



Global Compact – Communication on Progress





Management Board (from left): Jürgen Schäfer, Tordis Eulenberg, Sven Hohorst, Dr. Thomas Albers, Axel Börner, Ulrich Bohling

UN Global Compact – Communication on Progress Report 2014

The United Nations Global Compact is the world's largest initiative for corporate responsibility. More than 2000 members from 80 countries have committed themselves to engage in responsible and ethically correct business activities.

We at WAGO support the publication of a yearly report reflecting achievements made within the framework of this initiative. And so, it gives us great pleasure to present our first Communication on Progress Report.

As a company that has remained family-owned for three generations and operates independently in its market, we at WAGO plan to strengthen and consolidate our position as an international leader through innovative products and global presence.

Ground-breaking ideas and products have made WAGO a pioneer of and world leader in spring connection technology since 1952.

Our vision is to create original cost-efficient solutions for electrical interconnection and automation components that contribute to the safety and reliability of individual devices and complete installations.

Our business strategy focuses on long-term achievements rather than on short-term profits. Investments are made with the clear objective of lasting success.

Continuity in our business model and commitment to basic ethical

values are essential elements of WAGO's working environment and we are very proud of this.

Employees are the heart and soul of a company. Their dedication contributes to the general well-being and success of the business. Together they form a community committed to strong performance and share a common goal in supporting our global economy.

WAGO offers its employees a modern, comfortable and productive workplace where they can develop motivation, apply their skills in a spirit of good cooperation, and work together to achieve ambitious goals.

WAGO is delighted to be a new member of the United Nations Global Compact initiative and is looking forward to adding its visions and values to this remarkable endeavour to create a better business community.

For this reason, we are very happy to commit ourselves to the ten principles of the UN Global Compact initiative.

Sven Hohorst

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Management Board of WAGO Kontakttechnik GmbH & Co. KG



Human Rights and Employment

As a globally active company, WAGO takes its social responsibility very seriously.

By this we mean that at WAGO we consider the consequences of our business decisions and actions in economic, technical, social and ecological terms and then we balance out competing interests accordingly. Within the scope of opportunities available to us, we contribute to the prosperity and sustainable development of the global society wherever we do business. We work in

accordance with universal ethical values and principles, in particular those of integrity, honesty, and respect for humankind.

WAGO has founded its company philosophy on basic values that are held by all employees in their day-to-day work so that each and every individual feels valued, needed and respected within the company. The results speak for themselves: high level of commitment, team-oriented work and low staff turnover.



Our planet's resources are finite and climate change can no longer be denied. These are facts that pose a great challenge to manufacturing companies.

Being a family-owned business in which thinking in terms of future generations plays a significant role, we give special consideration to environmental protection. For this reason, it is hardly surprising that we put a lot of effort into optimising our production processes and our day-to-day activities.

Product-related environmental protection forms an important part of sustainable environmental management at WAGO.

As WAGO is aware of its responsibility towards employees, customers, the environment and future generations, avoiding the use of harmful substances in its products and processes is of highest priority .

Regular legal research has made it possible both to comply at all times with current legal conditions of product-related

environmental protection and be prepared for future changes and new provisions and laws. In this way, as well as meeting statutory and internal requirements, WAGO also, and importantly, satisfies the demands of its environmentally-aware customers.

Company-related environmental protection

Our planet's resources are finite, and climate change can no longer be denied . These are facts that pose a great challenge to manufacturing companies.

WAGO consistently employs material minimisation methods, recycling, environmentally-friendly processes, such as extensive green roofing, rainwater treatment, as well as filtration of harmful substances from waste air, in all its business sectors. For WAGO, sustainability is a binding obligation to future generations.

WAGO is committed to electronic mobility. As an example of this, an electronic shuttle bus is used to transport people and goods around the site at WAGO's headquarters in Minden.



Green roofs

As a company that operates sustainably, WAGO faces the challenge of offsetting the environmental friendliness of its factory and office buildings against the economic viability of environmental protection measures.

We regard extensive green roofing as the best solution in this respect, as it not only offers visual advantages within the framework of sustainable architecture, it also turns what is usually unused space into a habitat for various animal and plant species. The main plant species used here are succulents, as represented primarily by stonecrop.

As it stores water in shoots and foliage, stonecrop is ideally suited to sunny roofs. The substrate layer underneath the succulents forms a habitat for various worm species and insects. For several years now, the roofs have been used as a nesting site by oyster catchers from the nearby Mittelland Canal and River Weser.

As well as a habitat, green roofing provides the following benefits: rainwater storage, oxygen production, air filtration, radiation absorption, temperature balance/thermal insulation, extended life of the roof.



Conserving resources has already been a central corporate objective for several decades. Efficient production processes and intelligent building are more than simply a competitive advantage for WAGO. It is rather a question of assuming responsibilities for generations to follow and encountering global developments such as climatic change and the scarcity of resources with organisational efficiency measures at all WAGO locations. Our employees' high degree of environmental awareness also contributes to this decisively.

With a management system certified according to DIN EN ISO 50001, we ensure that the – national and European – requirements for product-related environmental protection are systematically met and monitored throughout the life of the products, in the production process as well as in our building operation.

The German locations have been certified according to DIN EN ISO 50001 since November 2012. The auditors placed special emphasis on the energy awareness of WAGO employees, the efficient launch of established management systems QM and EHS through networking and support, and cooperation between different departments and sites.

WAGO is systematically reducing its fresh water consumption through its use of rainwater cisterns.

WAGO began using rainwater as early as the mid 1970s, long before the term sustainability acquired its modern meaning. In 2007 WAGO decided to build a new rainwater cistern. The decision was made solely on the basis of environmental responsibility, as this measure is not economically justifiable. Amortisation periods for all the technical installations and on-going maintenance works extend into double-digit years.



Corporate Social Responsibility

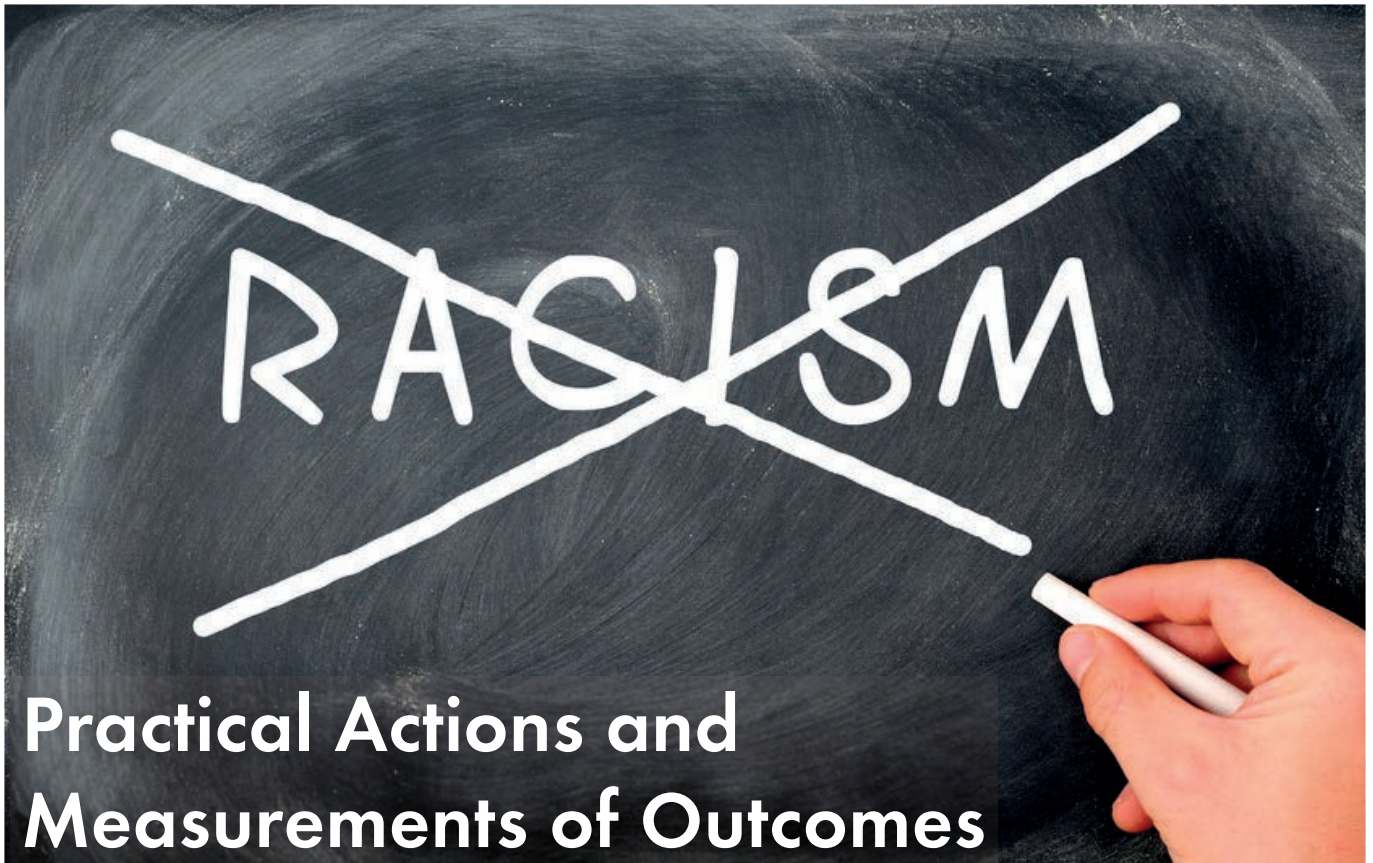
As a globally active company, WAGO takes its social responsibility very seriously.

By this we mean that at WAGO we consider the consequences of our business decisions in economic, technical, social and ecological terms and then we balance out our competing interests accordingly. Within the scope of opportunities available to us, we contribute to the prosperity and sustainable development of the global society wherever we do business. We work in accordance with universal ethical values and principles, in particular, those of integrity, and honesty, and respect for humankind. WAGO partnered with the nationwide research project „Focus on Sustainability“ being conducted at the College

of Economics (FHDW) in Paderborn and the Bertelsmann Foundation. In total, 200 enterprises from North-Rhine Westphalia and Lower Saxony have already joined this initiative. WAGO is one of the 5 largest contributing Companies, that are committed to the duration of the 3 year project, as catalyst and significant supporter and participant. The College initiated the project in cooperation with the Bertelsmann Foundation, to develop Best-Practice-Examples, to bring to light the various possibilities within the context of cultural and social responsibilities.

Anti-corruption

We are committed to upholding ethical values and principles, in particular those of integrity and honesty.



Practical Actions and Measurements of Outcomes

The above-mentioned issues have been addressed by WAGO in the form of, among other things, the following practical measures:

As a matter of course, WAGO took part in a Germany-wide campaign against racism, as part of which we proudly put up a "Respect" sign at the main entrance to our headquarters in Minden, where people from more than 16 countries work together in unison. The sign is therefore a perfect reflection of WAGO's philosophy. Another sign has just been put up at WAGO's second German production site in Sondershausen.

WAGO offers its employees several supplementary monetary benefits for childcare, and more than 200 families make use of this assistance. It helps families with small children to pay for nursery costs.

More than 70 % of WAGO employees in Germany benefit from an optional retirement provision offered

by the company. Altogether, WAGO's voluntary contributions to its employees total more than 1.5 million euros each year.



RESPECT! No room for racism.



WAGO Foundation prize winners

WAGO supports education and on-the-job-training. The WAGO Foundation awards a prize of up to 1,000 euros each year to its three best graduates from nine different skilled trades in Minden, where the company's headquarters are based, and in Sondershausen, home to WAGO's main production site. Since its establishment, the foundation has bestowed awards in excess of 600 apprentices from over 110 companies for their special achievements with a grant volume exceeding 430,000 euros. WAGO also makes regular donations of its products to universities and schools for the purpose of promoting education. For example, a

nearby university was able to build an energy-efficient car using WAGO products and a sizeable financial contribution. WAGO set up several initiatives in the field of personnel management, including, for example, a programme that gives employees the opportunity to submit direct feedback on their line managers. This makes it possible for WAGO to provide better support to its managers and offer special advanced training wherever necessary. The establishment of a "Junior Leadership Programme" and a "Junior Projectmanagement Program" gives selected employees the chance to prepare themselves for management roles.



Certified as an attractive employer

WAGO was one of first companies to be declared "A first-rate employer" by a certified agency for engineers. This certificate confirms that WAGO is an attractive employer for those interested in securing an outstanding start to their career and for professionals looking for the perfect career move. WAGO has achieved other awards as an employer, for instance, the "TOP JOB Employer" award, which is a testament to WAGO's excellent results in the main fields of Human Resources Management, Vision and Strategy, Human Resources Development, Payment, Culture and Communication, as well as Family and Social Affairs. The news magazine „Focus“ awarded WAGO the title "Top National Employer

2013 and 2014". Moreover, according to "Focus", the company is one of the top ten in the „Electronics / Electrical Engineering throughout Germany. The weekly periodical "VDI nachrichten", issued by the Verein Deutscher Ingenieure (VDI) and the Technische Überwachungsverein (TÜV) Rheinland, also certified WAGO as one of the first companies to be "Excellent employees for engineers" in Germany in 2012 and again in January 2013 and 2014. Thus, independent auditors have certified that WAGO, the globally active high-tech company, is setting Germany-wide benchmarks in, among other things, organisation and processes, employee care and support, as well as ethics and corporate culture.



WAGO is a family oriented business, through and through. Over 60 years of experience has taught us that work-life balance has become a vital prerequisite for motivated and engaged employees. Family is of paramount importance at WAGO. The downside of social change for many parents, especially young families, is that it is becoming increasingly difficult to reconcile family and work life balance.

The question of childcare addresses a difficult dilemma which at times is hard to solve; however, we believe that our Program WAGO Family and it's new partnership with the competent and reliable German Association for Child Protection (Minden-Bad-Oeynhausen) will assist in finding solutions for our families.

"WAGO Family" provides many options to address a variety of different needs:

- We support employees that are on parental leave to ensure a seamless job re-entry process.
- While on parental leave, we stay in touch and continue to offer further training opportunities.
- We address gaps in childcare options by arranging qualified short term child care services
- We assist with the search for a childcare facility, and are proud to be one of six companies to support the childcare provider "Loewenzahn".
- With flexible work hours in place, we achieve better reconciliation between family and work commitments.

"WAGO FAMILY" is a comprehensive program which includes all generational needs, including the option for "Caring for Family Members". WDS.care GmbH (our Corporate Partner) located in Lippstadt, is standing by with a 24 hrs. Hotline to address any questions related to the term "Care".



Targeted Employee Support / Personnel Development

Whether it's young people embarking on their professional careers, junior staff, or employees with many years of experience, WAGO provides systematic employee support through customised training at all levels. This is a commitment for which WAGO has already received numerous awards.

With its programmes "WAGO Youth", "WAGO Starters" and "WAGO Professionals", the global electrical engineering company spans the entire "professional life cycle" and even focuses on those not yet employed by the company: "WAGO Youth" appeals to pupils for whom choosing a profession is becoming increasingly important. For this reason, WAGO offers candidate training sessions at various schools. WAGO also attends regional job information fairs on a regular basis. In addition, within the framework of the MINT (Mathematics, Informatics, Natural Sciences, Technology) initiative, the company regularly invites ninth class pupils to visit its sites so that they can get an idea of engineering professions in practice.

"WAGO Starters" is targeted at apprentices. The first building block of this programme is the traditional induction week in which the apprentices get to know the various specialist departments, as well as WAGO's corporate culture, which is based on partnership and fairness. One of the many elements of "WAGO Starters" is its practical training for engineering apprentices, which is offered alongside standard theory-based tuition. The philosophy of individual care and support is also reflected in the student centre opened at

the site in Minden in March 2012. WAGO runs dual and practice-integrated study courses in electrical engineering, mechanical engineering, production and plastics engineering, industrial engineering and business informatics.

Identifying and utilising potential – this is the motto of "WAGO Professionals". The training modules for employees include numerous sessions on various subjects such as time and project management, communication and presentation techniques. There are also training sessions designed specifically for management staff in subjects such as staff motivation and staff management, as well as stress management. The "Junior Leadership Programme" was also introduced a few months ago. Over a period of approximately one and a half years, participants are prepared directly for a possible management role. The goal here is to create a consistent company-wide and skills-based management culture.

Another component of "WAGO Professionals" is that of management staff feedback, which was successfully introduced in summer 2011. This involves management staff across Germany being given structured feedback from the employees they manage, their superiors and colleagues. The management staff also perform self-assessments. WAGO Personnel Manager Tordis Eulenberg: "Management staff feedback makes the objective and systematic assessment of skills and management behaviour possible. It identifies individual strengths and areas for improvement and, by doing so, it facilitates targeted management staff development."

The innovation network OWL Maschinenbau, a local network designed to strengthen the position of medium-sized engineering businesses in the OstWestfalenLippe area, awarded WAGO a prize in 2008. The network highlighted WAGO's achievements in the fields of sustainability and advanced training in the local area.

WAGO consistently employs material minimisation methods, recycling, environmentally friendly processes and energy-saving technologies, such as ground probes and heat recovery in all its business sectors, from development through to production logistics. For WAGO, sustainability is a binding obligation to future generations.

Our environmental management system is tested by an external examination board and has been ISO 14001 certified since 2002. Our internal standards go far above and beyond the requirements of this certification, as demonstrated by our green roofing and rainwater recovery measures.

WAGO's product-related environmental management focuses on avoiding harmful substances. One of our most important responsibilities is to protect our employees and customers. Having an ISO 14001 certified management system ensures that WAGO complies with all national and European product-related requirements. This means that not only are these requirements strictly adhered to and our products regularly monitored, but also that WAGO is always prepared for new requirements or amendments. Not only do we comply with our internal standards, we also satisfy our customers' requirements.

As one of the most important aspects of a sustainable company, energy saving is crucial. As the concentration of greenhouse gases in the atmosphere is one of the key factors responsible for climate change, and its reduction is fundamental, WAGO is playing its part by implementing energy-efficient production worldwide.

Through facility management our energy consumption is analysed at every stage of production. WAGO uses geothermal energy at its headquarters in Minden and energy saving potential is always considered when constructing new buildings.

WAGO also aims to manufacture its products in ways that are as environmentally-friendly and resource-efficient as possible. Our energy balance confirms that we were right in our decision to replace old machines with new ones and to use a data collecting system to reduce stagnation in production. WAGO was awarded the "Arburg Energy Efficiency Award" in 2008.

Being a global company, WAGO has consistent values and standards for all of its subsidiaries worldwide. These are laid down in several handbooks, management provisions and, most importantly, the WAGO Group Policy, which obliges all WAGO group companies to abide by WAGO's values and standards.

As regards its suppliers and customers, WAGO's values and standards are reflected in the WAGO Code of Conduct, which calls for strict compliance with the law and good company practices.

In addition, the WAGO Code of Conduct rejects corruption and bribery and establishes commitment to implementing appropriate measures for promoting transparency, cooperation with integrity, responsible leadership and company accountability.

In accordance with the WAGO Code of Conduct, we focus on straightforward and correct business practices.

Compliance with these values and standards is also ensured by, among other things, WAGO's own internal standards and monitoring processes.