



CORPORATE RESPONSIBILITY

Report 2017

Working together for a sustainable world.



S&C's ENVIRONMENTAL POLICY

TABLE OF CONTENTS

- 2 S&C's Environmental Policy
- 3 President's Message

CORPORATE RESPONSIBILITY

- 4 Introduction
- 4 Health, Safety, and Environmental Assessments
- 4 Supplier Assessments
- 5 Team Member Benefits
- 5 Team Member Wellness
- 6 Community Activities
- 6 Team Member Initiatives

CONSERVATION TRENDS

- 7 Waste Diverted from Landfill
- 7 Recycling
- 7 Composting

ENVIRONMENTAL PERFORMANCE

- 8 Water
- 8 Electricity
- 8 Natural Gas
- 9 Emissions

TEAM-MEMBER SAFETY

- 10 TCIR and DART Rates
- 10 Safety-Improvement Initiatives
- 10 Ergonomics

GLOBAL INITIATIVES

- 11 Asia Pacific
- 11 China
- 12 Canada
- 13 Europe, Middle East, and Africa
- 13 South America
- 14 Mexico, Central America, and Caribbean
- 15 Our Message

Among the principles laid out in the S&C Electric Company Statement of Purpose and Guiding Principles is a determination that “all of S&C’s dealings are bound by a rock-solid course of integrity” and a commitment to “maintain a strong and supportive relationship with our neighbors and the communities in which we work.”

The guiding principles are brought to life every day in a variety of ways, from refusal to tolerate unethical conduct in any aspect of our business to an expectation that all S&C team members will work in a manner that respects the safety and well-being of those around them.

One of the key manifestations of these guiding principles is a commitment to responsible corporate citizenship with regard to the environment. Toward that end, S&C Electric Company will:



> Abide by all accepted environmental practices, including meeting or exceeding applicable compliance obligations



> Minimize waste and implement prevention of pollution strategies, while striving for protection of the environment and greater use of sustainable sources of energy and materials



> Continually improve environmental objectives and targets as applicable new knowledge and technology become available



PRESIDENT'S MESSAGE



S&C: RESPONSIBLE STEWARDSHIP REIMAGINED

By Kyle Seymour, President and CEO, S&C Electric Company

Welcome to our new Corporate Responsibility Report. This report reflects how our core value of “Responsible Stewardship” manifests itself well beyond our sustainability activities and encompasses a holistic focus on the well-being and development of our diverse team members.

In 2017, S&C celebrated its 10th year of team-member ownership with a day-long celebration and commemorative gifts. The transition from majority ownership by the founding Conrad family to our current KSOP ownership structure was a challenging one, but one that fully retained the longstanding approach to people that has made our company so successful for more than 107 years.



S&C is a diverse company, with 54% of our U.S.-based team-member owners representing racial and ethnic minorities. We consider our diversity to be a core strength of our company, and we aspire to improve our team-member demographics in areas underrepresented compared to the populations in which we live and work.

S&C believes in supporting working families. In 2017, we introduced an enhanced family-leave program to allow parents more time to bond with their babies. The program includes support for adoption and fertility/reproductive services as well, and it provides at-work support through newly installed nursing rooms for mothers.

Team-member safety is our top operating priority, and we continue to search for new and better ways to become a zero-injury company. Whether it's deploying new Safety Action Teams, conducting Safety Challenges, or installing state-of-the-art lighting improvements, we are dedicated to the well-being of our team members. In addition, an emphasis on ergonomics has led to various

improvements in our plant, including the implementation of robotics to assist our human team members in their secondary operations.

Having a safe and supportive work environment is necessary but not sufficient for our success. With the goal of also having active workforce engagement, we created a comprehensive career pathway, the Career Framework, that allows every team member, from the shop to the lab to the offices, to identify the skills he or she should focus on acquiring for career growth.

Corporate Responsibility also means being a good civic partner. The S&C Foundation spends more than \$1 million each year on activities supporting community development and health services, arts and culture, and education. We encourage our team members worldwide to contribute their time and resources to many worthy causes, including blood drives, toy and gift card drives, food drives, and service outreach programs, in their local communities.

Our focus on the broader elements of corporate responsibility have not diminished our continuing work on sustainability. In 2017, facilities in Chicago; Franklin, Wisconsin; Alameda, California; West Palm Beach, Florida; Aguascalientes, Mexico; and Suzhou, China, became certified or recertified as compliant with the latest ISO 14001:2015 environmental management standard. We also continued to make strides toward our goal of landfill-free waste. On our main campus in Chicago, we set an all-time record of 94.4% for diversion of waste from landfill, the equivalent of 250 truckloads of soil!

As S&C grows, we are ever mindful of our consumption of critical resources. In 2017, despite setting new records for production volume, we reduced our water consumption by 10% and our energy consumption by 7%, even as we added new electric car charging stations that are available to our team members at no cost. For the electricity we do consume, our U.S. facilities continue to source 100% from renewable sources.

S&C has a vision to “Empower People to Transform the Electric Grid.” Empowerment and transformation present exciting opportunities for our company and others who depend on us, but the opportunity comes with significant corporate responsibility—to our team members, to our community, and to our environment. Through our core value of “Responsible Stewardship,” we enthusiastically embrace this continuing challenge.

Kyle H Seymour

CORPORATE RESPONSIBILITY

S&C Electric Company, which in 2017 celebrated its 10th year of team-member ownership, is an equal-opportunity, majority-minority company, with 58% of the workforce at its main manufacturing facility in Chicago, and 54% across all its U.S. locations, represented by people of color. A 107-year-old company, S&C has continued to grow—both domestically and globally—while keeping the needs of its diverse workforce at the fore-front of its operations. The company's Chicago headquarters, for example, saw its number of team members rise by 475, or 32% percent, to 1,960 as of December 31, 2017, compared with 1,485 five years earlier.

Introduction

With S&C's focus on providing a caring culture and abundant opportunities for career growth, it's not surprising that once team members are hired at S&C, they tend to stay, often for a long time. As of December 31, 2017, **the average length of employment among full-time S&C team members was 11.5 years.** By pay group, **the average time of employment for annual team members was 11.6 years,** while for **monthly and hourly team members the average was 14.7 years and 10.7 years respectively.** More than **700 individuals belong to S&C's Quarter Century Club,** including 330 active team members who have been with the company at least 25 years.

As more electrical engineers, assemblers, machinists, project managers, technicians, finance and accounting professionals, sales experts, and others look for stable work environments, S&C has much to offer in a highly attractive work environment. That's rare today, and it's something that has helped attract strong expertise in the various high-voltage protection and product-servicing areas where the company has excelled for more than a century. S&C continues to grow its reputation for leading innovation in developing next-generation medium-voltage switching and protection equipment.



Health, Safety, and Environmental Assessments

In 2017, S&C facilities in Chicago; Franklin, Wisconsin; Alameda, California; West Palm Beach, Florida; and Suzhou, China, **became certified or recertified as compliant with the latest ISO 14001:2015** environmental management standard. But S&C last year took its efforts even further by launching an internal Health, Safety, and Environmental (HSE) initiative to assess the conditions and activities of its facilities globally.



The HSE Team began with reviews of S&C's offices and plant operations in Toronto, Franklin, and Suzhou. S&C's other facilities, including its main manufacturing plant in Chicago, are scheduled for reviews in 2018.

The initiative began with the creation in 2017 of a 51-section pre-assessment questionnaire. S&C's HSE Team provides the survey to facilities about three months before official assessments will occur to give leadership an opportunity to use it for reviews and to ask any questions.

The initiative's goal is to create baseline performance ratings for each facility. Those ratings will then be used to compare results during subsequent assessments every two years. The comparisons will be against a facility's own earlier rating and that of S&C as a whole (the average of all facilities), with the goal of having facilities compete for the best ratings and continuous improvement.

While the assessments should inherently help with any third-party compliance evaluations, the purpose of these S&C internal assessments is to serve as internal coaching/learning experiences. Assessors don't just say "go fix" a discovered problematic issue, but instead they gather team members together and ask them to focus on a specific area and search for an identified problem. The goal is to teach team members to see what skilled assessors see when they do their evaluations in the hope they can learn to identify problems before they're found during an internal review.

Supplier Assessments

Just as S&C is conducting HSE assessments internally, **we also review the HSE practices of our suppliers.** A key requirement of ISO 14000:2015 is to encourage suppliers to have strong HSE programs. The HSE review is one of 16 sections of S&C's supplier evaluation, which also examines our suppliers' sustainability strategies, how they handle hazardous materials, their quality-improvement initiatives, and other factors, such as whether they are certified as a minority or woman-owned business.

CORPORATE RESPONSIBILITY

Team Member Benefits

Education

When team members take a broad range of classes and meet specific grade requirements, S&C entirely or partially reimburses tuition costs for undergraduate and post-graduate degree programs. In 2017, **S&C provided a total of \$355,000 in tuition reimbursements:** \$290,133 to graduate students and \$64,948 to undergraduate students.

Career Framework

In 2017, S&C expanded its Career Framework initiative, organizing jobs so team members get a clear understanding of the competencies required to move into larger roles within the company or laterally to different areas or departments. When combined with the tuition-reimbursement program, **the Career Framework helps individuals develop and grow careers**, even if opportunity, motivation, or resources were lacking earlier in their lives. S&C also provides many classes to managers within the company to help make them better leaders.



Health Benefits

S&C provides a robust health-insurance package and other benefits to its team members, including short-term disability pay and long-term disability coverage at no cost to them—an important safety net in the event of a serious health issue—as well as free life insurance coverage.



Paid Leave

In 2017, S&C enhanced its paid leave program, which provides time off following the birth or adoption of a child. The initiative now also provides partial reimbursement for the cost of adoption and fertility/reproductive services. Additionally, S&C's Chicago location opened a new, upgraded nursing room for new mothers to use when collecting breast milk.

Team Member Wellness

S&C's team member health-and-wellness initiatives are showing success at reducing average rates for cholesterol, blood pressure, and other health factors. This success is being driven by a variety of programs that include:

Biokinetix Warmups

To help its team members warm up major muscle groups prior to starting the workday to reduce risk of sprains and strains, S&C in 2017 began rolling out the Biokinetix 3-minute warmup, a twice-a-day program of task-specific moves using powerful resistance tools. This warmup program began rolling out across the Chicago campus, with team members reporting the majority of improvements to their back, shoulders, and wrists.



S&C has invested heavily in its AMP UP! Program, a holistic initiative developed in partnership with Advocate Health Care. Through AMP UP!, team members learn to understand and manage their own health through a combination of integrated clinical, educational, and activity-based resources, while having access to appropriate health care.

AMP UP! Benefits team members by:

- > Helping them understand their present health status
- > Offering interventions to improve health outcomes
- > Identifying gaps in care for those with chronic health conditions
- > Providing access to health resources and trained clinicians

With AMP UP!, team members receive professional assistance in creating a Personal Health Action Plan, and they receive access to a variety of programs and services that help them meet their goals. S&C's Chicago facility also has an on-site Wellness Center, where team members can work out and participate in exercise programs. In 2018, **S&C will contribute \$250 toward the health care costs of team members who participated in AMP UP! in 2017.**

The program has proven itself repeatedly through improved team-member health indicators. For example, in the AMP UP! Hug Your Heart initiative, **average weight among participants dropped to 189.6 pounds in 2017 from 194.1 pounds the previous year, while the average waist circumference fell to 39.7 inches from 40.1 inches.**

CORPORATE RESPONSIBILITY

Community Activities

S&C takes pride in providing responsible stewardship to both the local communities where it operates and globally where assistance is needed.

2017 was a particularly difficult year for people affected by various major disasters, including Hurricanes Harvey, Irma, and Maria, and the major earthquake in central Mexico. S&C provided \$60,000 in relief aid to help those affected by these events.



One of S&C's guiding principles is that it will be a good neighbor and support its surrounding communities and their charitable organizations. Demonstrating a commitment to this core value, in Chicago, where S&C's headquarters is located, the company and its team members joined together in a **company-matched annual giving campaign** that benefited United Way, Community Health Charities, and the Misericordia Home, an organization near S&C's headquarters that houses more than 600 children and adults with developmental and physical disabilities. Through its donor-advised fund, **S&C matched \$1.50 for each dollar S&C team members donated.** The initiative resulted in a **contribution of more than \$433,000 to those organizations**, a dramatic 52% increase from the previous year's total.

S&C's financial assistance went toward:

- > **Science, Technology, Engineering, and Math (STEM) education.** Some 15 organizations received S&C funding, including Adler Planetarium, multiple Chicago public schools, Chicago Public Libraries for their science kits and summer reading programs, high school robotics clubs, and the University of Illinois College of Engineering. The grants also helped the Museum of Science & Industry's Center for the Advancement of Science Education, which supports both teacher professional development and community outreach.
- > **Basic human needs, including support for 16 organizations.** This included food pantries, homeless and domestic violence shelters, Misericordia, North Side Community Resources, United Way, and the American Red Cross.
- > **Arts and culture organizations.** This included support for many of Chicago's prominent institutions, such as the Museum of Science & Industry, Adler Planetarium, the Field Museum, the Shedd Aquarium, Chicago History Museum, Lincoln Park Zoo, and the newly opened American Writers Museum; grants also were provided to neighborhood historical societies and theaters.
- > **Health-related activities.** This included those at Presence Saint Francis Hospital, to expand its community cancer-support services and Community Health Charities.
- > **Community development.** Beneficiaries included the Jane Addams Resource Corporation and Chicago Urban League.

In 2017, S&C provided grants to 55 organizations involved in arts and culture, basic human needs, community development, education, and health.



Team Member Initiatives

S&C team members demonstrated S&C's core value of "Responsible Stewardship" through service to our communities. A few notable examples taking place in Chicago included:

- > **Toys for Tots:** S&C team members provided new, packaged toys, which the U.S. Marine Corps distributed to children in need during the December holidays.
- > **Blood drive:** Some 121 donors participating gave 109 pints of blood—enough to save as many as 327 lives—to Chicago-area hospitals.

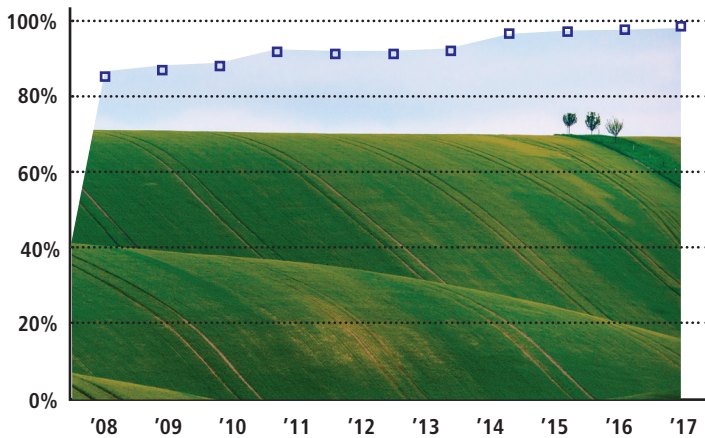


- > **Gift card drive:** S&C's Professional Women's Group continued its partnership with Between Friends, a nonprofit agency dedicated to breaking the cycle of domestic violence and building a community free of abuse. Through an initiative to provide support to for the agency's annual gift card donation drive, **S&C team members donated \$1,235 in gift cards and monetary donations** to benefit individuals served by the organization.
- > **Thanksgiving Food Drive:** S&C's New Professionals Group in Chicago held a food drive to benefit the Greater Chicago Food Depository. As part of the drive, **S&C matched \$1 per pound of non-perishable food donated by team members.** Donation bins were placed in six locations throughout the Chicago campus, and team members also could donate by shopping online.
- > **Ladder Up Volunteering:** S&C's New Professional Group also hosted a Lunch & Learn so team members could find out how to get involved in Ladder Up, a nonprofit organization that offers free tax services to those in need and training for those who would like to volunteer to help families during the tax season.

CONSERVATION TRENDS

Waste Diverted from Landfill

WASTE DIVERTED FROM LANDFILLS



S&C has a goal to become a “Landfill-free” company, meaning it would send less than 1% of its manufacturing waste to landfills. Its main manufacturing facility in Chicago avoided sending 94.4% of its waste to landfill. The 14.9 million pounds in total weight is **the equivalent of 250 truckloads of soil.**

Various factors in 2017 helped drive the continued improvement in reducing the amount of materials S&C, and its team members, sent to landfills:

Recycling

S&C continually looks for sustainable options for handling its waste streams. In 2017, 8,550,268 pounds of scrap metal was recycled, **the equivalent to eight Airbus A380 airplanes.**

8,550,268 pounds of scrap metal was recycled = 8 Airbus A380 airplanes



2017 waste-reduction initiatives included:

- > Securing a vendor that recycles red fiber board (This resulted in **32,339 pounds of material being removed from the landfill waste stream and recycled.** Since this option only became available in the last 6 months of 2017, S&C expects the total weight to double in 2018.)
- > Securing a company that recycles boric acid and aluminum oxide to make soap (This arrangement resulted in **29,887 pounds being recycled.**)
- > Securing a recycler of zinc phosphate, which is generated from cleaning process equipment (This option increased S&C's recycling by **4,000 pounds.** This number is expected to quadruple in 2018.)



- > Using more reusable packaging (In 2017, S&C re-used **650,925 pounds of packaging** with some suppliers through supplier-managed inventory programs. We are continuing to work with our suppliers to further increase this number.)

Used Batteries and Scrap Electronics

S&C has collection areas throughout its Chicago campus where team members can bring their spent batteries. In 2017, this initiative resulted in 2,871 pounds of batteries being recycled, the **equivalent weight as a loaded car.** S&C segregates all scrap electronic waste and also provides team members with a location where they can bring used TVs and other electronics for recycling. The combined total of both team members' electronics and S&C's electronics is **33,224 pounds, the same approximate weight as a railroad freight car.**

Composting

Composting continued to grow at S&C, aided by the deployment in 2017 of an on-site compost compactor. All materials used in S&C's cafeterias and coffee cups dispensed from food vending machines are compostable. During 2017, 63,833 pounds of food waste and associated food containers were composted, **the same weight as the propeller for a large cruise ship.**



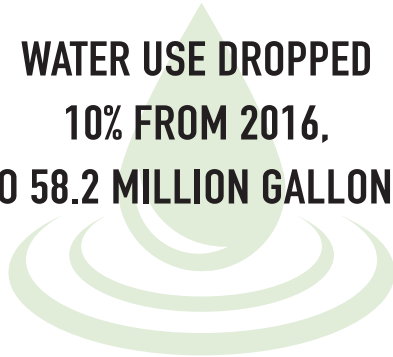
ENVIRONMENTAL PERFORMANCE

As described in the “Corporate Responsibility” section on pages 4 through 6, S&C is a growing company. One might assume that would mean S&C is using more utility resources in its manufacturing processes. In some cases, utility use was down in 2017, driven by proactive measures designed to eliminate unnecessary use.

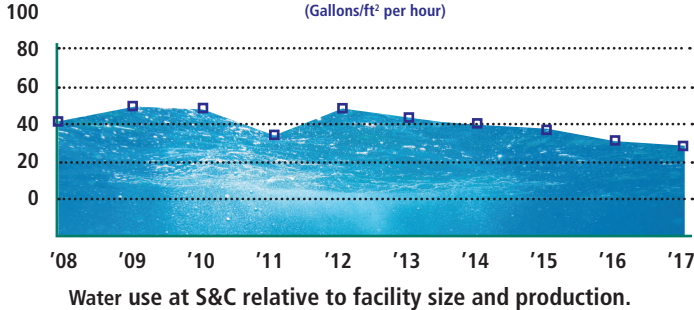
Water

In 2017 S&C **reduced its water use by 10% from 2016, to 58.2 million gallons**, despite increased production. Water use relative to facility size and production was **down 17.8%, to a factor of 28.7**. A variety of ongoing initiatives helped drive the reductions, including reducing the use of water for cooling applications, reducing use of process rinse water, and reducing water use in landscape maintenance.

**WATER USE DROPPED
10% FROM 2016,
TO 58.2 MILLION GALLONS**



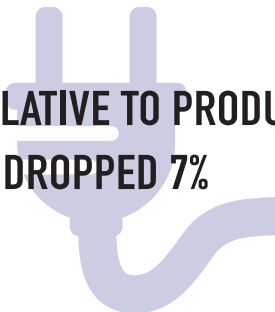
WATER USAGE FACTOR, 2008-2017
(Gallons/ft² per hour)



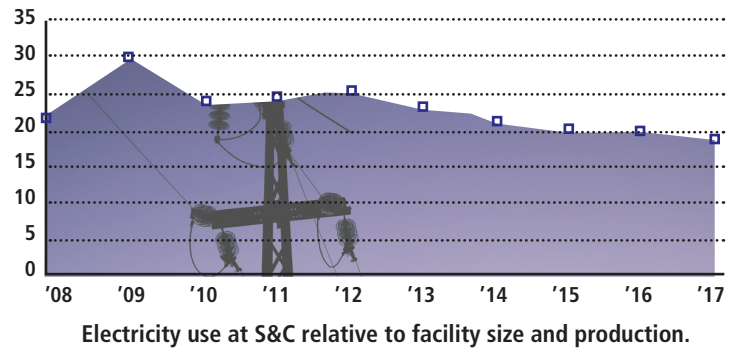
Electricity

2017 was a busy year at S&C’s Chicago headquarters. While total electricity use in 2017 rose 2.7% from 2016, to 38.6 million kWh, but **power use relative to production dropped 7%, to a factor of 19.03**. S&C remains committed to power generation through renewable sources and is a member of the U.S. Environmental Protection Agency Green Power Partnership. All power used at S&C’s U.S. facilities is backed using renewable-energy credits, which in 2017 totaled 40,000,000 kWh.

**POWER RELATIVE TO PRODUCTION
DROPPED 7%**



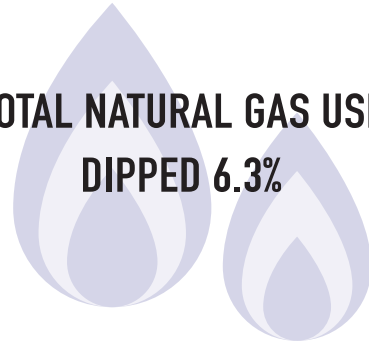
ELECTRICITY USAGE FACTOR, 2008-2017
(kwh per ft² per hour)



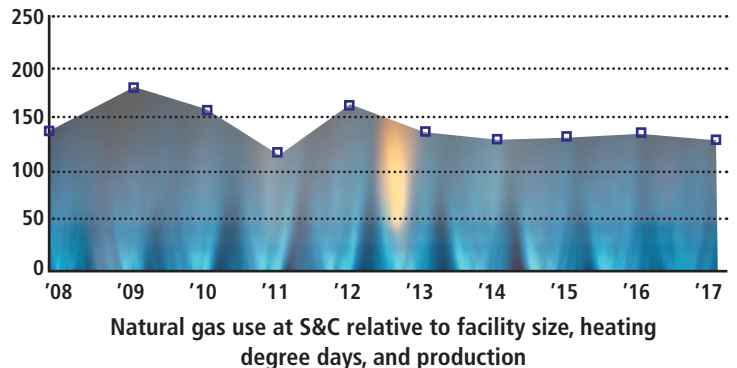
Natural Gas

Total natural gas use **dipped 2%, to 1.5 million therms**, and it **fell 6.4% relative to facility size and production, to a factor of 136.3**. Additional headway was made in the deployment of high-efficiency gas heating, variable-speed drives to match load with usage, LED lighting, and improved automation.

**TOTAL NATURAL GAS USE
DIPPED 6.3%**



NATURAL GAS USAGE FACTOR, 2008-2017
(Therms per ft² per hour)



**INCREASED SF₆
RECOVERY BY 167%
FROM 30% TO 80%
OVER 2 YEARS**

Emissions

S&C implemented a variety of changes and updated material and equipment to dramatically increase SF₆ recovery efficiency. Through equipment upgrades and training efforts, **S&C has increased its SF₆ recovery rate, to 80% from 30%, over the last 2 years.** Better recovery reduces CO₂-equivalent emissions. The company expects to see a 90%-95% recovery rate for SF₆ through continuous improvements efforts. Enterprise-wide efforts to reduce use of SF₆ include research and development into alternate gases and the continued offering of solid dielectric switchgear with our Vista® SD Underground Distribution Switchgear product line.

S&C's main manufacturing plant in Chicago in 2017 produced 32.1 tons of volatile organic compounds (VOCs), **representing a 5.6% increase** from the previous year. Driving this increase is a greater focus on our LEAN manufacturing pull system, which results in more frequent paint color changes to make the right product at the right time.

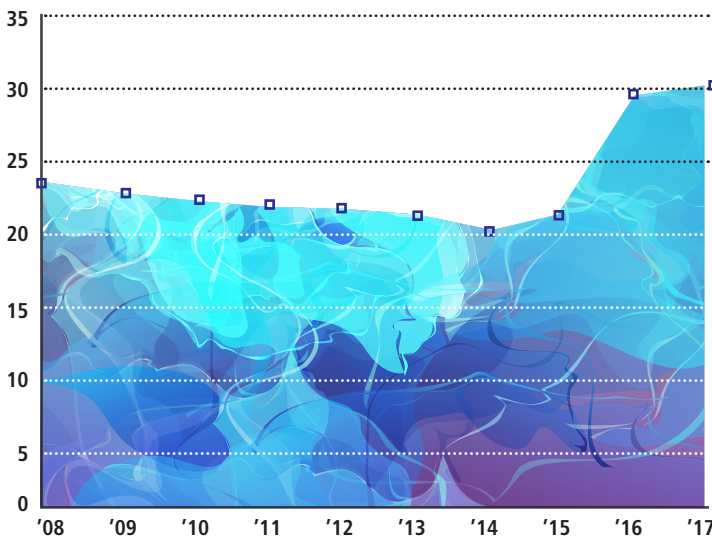
S&C's production of hazardous air pollutants (HAPs) continued to be minimal. HAP emissions remained flat at 0.09 tons. S&C continually looks for and evaluates more environmentally safe chemicals, with the goal of virtually eliminating its HAP emissions by 2022.

Other 2017 efforts to reduce S&C's carbon footprint included installing a high-efficiency boiler. S&C also deployed another double-car charger, bringing to 13 the number of electric-vehicle car chargers available to team members in the Chicago parking areas so they may recharge their cars at no cost to them.

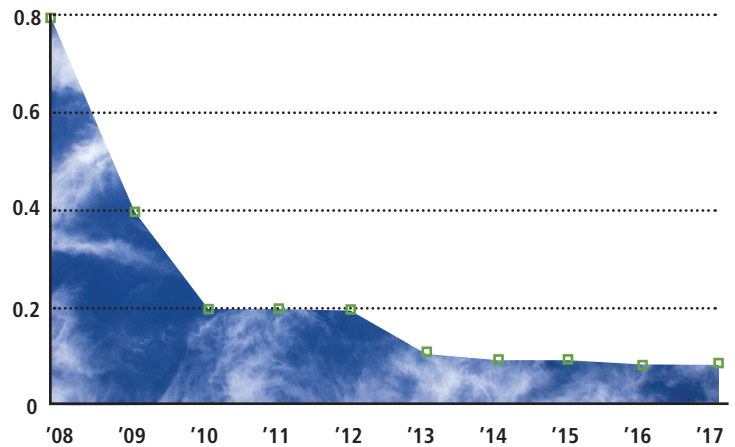
**S&C AGAIN PURCHASED
RENEWABLE ENERGY CERTIFICATES
TO BRING OUR SCOPE 1 AND
SCOPE 2 CARBON FOOTPRINT DOWN
TO 56,904 TONS OF CO₂ EMITTED,
WITH ZERO INDIRECT EMISSIONS
FROM RENEWABLE ENERGY.**

To further our environmental-management system efforts, Life Cycle Awareness training was held for the engineering staff at S&C's Chicago; Franklin, Wisconsin; and Alameda facilities. The training is designed to educate engineers on the impact their decisions can make on S&C's carbon footprint and to develop tools to affect material choices and other design decisions to minimize the impact on the environment.

VOC Emissions, 2008-2017
(In Tons)



HAP EMISSIONS, 2008-2017
(In Tons)



TEAM MEMBER SAFETY

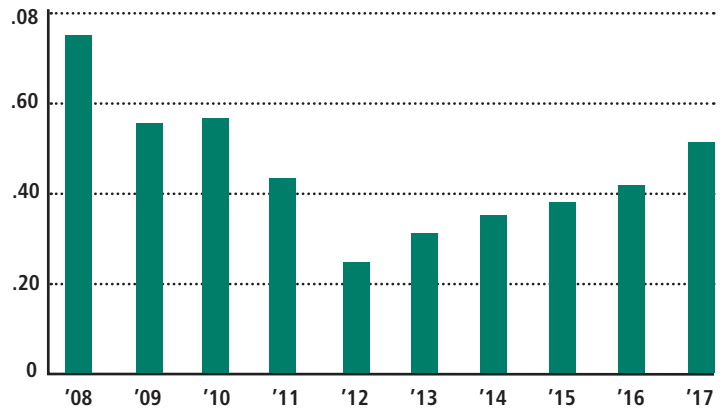


TCIR and DART Rates

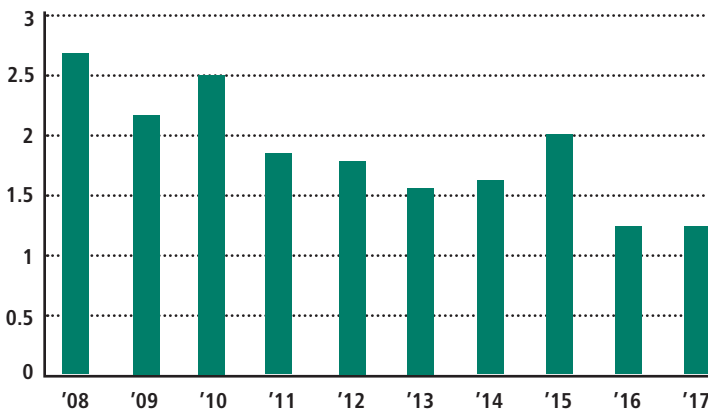
S&C's 2017 overall injury-safety statistics showed mixed results. The **Total Case Injury Rate (TCIR), at 1.24, was essentially unchanged from 2016,** while the Days Away, Restricted, or Transferred (DART) rate **increased by a factor of 0.12, to 0.56.**

Although S&C's Injury and Illness rates are well below like-industry average, the target is always zero.

DART Rate



TCI Rate



Safety-Improvement Initiatives

Faced with the issues noted in the "TCIR and DART Rates" section, S&C adopted a proactive approach to keep its team members safe. Among the initiatives S&C implemented in 2017 included:

- > Enhancing and fully implementing a new-hire safety and health orientation onboarding process, **with more than 400 new S&C team members trained in Chicago**
- > Adding additional Safety Action Teams to the shop floor to improve team-member involvement in safety
- > Conducting Safety Challenges, where multiple team members work to identify safety concerns or hazards and proactively implement immediate safety countermeasures to contain the issue and then take actions to have permanent corrective measures implemented
- > Implementing **a new mass-notification system for emergency response**, and updating the Chicago evacuation assembly areas with higher visibility signs and painted ground markings
- > Installing safety blue lights that shine on the front, sides, or rear of forklift trucks so pedestrians can more easily see approaching lift trucks while walking on the shop floor

Ergonomics

A tow chain deployed in the pad-mounted gear area is helping move 3,000-pound cabinets. The product on the assembly line now automatically indexes every 24 minutes to eliminate the need for assemblers to manually push them from station to station. This is far better from an ergonomic perspective. The new tow chain conveyor runs the length of PMG assembly, which is more than 200 feet. S&C also installed a robot to process molding polymer components in an initiative to improve productivity by enabling a single team member to operate more than one machine. This helps mitigate team-member injury from strains and potential repetitive-motion consequences.

In our Polymers area, an Automatic Guided Vehicle (AGV) system was implemented to reduce operator handling and lifting of polymer components, which weigh more than 50 pounds. Other ergonomic improvements included adjustable height work benches and power-assisted floor jacks.



ASIA PACIFIC

Charitable Activities

The S&C Asia Pacific team, based in Melbourne, Australia, in 2017 embarked on a journey to Seaford, a small beachside town in the state of Victoria, to clear various harmful weeds from the natural habitat. The team **removed 11 full bags of weeds** from the area. In addition, **S&C donated \$10,000** to a local environmental group, Friends of Edithvale–Seaford Wetlands, to help offset the team's CO₂ emissions throughout the year.



Team Member Activities

The S&C team released a new branded promotional “Karma Kup” and water bottle for both team members and customers. The reusable cup will assist in reducing the number of disposable cups sent to landfill, and the water bottle will help reduce the number of plastic bottles used around the office and thrown away. Both the reusable cup and water bottle can be found on

everyone's desks. **S&C estimates the initiative will reduce at least 3,750 disposable coffee cups used in the Melbourne office each year.**

Office Initiatives

S&C's Melbourne office in 2017 introduced various initiatives to support environmental sustainability. These included:

- > Launching a paper towel challenge that encourages team members to use a tea towel to clear away counter top water spills instead of disposable paper towels, thus reducing the amount of used paper towels sent to landfill
- > Rebranding the various recycling bins to avoid rubbish being placed in the incorrect bins
- > Introducing battery and printer-cartridge recycling bins
- > Bringing in plants to improve air quality, assist with lowering psychological stress, increase task performance, and improve health

CHINA

S&C's business in Suzhou, China, S&C Electric (China) Company Ltd., faced an issue regarding temporary storage of leftover hazardous waste. A temporary shed that stored containers holding liquid waste had no doors, just a layer of concrete on the ground. As a result, any waste accidentally seeping from the containers could flow to the ground and penetrate the soil, polluting the environment, especially on rainy, windy days.

To address the issue, the facility in 2017 **constructed a hazardous waste warehouse**. As part of the improvement plan, the business:

- > Installed doors on the warehouse to protect the waste containers from wind and rain



- > Placed a containment liner to avoid allowing waste to seep and penetrate the soil
- > Dug a ditch to collect any accidental leaking waste, along with a waste pool connected to the ditch to store any leaking waste

By creating the warehouse, the business passed a government environment protection bureau audit. The facility also **now has 100% control of its solid and liquid hazardous waste.**

In 2017, the S&C business **disposed of 39 tons of solid hazardous waste, up 1.6% from 38.4 tons the previous year.** It disposed of one ton of liquid hazardous waste, approximately the same as the previous year. The facility also **recycled 30.5 tons of epoxy resin (78.2% of total solid waste)**, down 13% because of a reduction in epoxy-resin residual during production.

Water use at the facility dropped 33%, to 710,623 gallons (2.7 million liters) from 1.04 million gallons (3.9 million liters) in 2016. Electricity use rose 0.8%, to 777,580 kWh from 771,290 kWh a year earlier.

GLOBAL INITIATIVES

CANADA

The S&C manufacturing facility in Toronto undertook various projects in 2017 to reduce power consumption:

- > Testing and adoption of new solutions for introducing LED lighting helped reduce overall annual power consumption by 64,846 kW, and it **helped reduce fluorescent lamp disposal by 476 lamps per year on average.**



- > A white roof installed on an air-conditioned office building lessened heat gains over the summer and reduced cooling requirements.

- > A chiller/cooling tower was replaced, enabling S&C to install a chiller with a scroll compressor instead of a reciprocating compressor. The tower will offer future energy savings totaling around 4560 kW/yr. The new chiller also uses ozone-friendly hydrofluorocarbons as the refrigerant. The switch also enabled the facility to eliminate 160 pounds of ozone-depleting R22 refrigerant from its inventory.



The Toronto facility also made strides in reducing landfill use:

- > In the cafeteria, biodegradable cutlery and coffee lids were introduced, **redirecting 94,000 items annually in waste normally going to "energy from waste" to organic disposal.**
- > Several drinking fountains throughout four buildings were replaced with bottle-filler stations, and S&C distributed bottles to interested team members for use in those stations, thereby **reducing by 35,400 the use and disposal of plastic water bottles.**

Throughout the year, the Toronto facility continued to support the community through several charitable events:

Christmas Toy Drive: S&C partnered with Toronto Fire Services to provide more than 100 toys for less-fortunate children in the greater Toronto area.

Used cell-phone collection: In conjunction with Victim Services, team members donated more than 40 cell phones to aid in the rescue and recovery of victims of domestic violence and human trafficking.



Toronto Corporate Run: Some 28 team members joined in a 5-km run/walk, raising C\$500 for the Centre for Addiction & Mental Health.

Heart & Stroke Foundation "Big Bike": For 20 minutes, 29 team members powered one BIG bike through a predetermined city route to raise C\$1,915 to help heart-attack and stroke victims. Separately, 17 team members participated in the Manulife Ride for Heart by walking, running, or cycling on traffic-free highways, raising C\$1,600 for Canadian research funded by the Heart & Stroke Foundation.

"Causal Fridays for Office Staff": Team members donated \$1 each to wear jeans on Fridays, and the \$3,000 raised during the year went to the Red Cross Relief for Hurricane Irma and Make-A-Wish Foundation.

Other organizations also recognized S&C's sustainability efforts:

- > **Epiphany Coaches**, a relationship-focused firm that implements an Enterprise Coaching System, **donated the planting of a forest of 1,000 trees** by Trees for the Future in honor of S&C and its continued development of sustainable business practices and commitment to the development of the local community.
- > Electro-Federation Canada (EFC) awarded S&C the **Sustainability Initiatives Award** at the 4th Annual EFC Marketing Awards Program.



EUROPE, MIDDLE EAST, AND AFRICA

Environmental Highlights

In 2017, S&C Electric Company UK Holdings Ltd., which covers the Europe, Middle East, and Africa (EMEA) region, **transitioned from the international Environmental Management ISO 14001: 2004 standard to the new ISO 14001: 2015 standard.** External auditors reviewed the new management systems and found all in compliance.

The EMEA business unit also reached the required performance levels to **maintain Carbon Reduction Program certification from the Carbon & Energy Management and Reduction Scheme (CEMARS) for 2017.**

Following the headquarters move to a new United Kingdom office in Baglan, Wales, the EMEA business unit set up a new waste-management regime that met the target of sending zero waste to landfills. The general waste collected from the site is taken to an energy-from-waste facility, where it is used to produce energy and heat, enabling the S&C subsidiary to declare its sends zero waste to landfill.

The EMEA facility's mixed recycling is taken to another facility that sorts the contents into individual waste streams used to create new products to be sold again in the marketplace. The S&C facility limits its mixed recycling to cardboard, paper, plastic bottles, and tin cans, ensuring 100% of this waste is recycled.

Leftover food also is taken to a composting facility, where it is placed in starch bags that compost down with the food waste. Moreover, 94% of industrial waste, which mainly comprises waste electrical and electronic components from project sites, was recycled, up from 92% in 2016.

Health and Safety

For 2017, S&C's EMEA business maintained a zero-reportable-accident performance, with no recorded injuries to S&C team members or contractors.

S&C EMEA also **successfully maintained Occupational Health and Safety Assessment Series (OSHAS) 18001 standard Occupational Health and Safety Management certification.** The standard provides a framework to identify, control, and decrease the risks associated with health and safety within the workplace.

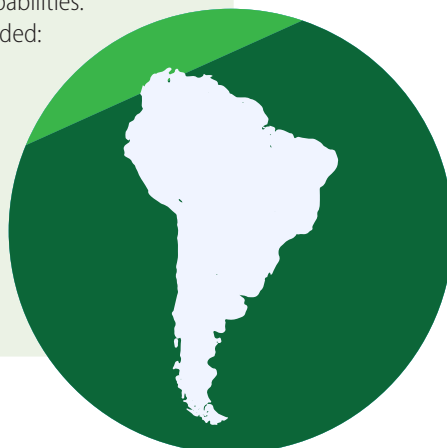
In 2017, **S&C EMEA was awarded the Royal Society for Prevention of Accidents (RoSPA) Gold Award** in recognition of excellence in health and safety management. Through the RoSPA Awards scheme, which is open to businesses and organizations of all types and sizes from across the UK and overseas, judges consider entrants' overarching occupational health and safety management systems, including practices such as leadership and workforce involvement.



SOUTH AMERICA

S&C's operations in South America went through a restructuring that included discontinuation of manufacturing activities, and this affected the breadth of activities and tracking capabilities. However, notable initiatives during the year included:

- > The **creation of a Fire Brigade**, an organized group of volunteers trained to react in case of a fire outbreak
- > Segregation of internal waste, where plastic, cardboard boxes, and other materials are collected for recycling or other distribution



MEXICO, CENTRAL AMERICA, AND CARIBBEAN

S&C's Mexico, Central America, and Caribbean (MCAC) business in 2017 continued to advance its efforts to improve the environment and employee safety. Among its biggest achievements was securing ISO 14001:2015, OHSAS 18001:2007, and ISO 9001:2015 certification. Team members also worked on various other initiatives to drive sustainability:

Environment

A accounting department project completed during the year minimized accounts payable document printing. **The reduction in paper use is equivalent to saving 5.3 trees.**

Through ISO 9001:2015, S&C records all team member suggestions for improvement, and last year they submitted 18% more improvement ideas than in 2016. Of those suggestions, 25% related to environment or safety, resulting in detected and repaired air leaks, placement of safety guards to avoid spills, the addition of filters and trays to contain leftover fiberglass tubes, improved ergonomics, and generally more efficient and safer processes.

Team Member Safety

In 2017, no Days Away, Restricted, or Transferred (DART) injuries occurred, and there were **no recordable injuries for the Total Case Incident Rate (TCIR) index** (see page 10 for an explanation of these two programs). Moreover, **First Aid accidents were reduced by 20%**, helped by new monthly "Safety Stop" meetings during which team members review environment health and safety results. Team members also are reminded at those meetings of the importance of their participation in S&C's IControl program, where they are provided advice and reminders on how to control their own safety, their equipment, their environment, the safety of others, and what they do.

Community Events

In September, some team members and their families participated in a marathon in Aguascalientes to benefit of the Mexican Red Cross, during which they either ran a 5/10-km route or walked 3 km.



Family Day Celebration

In June, during the traditional annual Family Day celebration in Aguascalientes, team member moms, dads, and their children participated in four workshops during which they **learned through dynamic games about the core values of respect, integrity, and the importance is becoming a virtuous person.** They also learned about waste separation for recycling, use of organic waste to make compost, and how to plant hydroponic vegetables.

Continuous Improvement

The fiberglass tube production line completed a project where two curing ovens were added, two CNC lathes were replaced, and an automated painting line was added. Besides increasing productivity and product quality, the main goals included increasing team member safety and reducing the line's environmental impact.

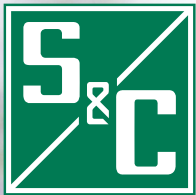
Ergonomic and bruise injuries were reduced to zero in 2017 from four the previous year. The **painting line's environmental benzene emissions also dropped, to 0.03 mg/m³ from 0.09 mg/m³ in 2016.**





OUR MESSAGE

S&C has demonstrated excellence in environmental stewardship for more than a century, long before “green” became a universal goal and a household term. We’ve always taken pride in conducting our business ethically and responsibly, in a manner that’s beneficial for our fellow citizens and the planet. From using safe and environmentally sound manufacturing practices to helping integrate renewable energy resources into the electric power grid, our actions consistently reflect our commitment to sustainability. We’re always working to reduce our own environmental footprint, from minimizing our air pollutants and water use to maximizing the recycling of our materials and developing even more environmentally friendly products and services. Motivated by civic loyalty and concern, our headquarters in Chicago strives to be a responsible, caring member of our local and global communities. This same approach prevails at S&C’s other U.S. facilities, and at our facilities in Canada, Europe, Brazil, Mexico, China, and Australia.



General Publication 100-G103

April 20, 2018

Supersedes Information Bulletin 103 dated April 21, 2017

sandc.com



*Printed on FSC certified recycled paper
with 100% vegetable oil inks*