to return a signed copy of the LEM Values and Principles to HR to ensure that they understand and comply.</p>
Activities	Measurement of (expected) outcomes and value added for our company
	<p>The LEM principles and values are very clear and communicated to all employees world wide. Under no circumstances will this behavior be tolerated by LEM. See the link under principle 1</p>

How do you intend to make this COP available to your stakeholders?
<p>This COP report will be posted on our Corporate Website and we will mention it in our annual report.</p>