



SUSTAINABILITY REPORT 2018

Datwyler Cabling Solutions



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Datwyler Cabling Solutions

Datwyler Cabling Solutions enables organizations around the world to run their IT infrastructures seamlessly and scale their business with ease. The well-established company has successfully acted as a supplier of innovative system solutions and products for data centres, fibre network, lift and smart buildings as well as the lead or main contractor who, working in close cooperation with local partners, covers the whole value chain in these markets: from site surveys, conception and system engineering through installation and logistics to documentation and system maintenance. The basis for this is the company's competence in product and solution design, its operating experience, its international presence and its globally established partner network. Datwyler Cabling Solutions has been founded more than 100 years ago, currently employs some 1'000 people and generates annual revenue of some CHF 245 million.

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www.cabling.datwyler.com

Long-term values

More than 100 years of innovation for the benefit of our customers, employees, shareholders and the community – that is the hallmark of Datwyler Cabling Solutions. Over this period, we have evolved from a family-owned Swiss business into an international company. Building on our strong roots, we have developed our own style with high standards and unique values:

We are entrepreneurs.

We bring value to our customers.

We excel in what we do.

We have respect for others.

These values guide the way we run our business over the long term. We strive to deliver sustainable profitable growth for the benefit of our stakeholders as the foundation for adding long-term value and preserving the corporate independence of Datwyler Cabling Solutions. Since end of 2012, Datwyler Cabling Solutions belongs to the Pema Holding Inc. with its headquarters in Altdorf, Switzerland. Pema Holding has been the majority shareholder of the stock quoted Dätwyler Holding Inc. for many years.

We voluntarily adopted the standards of the Global Reporting Initiative (GRI)* for the sustainability section of our 2008 Annual Report (as part of the Datwyler Group), and in 2009 we joined the UN Global Compact (as part of the Datwyler Group). This is an initiative launched by the United Nations which espouses ten principles in the areas of human rights, labour, the environment and combating corruption. In 2013, Datwyler Cabling Solutions joined the UN Global Compact as an independent company and obligated itself to follow the ten principles and to accept its responsibility within society. This endeavour is based on the values and the Code of Conduct that lay down globally binding rules for all Datwyler Cabling Solutions employees.

As far as our suppliers are concerned, we have set out our requirements in a dedicated code of conduct since the beginning of 2014. Regular surveys of customers and employees provide the basis for our processes of continuous improvement. In this way we live up to our social responsibility every day as a reliable partner to our stakeholders.

Johannes Müller, CEO

Sustainability as a strategic direction

Sustainability is about balancing economic, social and environmental responsibility. Within Datwyler Cabling Solutions, sustainability is an important strategic objective, embedded in all we do from product development, customer support, human resources management and production to social engagement. Our aim is to communicate these efforts transparently in this Sustainability Report and, for that reason, we have adopted the voluntary Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI)^{version G3}, Application Level C. The GRI Content Index can be found on the website of Datwyler Cabling Solutions under the following link: <http://www.cabling.datwyler.com/en/company/high-standards/sustainability.html>

Datwyler Cabling Solutions places great emphasis on respecting and engaging in an open and honest dialogue with all stakeholders who play a role in our business success and who are significantly affected by our business operations. These include, first and foremost, customers, the environment, employees, suppliers and the communities in which the Datwyler Cabling Solutions companies have often been long established and promote regional development as reliable employers and partners. The following pages are dedicated to these stakeholders by disclosing a number of performance indicators based on the requirements of the GRI Guidelines, while clearly illustrating the long-term approach fundamental to responsible corporate citizenship.

* The Global Reporting Initiative (GRI) based in Amsterdam has set itself the objective of improving the transparency and comparability of corporate reporting worldwide. The GRI Guidelines are the world's leading standard for sustainability reporting.

Quality for customers

Policy of high quality and reliability

Datwyler Cabling Solutions stands for more than its products alone. In all parts of our business, we focus on continuously improving the underlying processes, passing on the ever-growing pool of expertise to our customers. High quality standards and reliability are key factors that customers value in their working relationship with Datwyler.

Standardised processes assure quality

Datwyler Cabling Solutions invest continuously in even better materials and process engineering, production facilities and testing methods. Each product is measured against stringent quality standards several times before it reaches the customer. Business processes are based on the internationally recognised ISO certifications for quality management (ISO 9001), environment management (ISO 14001) and occupational health and safety (OHSAS 18001). Additionally there's a high commitment to innovation, which is also reflected in collaboration with universities, international standards bodies and independent testing laboratories. Regular supplier audits are also carried out as part of the quality assurance systems. At the start of 2014, Datwyler Cabling Solutions AG introduced a standard code of conduct for suppliers which is binding for all locations.

Throughout development, certification and production, we also devote special attention to an analysis of the impact of all our products on users' health and safety. For this, we apply standardised processes and accepted industry standards when purchasing new substances and materials. A specific example are the fire safety standards applicable across Europe to safety cables. During the reporting year 2018, Datwyler Cabling Solutions again recorded no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services on users.

Regulatory information requirements as minimum standards

Almost all of Datwyler Cabling Solutions' products are subject to information requirements in the countries where they are used. Particularly relevant are the chemicals legislation in Switzerland and the EU as well as the EU REACH and RoHS regulations concerning the material composition of products. While requiring transparency about material composition, the laws and standards also ban the use of certain substances. REACH (EU Regulation No. 1907/2006) governs the registration, evaluation and authorisation of chemicals in the European Union. RoHS (EC Directive 2011/65/EU) bans the use of certain substances in the manufacture and processing of electrical and electronic equipment. By using standardised processes in the selection of raw materials and with safety data sheets for all products, Datwyler Cabling Solutions meets the relevant regulatory requirements and standards for material composition and transparency in the countries in which they operate. For components of third parties Datwyler Cabling Solutions takes the responsibility for ensuring that imported products comply with national legislation and standards. We assume this responsibility by providing specifications to suppliers and by monitoring the products according to safety data sheets amongst others.



The solutions from Datwyler Cabling Solutions convince through high quality and future-proofing.

Focus on delivering customer value

Through decentralised management, Datwyler Cabling Solutions fosters an entrepreneurial culture with short response times and decision-making authority close to the market. Besides the products themselves, the complete solutions offered by Datwyler also encompass consulting, logistics and training services. Datwyler Cabling Solutions passed on its knowledge to more than 1'200 customer representatives at over 100 courses during the year, and in so doing strengthened customer loyalty. To facilitate relations with customers, Datwyler Cabling Solutions has established a clearly positioned and well-managed company brand as the foundation for a consistent corporate identity in the marketplace. The framework for this is provided by centrally coordinated worldwide trademark protection and a clear Corporate Design Manual.

In China, Datwyler Cabling Solutions in 2018 was again awarded "Top Brand" status in the cabling and network industry by respected Chinese associations and industry media.

Regular customer surveys

Datwyler Cabling Solutions regularly conducts a uniform standardised customer survey. The survey results provide valuable inputs for developing and implementing improvements. These form part of the systematic management process, helping us to continuously enhance our performance for customers of Datwyler Cabling Solutions.



Datwyler Cabling Solutions is regularly present at trade fairs and holds more than 100 customer training sessions per year with more than 1'200 participants.

Environment

Summary of resource consumption ⁽¹⁾

	Unit	2018	2017	
Energy				
Total energy consumption	MWh	20'235	20'655	-2.0%
– of which heating fuels	MWh	2'951	4'069	-27.5%
– of which externally generated energy	MWh	17'284	16'586	+4.2%
– of which electricity	MWh	16'727	16'586	+0.9%
– of which district heating	MWh	557	0	na
Heating fuels consumption per revenue	MWh/million CHF	12.3	17.7	-30.8%
Electricity consumption per revenue	MWh/million CHF	69.5	72.3	-3.8%
CO₂ emissions				
Total CO ₂ emissions	tonnes	3'849	3'922	-1.9%
– of which direct (Scope 1) ⁽²⁾	tonnes	740	1'035	-28.5%
– of which indirect (Scope 2) ⁽²⁾	tonnes	3'109	2'888	+7.7%
Total CO ₂ emissions per revenue	tonnes/million CHF	16.0	17.1	-6.4%
Water				
Drinking/industrial water consumption	m ³	797'878	674'169	+18.3%
Water consumption per revenue	m ³ /million CHF	3'314.9	2'937.0	+12.9%
Waste				
Total waste	tonnes	2'134	1'931	+10.5%
– of which regular waste	tonnes	2'070	1'885	+9.8%
– of which special waste	tonnes	64	46	+40.4%
Proportion of waste sent for recycling	%	65.2%	54.9%	+18.6%
Total waste per revenue	tonnes/million CHF	8.9	8.4	+5.4%
Net revenue	million CHF	240.7 ⁽³⁾	229.5	+4.9%

⁽¹⁾ In both, the reporting year and the previous year, the focus is on the three main locations in Switzerland, Germany and China. This enables Datwyler Cabling Solutions to cover 99% of resource consumption and waste and 94% of the workforce.

⁽²⁾ The CO₂ emissions are reported as direct (Scope 1) emissions, resulting from the combustion of fossil fuels at the Group's own facilities, and indirect (Scope 2) emissions, caused for example by the consumption of electricity and district heating. The CO₂ emissions from electricity consumption have been calculated using the so-called market-based approach. This value is also similar to those generated using a location-based approach. The emission factors used to calculate CO₂ emissions from electricity consumption were adjusted according to the latest International Energy Agency figures for the year under review and the previous year. This led to a decline in the previous year's figures compared with the Sustainability Report 2017.

⁽³⁾ To calculate the relative consumption of resources per unit of revenue, currency-adjusted revenues at the same exchange rates as in the previous year are taken into account in the year under review.

Ambitious objectives for reducing resource consumption

Datwyler Cabling Solutions has committed to the responsible use of natural resources in its values and code of conduct. Based on an analysis of materiality, the focus is on resource-friendly production. The company still wants to grow. But at the same time Datwyler Cabling Solutions wants to reduce the consumption of resources such as heating energy, electricity and water per revenue unit. The same applies to the volume of waste generated in the plants. To this end, Datwyler Cabling Solutions has set itself ambitious objectives up to 2020, which are to be achieved on average per year: Reduction of fuel consumption in relation to revenue (MWh/million CHF) by 6% per year, reduction of electricity consumption in relation to revenue (MWh/million CHF) by 3% per year, reduction of water consumption in relation to revenue (m³/million CHF) by 3% per year and reduction of the volume of waste in relation to revenue (tonnes/million CHF) by 3% per year. With these objectives and the associated measures, Datwyler Cabling Solutions is adopting a targeted approach to reducing its environmental impact. The environmental data in the table on page 6 cover the three most important Datwyler Cabling Solutions locations in Switzerland, Germany and China. Datwyler Cabling Solutions thus covers 99% of resource consumption and waste volumes as well as 94% of employees.

Certified environmental management

The basis for optimising resource consumption is the certified and integrated environmental management system ISO 14001. Datwyler Cabling Solutions continuously invests in the maintenance and modernisation of its production plants. The effects on resource consumption and the environment are also taken into account. In Switzerland, the Datwyler Cabling Solutions plant has been a member of the Swiss Private Sector Energy Agency since 2003 and enters into voluntary agreements to reduce CO₂ emissions.

CO₂-neutral cable production in Switzerland

Absolute energy consumption fell by 2.0% to 20'235 MWh in 2018. Around four fifths or 16'727 MWh of this is accounted for by electricity consumption. Despite an increase in revenues of 4.9%, electricity consumption only increased by 0.9%. Accordingly, relative electricity consumption per revenue unit fell by 3.8%, exceeding the reduction target of 3%. Almost one fifth of energy consumption is accounted for by process and heating energy. There was a significant change in this point in the year under review. Since the beginning of November 2018, the Swiss plant has been sourcing its process and heating energy from a nearby wood-fired heating plant. This CO₂-neutral district heating system will enable Datwyler Cabling Solutions to save around 380'000 litres of heating oil per calendar year in future and reduce CO₂ emissions by around 1'000 tonnes. As a result, Datwyler Cabling Solutions now produces com-

pletely CO₂-neutral in its Swiss plant. Since 2012, the electricity has come exclusively from naturemade-basic-certified hydroelectric power plants operated by the local power station. The resulting savings in CO₂ emissions amount to a further 1'500 tonnes per year. Electricity consumption at the Chinese plant increased in the year under review due to higher capacity utilization. For this reason, indirect greenhouse gas emissions from electricity consumption (Scope 2) increased overproportionally in the year under review. On the other hand, direct greenhouse gas emissions (Scope 1) have already fallen by 28.5% due to savings in heating oil in November and December. Overall, greenhouse gas emissions per revenue unit have decreased by 6.4%.

Increase of absolute and relative water consumption

At Datwyler Cabling Solutions' Swiss production site, the origin of the water is also worth mentioning. The water requirement of some 775'000 m³ (over 95% of the total water consumption of all sites) is completely covered by service water. In this way, Datwyler Cabling Solutions contributes to ensuring that as little high-quality drinking water as possible is consumed. At the Chinese site, where the use of process water is not possible, Datwyler Cabling Solutions has a closed water circuit with cooling unit, thus saving valuable drinking water. The high water demand reflects the specific requirements of the production process for the cooling of the cables after they have been coated with plastic. After a significant decrease in the previous year, absolute water consumption increased by 18.3% and relative water consumption per revenue unit by 12.9% in the year under review. Thus, the reduction target was clearly missed. In addition to the higher production volume, the long and hot summer in Switzerland is the reason for this. The unusually high temperatures resulted in significantly higher water requirements for air conditioning systems.

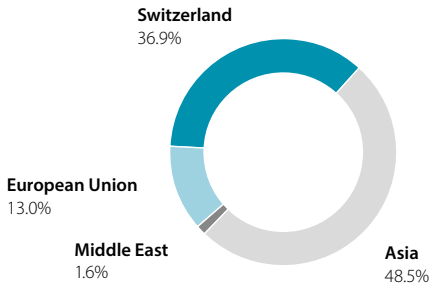
Increase of the absolute and relative amount of waste

Datwyler Cabling Solutions also recorded a 10.5% increase in absolute waste volume to 2'134 tonnes in the year under review, following a significant decline in the previous year. In relation to revenue, the increase amounted to 5.4%, which means that the reduction target was missed. The main reason for this was the higher production volume. The proportion of recycled materials increased by almost 20% to 65.2% in the year under review. Datwyler Cabling Solutions strives to continuously increase the share of recycling. However, the development also depends on the product mix produced and the corresponding demand for the waste materials.

Our people

Employees by region

(number of persons, end of year)



Clear core values and processes

Qualified and committed employees are particularly critical to the Datwyler Cabling Solutions future success in international industrial markets. For this reason, the company attaches special importance to fair and safe working conditions, thorough training and development, and a corporate culture with a high level of identification. A decentralised structure promotes personal responsibility and close contact with customers.

Workforce demographics

In 2017, Datwyler Cabling Solutions employed per end of year 883 people – including staff on fixed-term employment contracts – in six countries. This is equal to 850 full-time equivalents. The number of employees was increased by 14 or 1.6%. Based on an average headcount of 881 FTEs, revenue per full-time equivalent in 2018 slightly increased to CHF 277'701 (prior year: CHF 271'040).

The turnover rate for Datwyler Cabling Solutions in the year under review was 8.3%. Turnover is calculated by dividing the number of voluntary employee departures by the average headcount for the year (excluding fixed-term contracts). The percentage of employees with fixed-term employment contracts was 13.4%, which equates to 123 people. The proportion of women in the total workforce and in management positions was 28.6 % in both cases by coincidence.

Fair employment conditions

Datwyler Cabling Solutions ensures equal opportunities, equal treatment and fair employment conditions, pay fair wages and salaries, and offer employee benefits in line with national and industry standards. Employee costs, including social security and pension costs, amounted to CHF 54.0 million in the reporting year. In business reorganisation programmes, we consider the needs of the employees, engaging in a constructive dialogue with company employee representatives. By continuously raising awareness and supporting managers, Datwyler Cabling Solutions helps to promote equality of men and women generally in the work process.

Training promotes competence and safety

Datwyler Cabling Solutions is committed to ensuring a safe and healthy working environment. This applies both to technical planning of workplaces, equipment and processes and to safety management and personal behaviour in everyday working life. In the year under review, there were no absences due to workplace accidents, which documents the good state of safety management. Due to illness, the total days of absence at all sites amounted to 4'210 days. Per full-time employee, this figure equates to 4.78 absence days due to illness for the whole year. This value is still above the medium-term Datwyler target of four days of absence due to illness a year per full-time equivalent. Lengthy individual periods of absence tend to distort the average. The data covers all Datwyler Cabling Solutions employees at all sites, including temporary staff.

The markets in which Datwyler Cabling Solutions operates call for highly trained employees undergoing continuous development and improvement. Some of our initiatives to train young people are reflected in more than 40 apprenticeships offered by Datwyler Cabling Solutions. Our apprentices regularly receive top

rankings in national competitions, which are testimony to the high quality of technical instruction in the training workshops. We support and encourage training and retraining programmes to develop the technical and social skills of employees at all levels in the hierarchy.

Regular employee satisfaction survey

Datwyler Cabling Solutions holds a standardised employee satisfaction survey regularly at each location. The survey consisting of a written questionnaire in local languages is conducted with the help of an external specialist. This guarantees anonymity for employees. The survey is designed around the concept of benchmarking. The external specialist's experience enables Datwyler Cabling Solutions results to be compared with a pool of around 20'000 Swiss employees. Most of the facilities of Datwyler Cabling Solutions score about the same as the external benchmarks. The survey results provide valuable inputs for developing and implementing improvements. The measures to increase the commitment of employees are part of the systematic management process.



Datwyler Cabling Solutions provides a safe and healthy working environment, as here in the fiber optic cable manufacturing facility.

Community

Fair and responsible partner

Datwyler Cabling Solutions is committed to sharing responsibility for general community affairs. In mid-2008, Datwyler Cabling Solutions put in place a Code of Conduct that is binding for all locations and also sets out rules for proper interaction with business partners and competitors. Collusion, bribery and corruption are accordingly strictly forbidden. The Code of Conduct is reiterated to employees constantly during internal training sessions. Once again, no legal actions for anti-competitive behaviour, anti-trust or monopoly practices were brought against Datwyler Cabling Solutions during 2017. Nor were any significant fines or non-monetary sanctions imposed on Datwyler Cabling Solutions for non-compliance with laws and regulations during the reporting year.

In accordance with the Code of Conduct, Datwyler Cabling Solutions does not provide financial support to political parties, organisations or office holders.

Important contribution to regional development

The Swiss production facility operated by Datwyler Cabling Solutions has been located at Altdorf in the canton of Uri since the company was founded more than 100 years ago, giving it strong local ties. This is reflected, among other things, in local suppliers being accorded preference in purchasing where possible, as long as their price-performance ratio is competitive. With the exception of basic production feedstock, such as copper (which cannot be purchased locally), the facility in Uri sourced about a fifth of its purchases locally again in 2017. Datwyler Cabling Solutions has had its roots in the Swiss canton of Uri ever since its inception and employs some 320 persons at the production site in Altdorf. Datwyler Cabling Solutions intends to preserve industrial jobs in this peripheral region where economically viable and practical.

Social responsibility

The charitable Datwyler Foundation, established in 1990 by brothers Peter and Max Dätwyler, is endowed with a capital of some CHF 58 million. It does not own any shares in Datwyler Cabling Solutions AG and Dätwyler Holding Inc. or have any influence over the management of this companies. The purpose of the Datwyler Foundation is to support charitable initiatives. Since its beginnings, the foundation has awarded some CHF 13.9 million in grants. Of the total amount distributed, CHF 12.1 million or some 87% has gone to applicants in the Swiss canton of Uri. In the reporting year, a sum of CHF 768'000 was awarded.

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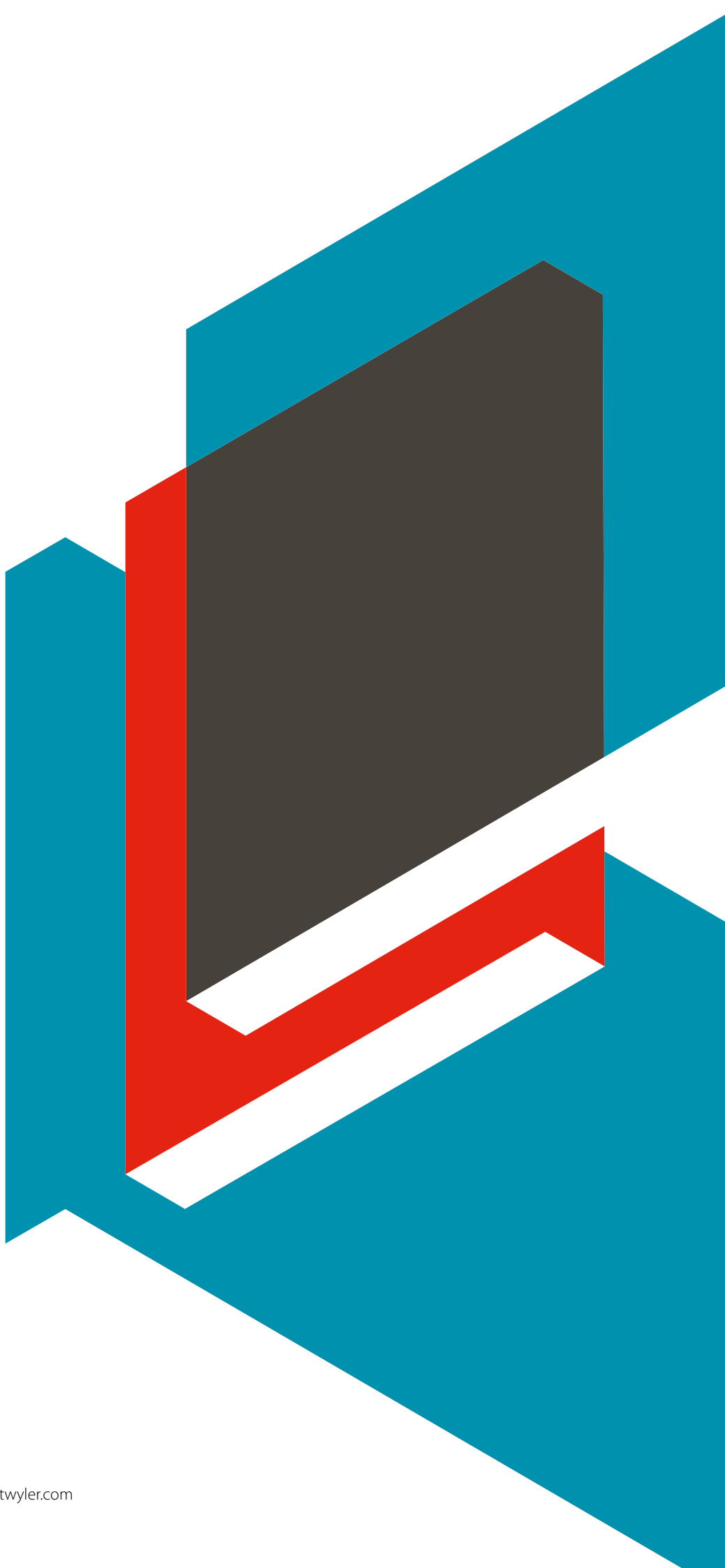
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