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Electronic Parts and Components

## **Global Compact – Communicating Our Progress 2008**

EPCOS has communicated its progress to stakeholders in various corporate publications. The Annual Report 2007 devoted a complete chapter to corporate responsibility ([www.epcos.com/annualreport](http://www.epcos.com/annualreport)). 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.



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### **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 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. Piezo actuators for fuel-saving injection systems in car engines are just one example. Aluminum electrolytic capacitors are another. As key components in wind and solar power generators, these products help reduce harmful emissions and conserve finite natural energy resources.

Our ISO 14001-compliant global environmental management system ensures the same high standards of environmental protection worldwide ([www.epcos.com/environ\\_management](http://www.epcos.com/environ_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.

In its fiscal year 2007, EPCOS made further progress in reducing its consumption of energy. Although we achieved significant double-digit volume growth in fiscal 2007, our energy consumption fell by about 2 percent in the same period.



## **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)).

New legislation to enforce stricter environmental protection took effect in Europe and China in the period under review. These changes come as a clear indication of the rising demands that are being placed on the electronics industry.

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)).

China's law entitled Administration on the Control of Pollution Caused by Electronic Information Products (ACPEIP) went into effect in March 2007. All products that EPCOS manufactures in, exports to, or sells in China are affected by this law. 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)). The European Ecodesign Requirements for Energy-using Products directive (EuP) was introduced in August 2007. This directive covers a broad spectrum of electrical and electronic applications and is intended to improve their environmental impact by increasing energy efficiency.

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.

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



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who have been audited and certified as »Green Partners«. Samsung Electronics, the world's third-largest maker of mobile phones, 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. Both Sony and Samsung confirmed and extended their ecological certifications for EPCOS in 2007.

#### **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.



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

Annual Report 2007:

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

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)

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)

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