



## UNITED NATIONS GLOBAL COMPACT

### BOURNS, INC. 2013 COMMUNICATION ON PROGRESS

#### Statement of continued support by the Chief Executive Officer

Date: November 4, 2013

#### To whom it may concern:

As Chairman of the Board and CEO of Bourns, Inc. ("Bourns"), I am pleased to confirm Bourns' fourth (4<sup>th</sup>) year as a member of the United Nations Global Compact (the "UN Global Compact") and its on-going support of the ten principles of the UN Global Compact with respect to human rights, labor, environment and anti-corruption. Bourns continues its commitment to voluntarily advance the ten principles of the UN Global Compact as applicable to Bourns' facilities worldwide. We continue our commitment to incorporate the UN Global Compact principles in our corporate strategy, business culture and day-to-day operations and activities.

Bourns, including its subsidiaries, supports and respects the protection of internationally proclaimed human rights set forth in the United Nations' Universal Declaration of Human Rights, the International Labor Organization's fundamental conventions and the UN Global Compact and we confirm that Bourns has policies and procedures in place to prevent abuse of human rights within the Bourns facilities.

Bourns' "Code of Ethics and Conduct" (the "Bourns Code") is available in seven (7) languages and all Bourns employees worldwide are required to confirm their understanding of the Bourns Code as well as the Corporate Policy on Anti-Bribery and Anti-Corruption on an annual basis. Additionally, Bourns, and its subsidiaries, require that its subcontractors and suppliers comply with the Bourns Code which may require higher standards than required by local law. The Bourns Code is available at: [http://www.bourns.com/data/global/pdfs/bourns\\_code\\_of\\_ethics.pdf](http://www.bourns.com/data/global/pdfs/bourns_code_of_ethics.pdf).

Bourns has a policy that prohibits harassment, discrimination and retaliation. In addition to an Ombudsman program which celebrated its twenty-five (25) year anniversary during 2013, Bourns offers an Ethics Hotline (the "Hotline") which is available in five (5) languages to most Bourns employees worldwide. The Hotline provides employees with anonymous and confidential means to report suspected violations of (i) law, (ii) Bourns' policies, or (iii) the Bourns Code. Certain Bourns facilities also offer (i) opinion boxes, (ii) quarterly welfare committee meetings, and (iii) third-party sponsored work atmosphere surveys as means for employees to report concerns to management.

Since 2011, Bourns has participated in the US-EU safe harbor program and the US-Switzerland safe harbor program to comply with framework requirements for protection of personal data.

The Bourns Code continues to prohibit the use of forced labor and/or child labor in violation of international standards. Consistent with the UN Global Compact initiatives, no Bourns

employees are child laborers and all Bourns employees are restricted from working in excess of sixty (60) hours per week.

Bourns' facilities located in Mexico have implemented the recently reformed Mexican Federal Labor laws which came into effect in December 2012. Some of the modifications made by Bourns' Mexico facilities in accordance with such reformed laws include (i) increased periods of maternity leave for mothers as well as fathers of newborn infants, (ii) new regulations regarding the protection of employees' personal data, and (iii) increased regulations regarding outsourced labor. All employees in the Bourns Mexico facilities were informed of the new laws and Bourns policy changes which resulted from such new laws.

All Bourns facilities worldwide conduct continuous improvement programs, such as Kaizen activities, which are utilized in part to reduce energy consumption and to eliminate waste. The results of such Kaizen activities are regularly shared with Bourns employees on Bourns' intra-communication portal. During 2013, (i) one Bourns facility added variable frequency drives to its air-conditioning system which reduced energy consumption and carbon dioxide emissions, (ii) another Bourns facility reduced its water and electricity consumption by three percent (3%) in comparison to the previous year, (iii) over a two (2) year period, another Bourns facility reduced its consumption of electricity by almost 10 percent (10%), water by eleven and 1/2 percent (11.5%) and natural gas by more than eighteen percent (18%), and (iv) yet another Bourns facility reduced hazardous waste by 120 kilograms per month (a reduction of approximately 3,200 pounds per year). Most Bourns facilities utilize energy-saving features such as LED lighting, double pane windows and the use of motion sensors to turn off lights during non-working hours.

Bourns also continually seeks opportunities to improve its products by eliminating substances with potentially harmful effects on the environment. Accordingly, during the last quarter of 2012 one Bourns manufacturing facility replaced a flame retardant material used in one product with a more environmentally friendly material. Some Bourns® products are becoming more miniaturized and are tasked to perform several functions instead of just their originally designed purposes thereby having an overall reduced environmental footprint.

Bourns offers its employees technologies and tools which allow Bourns to conduct business activities without the need to travel, such as global conference calling, video conferencing, sharing of desktop displays and participation in webinars. For example in 2013, Bourns introduced expense reporting software which allows employees to submit their expense reports electronically. Approvals of the expense reports and reimbursements to employees are also performed electronically, thereby eliminating the issuance of paper documents and physical checks.

The Bourns Technology Center located at the Bourns Riverside, California campus is home to several emerging high-tech companies in Riverside. The Bourns Technology Center is dedicated to providing a strong partnership between resident companies and the community. The Bourns Technology Center is a place where companies can work effortlessly and prosper. In 2012, the City of Riverside was recognized as one of the top seven (7) Intelligent Communities of the Year by the Intelligent Community Forum ("ICF"). According to the ICF, a 'Broadband Economy' is the product of high-speed and low-cost communications and information technologies on both a global and local level. The Bourns Technology Center

welcomes and encourages high-tech start-up and light manufacturing companies to make the Bourns Technology Center their home.

In addition to the above listed points, Bourns continues to support education in the form of (i) the Bourns Laboratories located at California Baptist University, Riverside, California, and (ii) The Marlan & Rosemary Bourns College of Engineering, located at the University of California Riverside Campus. In October 2013, Bourns hosted the Science and Technology Education Partnership (STEP) program for the second (2<sup>nd</sup>) year in a row at its headquarters in Riverside, California. The STEP program is designed to encourage students to pursue math and science interests and careers. Additionally, the Bourns Foundation makes contributions to a variety of charitable causes such as the local Riverside Arts Council, the American Cancer Society, Operation Safe House and the Special Olympics of Southern California, to name a few.

As reflected in this letter, one can easily determine that Bourns supports the communities in which it has a business presence and looks forward to continuing its support of the UN Global Compact during the next twelve (12) month period.

Sincerely,

Bourns, Inc.



Gordon L. Bourns  
Chairman of the Board, President and  
Chief Executive Officer