



**CORPORATE
RESPONSIBILITY
REPORT
2020**



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PRESIDENT'S MESSAGE

CORPORATE RESPONSIBILITY – LIVING HISTORY, LIVING OUR VALUES

PRESIDENT'S MESSAGE

From the invention of the liquid power fuse in 1909 to today's cutting-edge innovations, S&C Electric Company has innovated solutions that have helped transform the grid for generations.

Anchoring our legacy is a commitment to our team members, who are at the core of our innovative spirit. In alignment with our values and guiding principles, we strive to create a workplace that is safe, equitable, and welcoming. This commitment has never been more vital than during the challenge and uncertainty we have experienced during the COVID-19 pandemic.

S&C is an essential manufacturing business, and from the onset of the pandemic, team member safety was, and remains, our number one priority. We rapidly enacted strict safety measures in our facilities worldwide, including health screenings, hand-washing facilities, physical barriers, visual six-foot markers and more, and integrated remote work technology and protocols. We also adapted to federal and regional governmental guidance in our facilities around the globe and adjusted our supply-chain needs to safeguard our business continuity. With our focused integration of these measures, we continued to serve our customers and our communities, all of whom depend on our products and services to keep the electrical grid running.

Essential to our operations is fostering an environment where team members feel welcome to bring their whole selves to work. S&C is proud of its diverse workforce, and we have long understood that championing diversity is one step in providing an inclusive environment. We recognize our responsibility to address the social justice movement impacting many of our communities and team members. To that end, we accelerated our efforts to advance equity in the workplace, empowering our affinity groups to create timely, thought-provoking Diversity, Equity, and Inclusion programming, and launching our DE&I Committee, which engages

team member advocates to help define and drive S&C policies and initiatives.

Serving the communities in which we work and live is a hallmark of S&C's culture, born when founder Nicolas Conrad joined civic and business leaders in creating what became the United Way of Metro Chicago during the Great Depression. In the midst of the COVID-19 pandemic, we continued our Annual Giving Campaign, which generated record-setting donations with a match from our S&C Fund. The S&C Fund also continued its philanthropic efforts at pre-pandemic levels. Our international outreach was robust as well and included local donations to food banks, hospitals, arts organizations, and more.

S&C is also committed to helping negate the effects of climate change. By leveraging investments in new technologies, we have continued to make great progress in decreasing emissions, reducing electricity usage, and diverting waste from landfills. We continued our established programs, such as Sustainability Week, virtually, and international offices launched localized programs to reduce their carbon footprint. In addition, we reinforced our commitment to protecting the environment, signing the "We Are Still In" Pledge in support of the Paris Climate Agreement.

S&C's culture, honed over 100+ years of innovation, collaboration, and resilience, reflects a legacy of taking care of our team members, our customers, and our communities, even in the most uncertain of times. COVID-19 changed the way we worked, but not who we are. As we look to the future, prepare for a post-pandemic "new normal," and strive to create a more equitable world, S&C's commitment to living its values will proudly continue.



Anders Sjoelin,
President and CEO, S&C Electric Company



CARING FOR OUR TEAM MEMBERS

Caring for our team members and our customers has long been at the core of the S&C culture, guiding the decisions S&C leaders make and extending into the daily actions our team members take to help keep their coworkers and themselves safe and healthy.

CARING FOR OUR TEAM MEMBERS

CARING DURING COVID-19

In the wake of the COVID-19 pandemic, across the globe both companies and individuals were confronted with uncertainty and unexpected challenges. S&C's culture of safety and responsible stewardship proved essential in our response to keep our employees safe and continue to serve our customers with excellence.

In the beginning days of the pandemic, volunteers from across S&C came together in response to COVID-19. Projects ranged from team members working to produce and distribute personal protective equipment to modifying our facilities to allow for physical distancing.

This "we're-all-in-this-together" mindset also helped establish a face-cover production operation on and off campus that produced more than 5,500 S&C-made facemasks, 2,000 of which were distributed to team members by mid-April. Indeed, in 2020 S&C met and, in many cases, exceeded the recommended and required safety measures for COVID-19, implementing safety protocols and initiatives across the globe, including:

- ◀ Revamping our manufacturing processes and placing signs, videos, floor markings, and other content to continually emphasize COVID-19 safety procedures throughout campuses
- ◀ Providing additional health benefits and time off for any team members affected by COVID-19
- ◀ Creating an online information portal for team members to be able to stay informed on changing COVID-19 policies and updates, whether at work or at home
- ◀ Installing plexiglass and other shielding at applicable work stations
- ◀ Providing access to hand sanitizer throughout our facilities and creating hand sanitizer to counter supply shortages

- ◀ Adding wash basins and microwaves to the manufacturing floor so team members could wash their hands or heat lunches with less travel from their work stations and less gathering in bathrooms
- ◀ Providing additional HEPA air-purification equipment in offices and other enclosed work areas and retrofitting main air-handling systems with hospital-grade filters
- ◀ Installing touchless drinking water stations throughout campus
- ◀ Providing and requiring face coverings to be worn at all times and providing additional PPE when six feet of physical distance is not possible
- ◀ Creating health-and-wellness screening checkpoints at all campus entry points
- ◀ Establishing more break areas to minimize traffic between buildings
- ◀ Transforming cafeteria service into "grab 'n' go" stations around campus to provide socially distanced food options
- ◀ Conducting ongoing safety and health-refresher training and communication



PRODUCED

5,500

FACEMASKS FOR TEAM MEMBERS

CARING FOR OUR TEAM MEMBERS

Throughout the COVID-19 pandemic, S&C remained devoted to keeping team members updated, creating an “S&C Guidebook for Our New Normal” based on recommendations by medical experts at the Centers for Disease Control and Prevention, industry best practices, and government guidelines.

Concern over the spread of the flu virus compounding COVID-19 issues also was addressed. S&C’s annual free flu vaccine program kicked off in the fall to encourage team members to receive a seasonal flu shot. In addition to covering the cost, S&C provided all team members an incentive to participate, including entry into a prize drawing. With approximately 44% of S&C team members globally participating, the result was our highest documented participation in company history.

The fantastic work of S&C leadership and team members to put safety first in the midst of COVID-19 resulted in case incident rates far lower than our surrounding communities. With our safety measures in place, team members were far less likely to get the virus at work than in other places they might be as part of their daily lives.

44% TEAM MEMBERS
PARTICIPATING IN ANNUAL
FLU VACCINE PROGRAM



Photo taken before COVID-19 mask protocols.

CARING FOR OUR TEAM MEMBERS

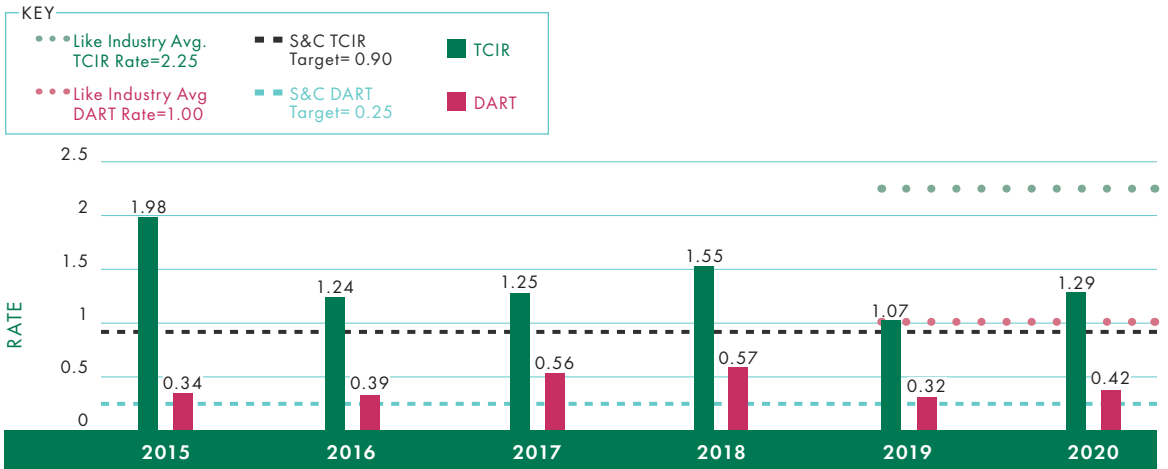
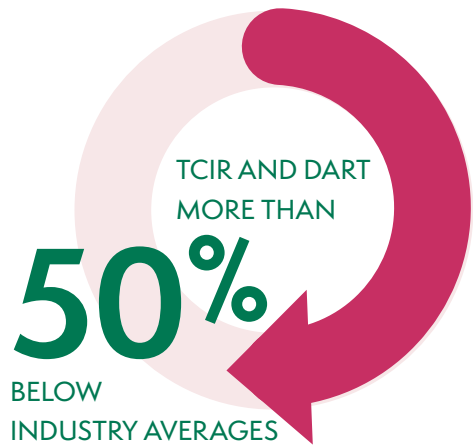
Continued Safety Efforts

COVID-19 was a new safety focus in 2020, but S&C continued its steadfast commitment to strive toward zero safety incidents. This included our focus on leading indicators, driven by an emphasis on internal observations, hazard identification and correction, safety auditing, senior management go-and-see observation tours, and training focused on targeting near misses and close calls.

This year, S&C’s Safety Action Teams collected more than 2,500 safety actions and performed more than 200 departmental inspections. These actions were at the same level as previous years despite the change of work environment attributable to COVID-19. S&C’s operations leaders continued

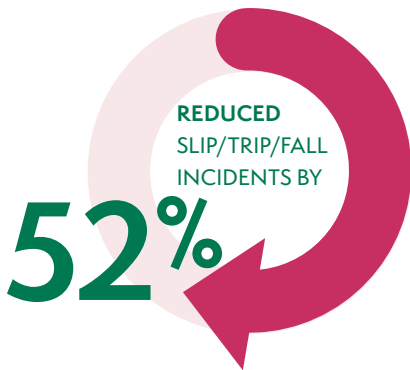
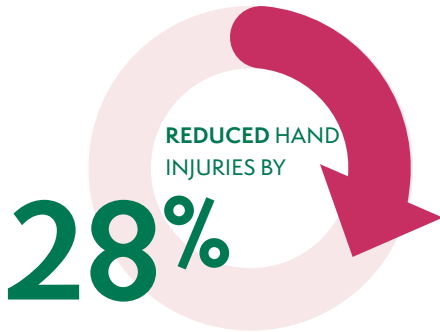
their focus on safety through presentation of daily “toolbox” talks, performance of incident and near-miss investigations, and documentation of more than 1,700 workplace observations.

The Total Case Incident Rate (TCIR) and Days Away, Restricted, and Job Transfer (DART) metrics increased slightly from 2019, but S&C remained below historic performance and more than 50 percent below industry averages. We set our targets very high, motivating us to do even more to drive our metrics down.



S&C GLOBAL TCIR AND DART SAFETY PERFORMANCE

CARING FOR OUR TEAM MEMBERS

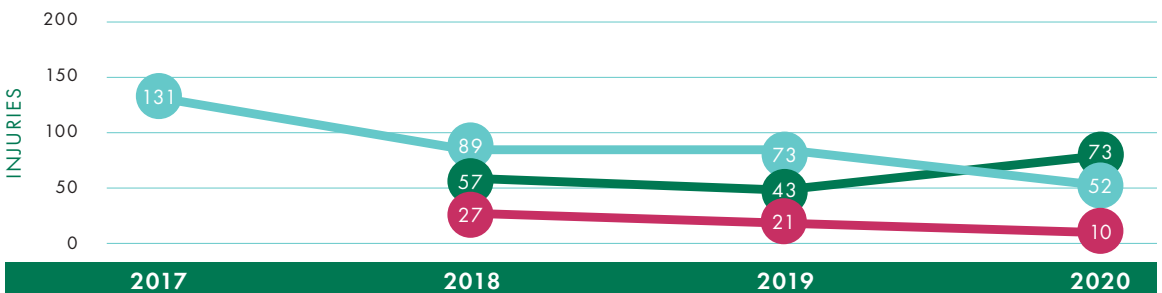


S&C achieved reductions in hand injuries and slip/trip/fall incidents, reducing them by 28% and 52% respectively.

Through investigation and root-cause analyses, S&C was able to focus refresher training, team member activities, and leadership audits on specific injury causes, such as splinters/slivers. This resulted in hand injuries dropping by 56 percent and 59 percent in the third and fourth quarters compared with the first quarter.

Whether in assembly or behind a keyboard, reducing ergonomic-related injuries continues to be a leading area to improve safety, with a key focus on new team members with less than one year of experience. S&C enhanced its training for new team members and provided proactive ergonomic assessments to reduce ergonomic injuries. In addition, S&C started an ergonomic intervention program, which partners any team member who reports an ergonomic concern with a Biokinetic trainer to develop a personalized prevention plan.

Proactive assessments also helped with ergonomic injury prevention in our Franklin, Wisconsin, facility. The team completed 16 ergonomic assessments of the newly relocated Scada-Mate® Switching System assembly line to identify and address ergonomic hazards before they could cause an injury. After addressing the hazards through 61 observations and 40 action items, no ergonomic injuries were reported the rest of the year.



GLOBAL INJURIES BY TYPE

CARING FOR OUR TEAM MEMBERS

Investing in Facilities

As S&C has grown, so too has the need to expand our facilities around the globe. Our investments in facilities are driven by both a need for operational space as well as a drive to equalize and improve the work environment for our team members. In 2020, S&C focused on the work environment of existing facilities and started a \$1.85 million investment to expand air conditioning at our Chicago and Toronto facilities.

Four manufacturing buildings were updated with air conditioning, and work was started on three additional buildings that will be completed in 2021.

An additional \$1 million investment improved safety on the Vista® Underground Distribution Switchgear line. The previous line required assemblers to manually index equipment carriages, step up onto an elevated platform, and step over floor-mounted carriage rails, all of which posed ergonomic and trip-and-fall hazards. A new tow-chain assembly line was installed with ergonomic height-adjusted carts to automatically index equipment and improve ergonomics, and all trip hazards on the line were eliminated.

Wellness Program Goes Virtual

S&C's COVID-19 safety precautions required more team members to work from home, but our voluntary AMP UP! health-and-wellness program stayed connected with our physically distanced workforce.

In March, S&C closed its on-site Wellness Facility and turned to virtual meeting tools to continue the dozens of online exercise and health-education classes with approximately 100 total participants. With online classes, S&C extended the fitness-training and health-education classes to team members around the globe.

Also during the year, S&C's team members diagnosed with diabetes and/or high blood pressure were offered an opportunity to sign up for a new confidential support group and other condition-management activities. Through this program, qualifying team members were offered free blood-pressure cuffs, glucometers, and glucose test strips.



A photograph of two men standing in a factory or industrial setting. Both are wearing safety glasses and face masks. The man on the left is wearing a light blue surgical mask and a dark t-shirt with a graphic that says "FREE" in red, a raised fist icon, and "SINCE 1865 Celebrate Juneteenth" in white and green. The man on the right is wearing a black face mask and a dark t-shirt with "Juneteenth" in green, a raised fist icon with a map of Africa inside it, and "1865" in green. The background shows industrial equipment and shelves.

DIVERSITY, "FREE" EQUITY, AND INCLUSION

Diversity, Equity, and Inclusion are rooted in S&C's values and guiding principles, which signify our respect for people and a culture that promotes trust, teamwork, dignity, and respect within our diverse workforce. **Our team members and communities look to S&C to make substantive change for the better, and we continually strive to do so.**

DIVERSITY, EQUITY, AND INCLUSION

DIVERSITY

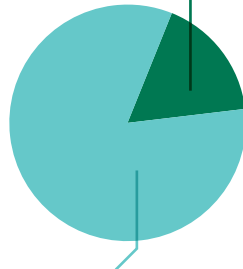
Diversity helps drive our innovation and competitiveness by drawing on the knowledge and experiences of the broadest range of talent. In 2020, 57 percent of full-time S&C team members were represented by persons of color and 17 percent were represented by female-identifying team members. In terms of the diversity of our salaried team members, 19 percent were represented by female-identifying team members and 31 percent represented by persons of color.

Moreover, S&C globally has a multigenerational workforce, with 4 percent represented by Generation Z, 40 percent by Millennials, 29 percent by Generation X, and 27 percent by Baby Boomers. The average tenure of employment for team members is 11 years, nearly triple the four-year national average reported by the U.S. Bureau of Labor Statistics. At the end of the year, 357 team members had been with the company more than 25 years and are members of S&C's coveted Quarter Century Club. With team members from 58 countries, S&C embodies a culture of respect for all people, regardless of ethnicity, gender, age, sexual orientation, or other diverse backgrounds.

While being diverse overall, one area we have identified for improvement is diversity within our salaried positions. To address this, S&C restructured its Diversity, Equity, and Inclusion Council to include 28 diverse S&C team members from across different groups to guide and reinforce our efforts in creating diversity, equity, and inclusion roadmaps and policies. Among the council's 2021 goals is to identify potential female-identifying and minority leaders through such endeavors as mentoring and sponsorship.

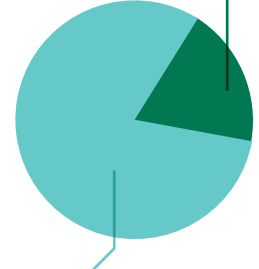
FEMALE-IDENTIFYING TEAM MEMBERS

ALL FEMALE-IDENTIFYING TEAM MEMBERS 17%



MALE-IDENTIFYING 83%

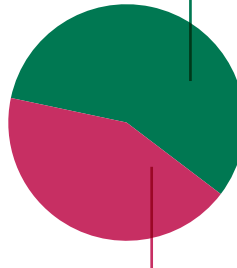
SALARIED FEMALE-IDENTIFYING TEAM MEMBERS 19%



MALE-IDENTIFYING 81%

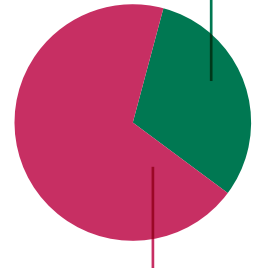
RACIALLY DIVERSE TEAM MEMBERS

ALL RACIALLY DIVERSE TEAM MEMBERS 57%



WHITE 43%

SALARIED RACIALLY DIVERSE TEAM MEMBERS 31%



WHITE 69%

AVERAGE TENURE OF EMPLOYMENT
3X THE U.S. NATIONAL AVERAGE

DIVERSITY, EQUITY, AND INCLUSION

Talent Acquisition

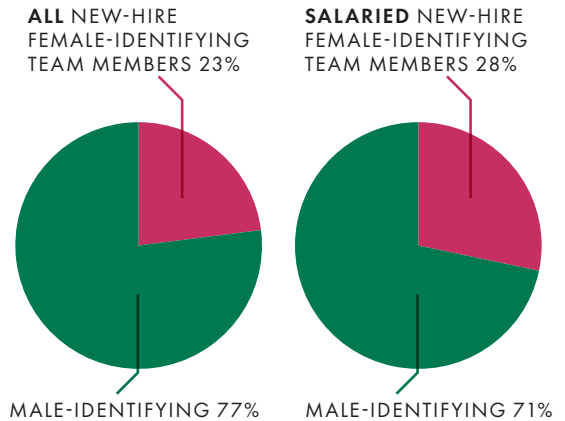
The journey to impact the diversity of our teams starts with how we find and attract the next generation of S&Cers. In 2020, a strategy was developed to bring more equity, transparency, and consistency to the talent-acquisition process. Initiatives to help drive change included:

- Improving recruiting process consistency to increase the diversity of our candidate pools
- Identifying a dedicated Talent Outreach and Engagement Manager to proactively partner with communities and to attract more candidates from underrepresented populations, specifically people of color and women
- Partnering with diverse industry associations: Society of Women Engineers, Women in Manufacturing, National Society of Black Engineers, American Association of Blacks in Energy, Society of Hispanic Professional Engineers, WomenInTech, GirlsCode, and others
- Broadening our university outreach and including historically black colleges and universities
- Amplifying language in job postings that encourages more women and minority applicants
- Defining and promoting diversity, equity, and inclusion in onboarding and specifically highlighting S&C's affinity groups
- Training S&C leadership and recruiters on S&C's Affirmative Action program and goals
- Identifying and partnering with search firms that target minorities, women, veterans, and other underrepresented populations

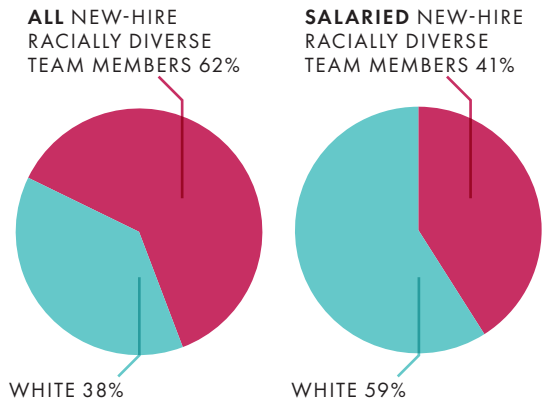
Our results show a significant increase in the number of persons of color and female-identifying team members. Of the new hires in 2020, 62 percent were represented by persons of color while 23 percent were female-identifying. Progress was also made for salaried positions, with 41 percent of salaried new hires being represented by persons of color and 28 percent being represented by female-identifying team members.

2020 New Hires

FEMALE-IDENTIFYING TEAM MEMBERS



RACIALLY DIVERSE TEAM MEMBERS



DIVERSITY, EQUITY, AND INCLUSION

Supplier Diversity

Our commitment to diversity extends beyond our team to include our suppliers. S&C selects suppliers for the long term and works with those that support our commitment to continuous improvement, including our drive for diversity. S&C holds our suppliers accountable to S&C's diversity standards through our "Supplier Code of Conduct," which outlines our expectations for supplier diversity and equal opportunity in employment. S&C is also focused on increasing the diversity of its supply mix.

In 2020, approximately 3 percent of S&C's total spend on direct materials came from diverse suppliers. One product line had its total spend from diverse suppliers go from less than 1 percent to 5 percent in 2020. S&C continues to engage with women-owned, minority-owned, and local businesses, striving to seek out suppliers that represent the diversity of our team members and the communities in which we work.

EQUITY

S&C's team members are the key to our success, and it is our responsibility to continue to implement equity in our policies, practices, and services. In 2020, S&C took a variety of actions to help provide a more level playing field for all team members. Among the key highlights:

- ◀ S&C restructured the company's short-term disability options to create a single program for all team members.
- ◀ We looked closely at our vacation policies and made changes to make time off more accessible to all our team members.
- ◀ To help build equity in food-service offerings, team members in all three shifts now have freshly prepared and healthy-focused food items available to them.



Photo taken before COVID-19 mask protocols.



ENTRY-LEVEL HOURLY U.S.
TEAM MEMBERS' WAGES

7% TO 10%

ABOVE MINIMUM WAGE RATE



Aspiring Leaders

S&C began piloting an Aspiring Leaders program designed to help team members interested in becoming leaders across the company. The pilot's goal was to learn whether S&C processes to help team members achieve their leadership ambitions were working, determine any additional tools that might be helpful, and consider other means to help S&C grow diverse leaders from within the company.

One Incentive Program for All

In 2020, S&C updated its incentive program to build a common Annual Incentive Plan (AIP) for all team members at every level across the organization, from the CEO to assemblers. Taking effect in 2021, "AIP for All" streamlines a system that previously involved multiple incentive programs having varying bonus methods for different team members and pay groups at S&C's locations. All team members now are provided incentives based on company performance, providing improved transparency and equality in the company's incentive bonus program.

Work Element Program

S&C pays above the minimum wage in all its locations. Entry-level hourly team members in the U.S. receive a wage rate that ranges from 7% to 10% above the minimum wage rate.

S&C also monitors for minimum-wage changes and proactively reviews rates for our team members.

In addition, S&C also provides training through a skills-based Work Element program that ensures team members are paid competitively based on their skills and that their wages are adjusted as new skills are attained through the program.

DIVERSITY, EQUITY, AND INCLUSION

Pay Equality Reviews

Each year, S&C examines the total compensation of all salaried employees throughout the U.S., reviewing each team member's performance history against where the team member's base salary is positioned within their respective salary range. In reviewing this information, leaders determine whether an adjustment to the team member's base salary is needed. Adjustments are based on skill and performance. The overall review also examines gender and race to ensure all team members are paid equally.

INCLUSION

Taking care of team members, in alignment with S&C's core values and guiding principles of "Respect for People," involves making sure all voices are heard and valued, no matter their racial or ethnic background, gender identity, or other diverse status.

Equal Access to Information

Inclusion also involves building consistency in the tools available to S&C team members. For example, S&C identified an information-accessibility gap between salaried team members who have regular access to computers, and hourly team members who don't have their own computers at work.

To address this discrepancy, every hourly team member was given a computer tablet to provide them access to email and training programs, as well as to important S&C communications. These tablets not only enable more team members to receive communications, but they also allow them to participate in the conversation in S&C community forums.



DIVERSITY, EQUITY, AND INCLUSION



Photo taken before COVID-19 mask protocols.

Affinity Groups

To further ensure team members' voices are heard, S&C has multiple affinity groups consisting of team member volunteers focused on a wide range of important topics and issues.

The affinity groups help unite team members by letting them know they have a home at S&C, both socially and in their careers.

S&C's Engagement Action Team, a group composed of the chairperson from every affinity group, helps keep the groups aligned.

Going into the year, these groups included:

- ◀ **Inclusion, Diversity, Engagement, and Awareness (I.D.E.A.):** This group works to promote and maintain a diverse and inclusive work environment.
- ◀ **Women's Empowerment Group (WEG):** This group provides all S&C female-identifying team members with networking and educational opportunities to champion personal development and success in open supportive environments.
- ◀ **Monthly and Annual Professionals Society (MAPS):** This group facilitates relationship-building and technical growth among the salaried positions.
- ◀ **S&C Toastmasters:** This group helps team members improve their communication and leadership skills.

DIVERSITY, EQUITY, AND INCLUSION

In 2020, two new affinity groups formed:

◀ **S&C Gives:** Launched early in the year, this group helps coordinate and support philanthropic activities. S&C Gives' goal is to help S&C team members successfully give back to the causes they care about. Through these initiatives, S&C team members conducted more than 25 events to support their communities.

In 2020, despite the pandemic, these giving events contributed more than \$50,000 to local community causes, 11,650 pounds of food, and 250 hours of community service.

◀ **Spectrum:** Beyond being a community for LGBTQ+ team members, this group has compiled resources for educating allies and potential allies, both in the workplace and in their lives generally. Spectrum launched in October on the day the U.S. recognizes National Coming Out Day to encourage LGBTQ+ people, if they're able, to make their gender, gender identity, and sexual orientation known publicly.

In early March, shortly before COVID-19 restrictions were put in place, S&C held its first Engagement Fair on the Chicago campus to help draw team member awareness to the affinity organizations and encourage participation.

Another initiative launched in 2020 was "What's the Big I.D.E.A.," a non-scripted series of webisodes that weighs in on real-life issues and accomplishments centered around diversity and inclusion.



11,650 LBS.
OF FOOD CONTRIBUTED
AND **250** HOURS
OF COMMUNITY SERVICE



Inclusion Events

Among the key objectives of S&C's affinity groups is to educate team members and build awareness around the various cultures represented within S&C. To help accomplish this goal, the groups held a variety of events based on specific themes. These events included celebrating:

- ▶ **Black History Month** (February) to uplift, educate, and acknowledge the achievements of historic and present black Americans within and outside of S&C; featured events included a Professional Development Session presentation on "Embracing Diversity and Inclusion" and a presentation on "The Black Point of View in America"
- ▶ **International Women's Day** (March 8), where team members in S&C's various business locations held group events (pre-COVID-19) to raise awareness of women's social, economic, cultural, and political achievements
- ▶ **Pride Month** (June) with a virtual event during which a representative from the Center on Halsted, a Chicago-based LGBTQ+ community and health center, provided a course introducing LGBTQ+ terminology and shared tips and resources for meaningful allyship with S&C team members
- ▶ **Juneteenth** (June 19) commemorating the effective end of slavery in the United States by offering team members a historical background of the day and references to additional resources to learn more about it
- ▶ **"Latin American Heritage,"** during which team members shared their experiences with history, celebratory events, music, culture, cuisine, and sports in Cuba, Mexico and Guatemala



Photo taken before COVID-19 mask protocols.

DIVERSITY, EQUITY, AND INCLUSION

- ◀ **Diwali**, a spiritual festival of lights and one of the major festivals celebrated by Hindus, Jains, and Sikhs
- ◀ Holding a “virtual concert” featuring the R&B sounds of the Dynamic Sound Band via Microsoft Teams as a social event for S&C team members to enjoy in their homes

Continuing Education

In addition to educating team members on cultural differences, S&C’s affinity groups also held Lunch & Learn events focused on a variety of broader topics. Examples included overviews on:

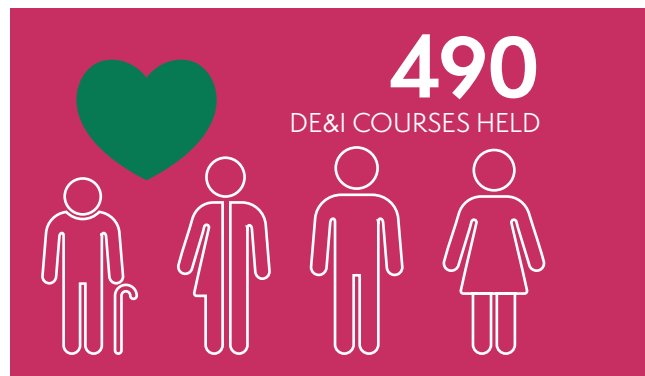
- ◀ The nuances of introverts and extroverts, how different personalities play a role in how people interact with one another, and how understanding these nuances can help build cooperation in the workplace
- ◀ S&C’s technology and breakthrough innovations
- ◀ Cognitive biases and dealing with combating isolation, stress, and anxiety from COVID-19, and parenting in the pandemic
- ◀ “Getting to Know You” presentations, where team members describe themselves and the journey that got them to where they are today in their careers

S&C offers online training to all team members to help them build knowledge and understanding. Among the 490 DE&I courses team members completed in 2020, the top topics were:

- ◀ Unconscious Bias
- ◀ 8 Keys to a More Respectful Workplace: Champion Diversity

- ◀ Working Well with Everyone: Diversity = Greatness
- ◀ Working Well with Everyone: The Mistake of Stereotyping
- ◀ Cross-Cultural Considerations: What’s Your Culture

Besides providing all team members training courses on DE&I topics, S&C also continued working to build stronger leaders, with 22 team members participating in the company’s ElevatePlus leadership training program in 2020. The program, which provides peer-coaching, exercises, and both emotional intelligence and coaching workshops, is based on the premise companies with strong leaders have better safety metrics and better-quality products through comprehensive leadership development.



GIVING BACK TO THE COMMUNITY

S&C and its team members also recognize the importance of giving back to the communities in which the company serves. As such, each year a variety of events are held to support a host of organization and philanthropic needs.

S&C Annual Giving Campaign

Despite team members facing many unknowns from the COVID-19 pandemic, S&C's team member-driven Annual Giving Campaign in 2020 was the most successful giving campaign in S&C's history. With the S&C Fund providing \$1.50 for each \$1 team members donated, S&C provided more than \$500,000 to CHC: Community Healthier Communities, Feeding America, Misericordia, and United Way.

S&C Fund

In 2020, the S&C Fund provided grants totaling \$1.2 million to dozens of organizations specializing in arts and culture, basic human needs, community development, education, and health. Organizations benefiting included Chicago's major museums, American Red Cross, Misericordia, Big Brothers Big Sisters, Chicago Public Schools, Chicago Public Libraries, CHC: Community Healthier Communities, Feeding America, United Way, and a host of other organizations.

Aided by S&C Fund contributions, several S&C volunteers also created a care package for Misericordia that included 300 cloth face covers, 110 face shields, several gallons of hand sanitizer, and disinfectant. Through this effort, every caregiver and staff member had at least two face covers, and the hand sanitizer was placed in common entrances and residential areas for easy access.

TEAM MEMBERS
PROVIDED MORE THAN
\$500,000
TO LOCAL COMMUNITY
ORGANIZATIONS



S&C FUND GRANTED
\$1.2M
TO LOCAL COMMUNITY
ORGANIZATIONS



DIVERSITY, EQUITY, AND INCLUSION

New as a grant fund recipient in 2020 was One Million Degrees, which received \$50,000 to support 10 scholarships for an academic year. The organization provides scholarship money, stipends, and support services so Chicago community colleges can provide intensive, holistic support to each scholar through evidence-based programs to ensure successful completion of their academic and career goals.

Other new recipients in 2020 were Feeding America, which received \$59,300, and the United Way COVID-19 Response Fund, which received \$25,000, as S&C recognized many families and individuals whose households were affected by job loss and other adverse effects from the COVID-19 pandemic. Also receiving grant funds for the first time was a program at Evanston, Illinois' AMITA Health Saint Francis Hospital, which received \$25,000 for a program that sends emergency medical technicians and registered nurses to the homes of patients recently released from the hospital to make sure their home is safe and they're taking their medications and blood pressure.

Polar Plunge

On March 1, a team of approximately 20 "Shivering S&Cers" joined other teams in jumping into the frigid Lake Michigan water to raise more than \$30,000 for Special Olympics Chicago. Funds raised help pay for events, travel, and equipment for the over 7,500 special Olympians who compete year-round.



Photo taken before COVID-19 mask protocols.

DIVERSITY, EQUITY, AND INCLUSION



Big Brothers Big Sisters

In addition to providing a \$20,000 grant, S&C continued its partnership with Big Brothers Big Sisters to bring a mentoring program to local high school students. As part of the initiative, 10 S&C mentors in 2020 worked virtually with high school students from Sullivan High School and the Chicago Math and Science Academy in Rogers Park, where S&C is headquartered.

Holiday Giving

S&C team members donated \$1,200 in holiday e-gift cards or cash donations to help Between Friends, a nonprofit agency dedicated to breaking the cycle of domestic violence and building a community free of abuse. Between Friends also received a \$7,500 grant from the S&C Fund.

In addition, despite more team members working remotely because of COVID-19, S&C's 2020 Toys for Tots Campaign remained a success. S&C provided team members the option to order toys and have them shipped to S&C.

S&C team members donated 148 new coats to the John Harvard Elementary School of Excellence on Chicago's South Side. Team members also raised \$4,155.25 for the Hunger Task Force based in Milwaukee, Wisconsin, during the S&C Virtual Food Drive.

DIVERSITY, EQUITY, AND INCLUSION

Awards and Recognitions

Despite 2020 being marked by challenges that tested the fabric of our operations and the resiliency of our team members, during difficult times like these the company culture shines. S&C asked team members to provide honest feedback through a variety of surveys. Our team members spoke, and S&C was recognized through several major awards:

- ◀ S&C ranked second nationally as a top employer among U.S. manufacturers by Top Workplaces USA, the nation's most credible employer-recognition program.
- ◀ As part of its Top Workplaces national ranking, S&C received the Communication Culture of Excellence Award for a culture in which team members feel well-informed on company decisions and news.
- ◀ The Chicago Tribune in 2020 recognized S&C as the No. 15 Top Workplace in Chicago; S&C was the only manufacturing company included in the large business category.
- ◀ S&C received certification as a Great Place to Work in Canada.

In addition to the favorable recognitions from workplace-award presenters, other third-party organizations also recognized S&C and its team members for their contributions and hard work:

- ◀ The Chicago Math and Science Academy recognized S&C as its "Donor of the Year" for the 2020-2021 school year in appreciation of S&C's continued support of the school's robotics teams, its Chromebook campaign, and \$100,000 challenge grant that has ensured the school's ability to continue to provide an equitable, high-quality education for its 600 students.

- ◀ The Toastmasters International organization in January recognized the S&C Toastmasters Club as a "President's Distinguished Club," the organization's highest level of recognition. Toastmasters helps build public speaking skills and improves members' communication and leadership abilities.





CARBON FOOTPRINT

S&C has always committed to being a good citizen and neighbor in the communities in which we operate, and this has long included **taking meaningful steps to reduce our carbon footprint**. We constantly strive to minimize and eliminate waste where we find opportunities, drive down creation of harmful gas emissions and volatile organic compounds, and keep solid waste out of landfills.

CARBON FOOTPRINT

S&C ENVIRONMENTAL VISION

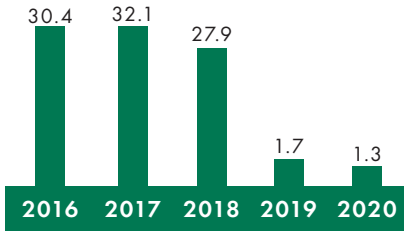
One of the pillars of S&C's values and guiding principles is Responsible Stewardship, which includes S&C's commitment to reducing the environmental impact of our business activities while enhancing our use of renewable energy resources. One of the key manifestations of this value and guiding principle is S&C's Environmental Impact Commitment, which states that S&C will:

- ◀ Abide by all accepted environmental practices, including meeting or exceeding applicable compliance obligations
- ◀ Minimize waste and implement pollution prevention strategies
- ◀ Strive to protect the environment and increase our use of sustainable sources of energy and materials
- ◀ Continually improve environmental performance by setting, reviewing, and achieving environmental objectives as applicable new knowledge and technology become available

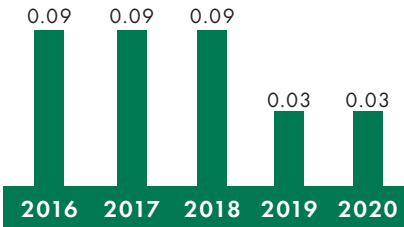
In addition to this standing commitment, S&C in 2020 re-signed the "We Are Still In" declaration to again pledge our continued support for the Paris Climate Agreement and to initiatives that help build a sustainable future. As part of that re-signing, S&C recommitted to doing our part to combat climate change and urged other industry leaders to join us in taking responsibility for protecting our world.



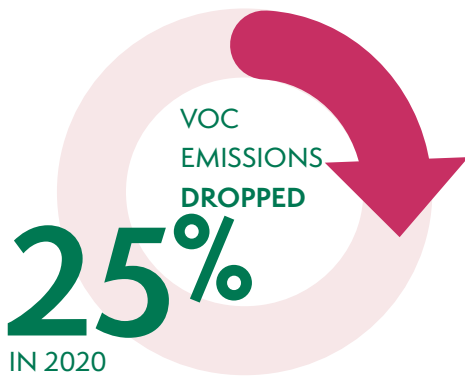
CARBON FOOTPRINT



VOLATILE ORGANIC COMPOUND EMISSIONS (IN TONS)



HAZARDOUS AIR POLLUTANT EMISSIONS (IN TONS)



Sustainability Week

Despite the constraints the COVID-19 pandemic placed on in-person gatherings, S&C successfully celebrated Sustainability Week in June with virtual events. Event activities included a presentation from an electric utility on energy efficiency and solar opportunities, and a waste-management company gave recommendations on recycling and proper waste-sorting.

Along with these events, S&C hosted a household hazardous waste-collection site to enable team members to dispose of hazardous materials. A paper-shredding truck also was made available to enable team members to shred and recycle confidential documents.

Emissions

S&C continues to set ambitious goals for environmental emissions and is committed to investing in technology to continuously reduce our emissions well beyond that of our permitted limits and our peers. In 2018, S&C invested in a powder top-coat paint application, migrating away from volatile organic compound (VOC)-based liquid paint. This continued to pay dividends in 2020 in quality, performance, and emission reduction. Because of these quality and efficiency improvements, VOC emissions in 2020 dropped an additional 25 percent, to 1.3 tons, while emissions of Hazardous Air Pollutants (HAPs) fell by 0.5 percent, to 68 pounds.

Some S&C products use sulfur hexafluoride (SF₆), a greenhouse gas, as a nonconducting insulator. To prevent leaks from occurring during assembly, S&C continues to measure, report, and find opportunities to improve SF₆ emissions from our operations. In 2020, S&C reduced SF₆ emissions by 17 percent through equipment upgrades and detailed training.

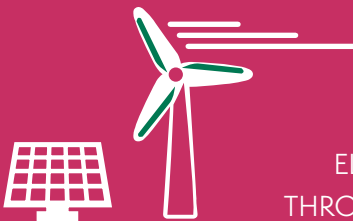
CARBON FOOTPRINT

Conservation

In 2020, S&C increased its position in renewable energy and worked with suppliers to buy U.S.-based renewable-energy credits equivalent to S&C's global electricity consumption.

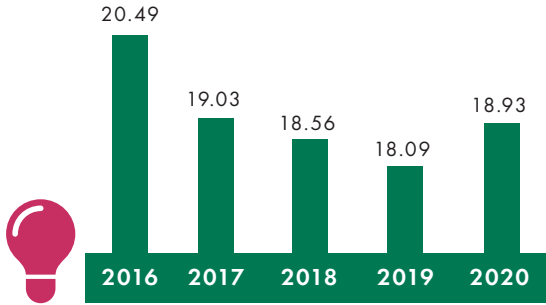
S&C's headquarters and primary manufacturing facility in Chicago, which typically accounts for 78 percent of the company's global power consumption, has had 100 percent of its consumption offset with renewable energy credits since 2012.

S&C's overall utility use for 2020 was lower than in the previous years. However, to compensate for organizational growth, S&C measures performance through a usage-factor metric that considers productivity, square footage, and labor hours. Based on this usage-factor metric, S&C's use of utility resources was up in 2020, and this is attributable to pandemic-related company initiatives focused on the health and safety of team members.



100%
OF S&C'S GLOBAL
ELECTRICITY CONSUMPTION OFFSET
THROUGH RENEWABLE ENERGY CREDITS

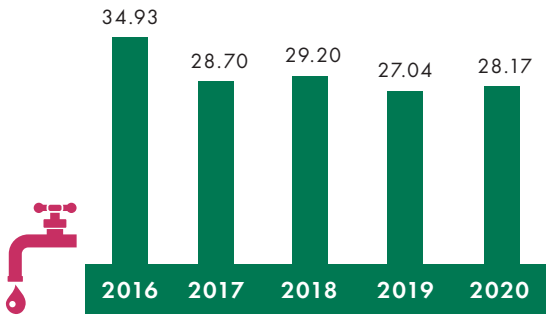
CARBON FOOTPRINT



FACTORED ELECTRICITY USE
KWH/FT² PER HOUR

ELECTRICITY

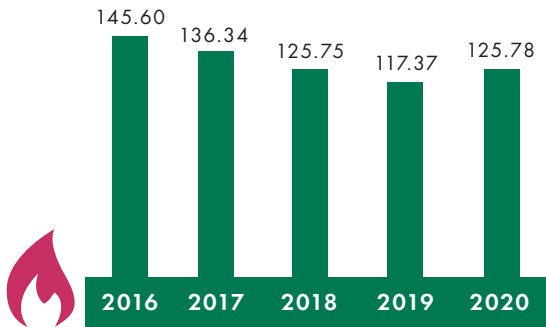
Electricity consumption in 2020 was down approximately 1 percent, to 38,732 MWh, driven by more team members working remotely because of COVID-19 safety precautions and continued energy-efficiency projects. The usage-factor metric was up 4.6 percent, to 18.93 kWh/ft² per hour.



FACTORED WATER USE
GALLONS/FT² PER HOUR

WATER

Total water consumption in 2020 was down 1 percent, to 57.64 million gallons, because cafeterias were closed for most of the year and sinks and restrooms were used less often as more team members worked from home. The usage-factor metric was up 4.2 percent, to 28.17 gallons/ft² per hour.



FACTORED NATURAL GAS USE
THERMS/FT² PER HOUR

NATURAL GAS

Natural gas consumption in 2020 was down 14.2 percent, to 1.42 million therms, driven by a 14 percent reduction in heating degree days. The usage factor metric was up 7.2 percent, to 125.78 therms/ft² per hour.

CARBON FOOTPRINT

WASTE DIVERTED FROM LANDFILL

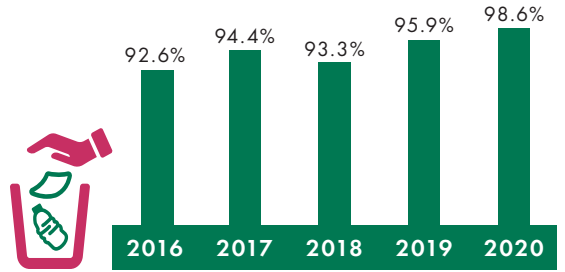
S&C diverted 98.6 percent of its waste from landfill disposal globally. In the fourth quarter, S&C’s operations in Chicago diverted all 400,000 pounds of its waste from landfills.

Waste-reduction processes, including better segregation of waste for recycling purposes, have been aided through work with a third-party waste-management company over the past three years. S&C’s dedicated “green team” of volunteers, dubbed the ECO-Eagles, keeps an eye on our waste-collection areas, ensuring proper item segregation and a more effective recycling program.

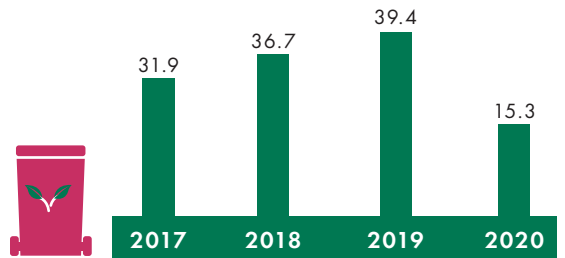
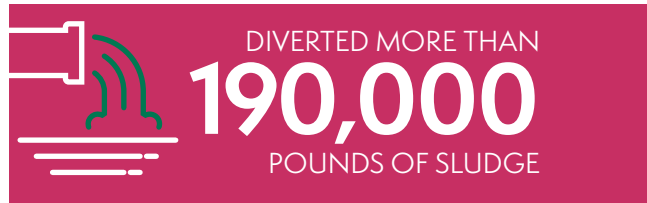
Major achievements of 2020 included finding a waste-to-energy option for our non-hazardous wastewater treatment sludge and a beneficial reuse opportunity for our large volume of waste caustic solution. By continuing programs that began in 2019, we were able to divert more than 190,000 pounds of additional sludge from water-jet cutting machines and aluminum oxide sandblasting media away from landfills in 2020.

COMPOSTING

Composting was down significantly in 2020 because many S&C team members worked remotely and our onsite cafeterias and vending areas closed for a majority of the year to meet COVID-19 safety precautions. In 2020, S&C collected 15.3 tons of compost in Chicago, down 61 percent from the previous year.



WASTE DIVERTED FROM LANDFILL



COMPOSTING (IN TONS)



REGIONAL INITIATIVES

S&C helps **keep the lights on around the world by serving customers locally**. While S&C's businesses implemented many of the initiatives discussed in this report, each supports its local communities in unique ways.

REGIONAL INITIATIVES

CANADA

Caring for Our Team

S&C's Canada team addressed the challenge of social isolation from COVID-19 by setting up physically distanced picnic tables and lawn chairs in open-air spaces outside for team members to safely gather with colleagues.

The Canada team also held several virtual sessions to help team members cope with the challenging times. This included workshops on finding emotional balance and addressing burnout, getting restful sleep, and welcoming change into their lives.

Other key 2020 highlights included:

- ◀ The Canada team surpassed 1 million consecutive hours without a lost-time injury, illustrating the impact of S&C's safety initiatives. No team member sustained an injury that required medical attention and time off work.
- ◀ The team developed a "Returnship Program" to support team members returning to the workforce after taking time off to provide child or elder care. This four-month internship-style program is designed to help ease the transition and provide professional coaching, mentorship opportunities with an executive, and flexible work schedules. The program rolled out in January 2021.

Diversity, Equity, and Inclusion

S&C's team members in Canada have formed local affinity groups to address their interests. These groups include the Wellness Action Team, a personal health and wellness group formed in 2020; the Canadian Women's Group, representing the interests of S&C female-identifying team members; the Future Grid Group, promoting networking, career development, and social activity among members; and the Social Committee, for planning, promoting, and running S&C social events.




THE CANADA TEAM SURPASSED

1 MILLION

CONSECUTIVE HOURS
WITHOUT A LOST-TIME INJURY

The groups' activities in 2020 included:

- ◀ Holding a Wellness Fair attended by more than 60% of team members during which the affinity groups and committees informed team members of the Wellness Action Team's purpose and upcoming events
- ◀ Recognizing Pink Shirt Day (February 24) by encouraging team members to wear a pink shirt to show their lack of tolerance of bullying
- ◀ Observing International Women's Day (March 8) by encouraging team members to wear purple and holding an "Each for Equal" campaign to celebrate women's achievements with a call to action for accelerating women's equality
- ◀ Celebrating Canada Multiculturalism Day (June 27) by inviting team members to watch a webinar that covered such topics as deconstructing racism, systemic and institutional racism, factors that contribute to racism, and allyship
- ◀ Holding a lunchtime mini-series where participating team members watched 15-minute interactive presentations on empathy, self-awareness, self-regulation, internal motivation, and social skills
- ◀ Celebrating Pride Month (June) through a collaboration with S&C affinity groups in Chicago
- ◀ Hosting an S&C Summer Olympics, enabling team members to spend time together in a three-week competition involving an American football throw challenge, a bean bag toss, and a simplified hockey game while still observing COVID-19 safety protocols; each competition winner received custom-designed S&C medals

CA\$3,500 
SCHOLARSHIP FOR A FEMALE-
IDENTIFYING ENGINEERING STUDENT

Community Support

In 2020, S&C partnered with York University’s Lassonde School of Engineering to begin offering a CA\$3,500 scholarship to a female-identifying engineering student who demonstrates leadership, community involvement, and an interest in working in the electrical industry. Along with the scholarship, S&C will offer the recipient a co-op position.

S&C also raised money for Food Banks Canada by hosting a virtual “Escape from Quarantine” escape-room activity as an incentive to participate.

Carbon Footprint

Some 1.12 million kilograms, or 98.5 percent of total waste, was diverted from landfills at S&C’s Canada facilities. To help reduce waste production, touchless coffee machines were introduced, and the use of disposable coffee cups was discontinued. Team members were given and encouraged to use a reusable coffee cup.

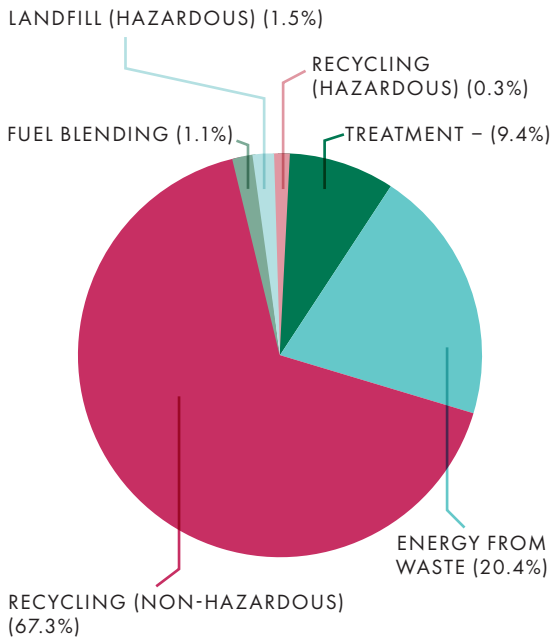
Electricity use in 2020 increased by 3.6 percent, to 6,921,377 kWh, because of increased production activity. Activities aimed at reducing electricity use included increased use of LED lighting in buildings and parking lots, saving a total of 48,922 kWh.

In 2020, the Toronto plant’s electrical power was generated from 34 percent renewable sources, 59 percent from nuclear sources, and 7 percent from carbon-emitting sources.

The facility also experienced a 4.2 percent increase in natural gas use, to a total of 619,692 cubic meters. Differences in temperature and weather were the key drivers of the year-over-year change.

Water use increased by 28.7 percent, to 28,740,170 liters, with the rise driven primarily by an overall increase in business operations.

CANADA WASTE DISPOSAL BY DESTINATION



REGIONAL INITIATIVES

MEXICO, CENTRAL AMERICA, AND CARIBBEAN

Caring for Our Team

The S&C team in Mexico continued its drive toward zero injuries by proactively addressing potential hazards. One example was the team's implementation of a production-transfer table in the SMD-20 mountings line, so assemblers didn't have to carry the mountings when transferring units for final assembly. The table helps improve ergonomics and avoid overexertion for the assemblers. Another example is the team's use of higher efficiency fans that cool fiberglass tubes in the painting process to help keep team members safe when handling the tubes.

Diversity, Equity, and Inclusion

In 2020, S&C operations in Mexico focused on ensuring local families impacted by COVID-19 had access to basic needs, collecting food for 20 disadvantaged families in the local San Francisco del Arenal community.

Carbon Footprint

The Mexico team made several environmental improvements, including optimizing the collection of waste generated by grinding fiberglass tubes. A filter press now separates water from solid waste in the grinding process. The water is recirculated for repeated use, resulting in less water being used and less waste requiring disposal.



REGIONAL INITIATIVES

DONATED

R\$64,000

TO NON-GOVERNMENTAL
ORGANIZATIONS



RECYCLED

13,854

KILOGRAMS OF WOOD



SOUTH AMERICA

Caring for Our Team

S&C's operations in South America in 2020 continued to focus heavily on supporting team member health during the COVID-19 pandemic. Local leaders addressed team member concerns over the pandemic through morning breaks to allow team members to talk about non-work matters.

Diversity, Equity, and Inclusion

S&C donated R\$64,000 directly to non-governmental organizations in support of sports, children's activities, and local culture.

Organizations receiving donations were:

- ▶ Pequeno Principe (Little Prince) Hospital, which specializes in treating children with complex diseases
- ▶ Alegro Musical Association, which teaches classical music to some 450 children, many of whom face extremely vulnerable situations where poverty and violence are prevalent
- ▶ Futebol de Rua (Street Soccer), which provides education, culture, and sports to help build a better life for disadvantaged children and teenagers
- ▶ Serviço Nacional de Aprendizagem Industrial (National Industrial Learning System) secondary-level professional schools, which supply electronic and electrical components to help students who can't afford to pay for private schooling

Carbon Footprint

In 2020, S&C's operations in Brazil recycled 13,854 kilograms of wood, 848 kilograms of cardboard, and 590 kilograms of plastic.

REGIONAL INITIATIVES

CHINA

Caring for our Team

The S&C China business in 2020 reported no lost-time injuries for the fourth consecutive year. S&C has been able to accomplish this through daily safety talks, job-risk analyses for each work station, annual reviews with leaders, and listening to and addressing team member concerns. Nine leadership walk-throughs in 2020 identified 36 safety continuous-improvement opportunities, helping to prevent lost-time injuries. Frequent government onsite inspections also provided advice on improving safety.

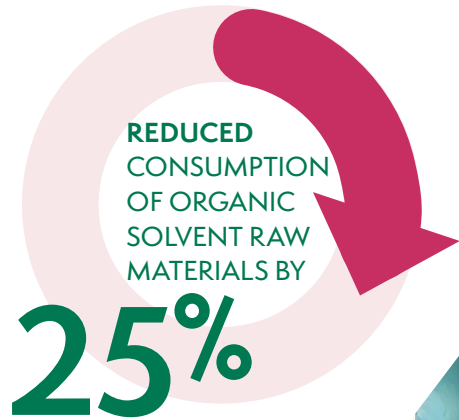
Carbon Footprint

In 2020, S&C's China team changed from a paint-spraying process to a paint-dipping process that produces no paint mists, and reduced paint loss by 50 percent, reducing the impact on the environment.

S&C's China team remains committed to reducing volatile organic compound (VOC) emissions, particularly through product upgrades that reduce the use of raw materials containing organic solvents. By the end of 2020, the China operations' consumption of organic solvent raw materials was reduced by 1.5 tons, or about 25%, from a year earlier. Additionally, exhaust-treatment facilities were improved for better VOC gas-collection capacity and treatment.

During the year, the facility used 668,530 kWh of electricity, down 13.4 percent from 2019. Water use also was down, by 2.1 percent, to 2,770 cubic meters.

With a goal to achieve "Landfill Zero," improved waste-sorting and collection helped reduce the amount of waste sent to landfill. By the end of 2020, only 2.27 percent of the facility's waste went to a landfill.



REGIONAL INITIATIVES

ASIA PACIFIC

Caring for Our Team

In the midst of various COVID-19-related lockdowns across the region and to maintain team connections, S&C's Asia Pacific team held an "#ISOLIFE Competition," where team members were encouraged to submit entries portraying the good, weird, and funny things that happened to them while working and living in isolation at home. Team member submissions were showcased in team meetings.

DONATED
AU\$12,500
TO AUSTRALIA-
BASED CHARITIES



Diversity, Equity, and Inclusion

In 2020, S&C's Asia Pacific business became a sponsor for Female Engineers at Monash, an organization supporting female-identifying engineering students at Monash University in Melbourne, Australia. As part of its sponsorship, S&C participated in the organization's Virtual Industry Guide Launch, during which team members promoted careers in the electrical industry and provided coaching on job-searching and interviewing.

The Asia Pacific team also celebrated International Women's Day in March with a team breakfast in support of the year's theme of #EachforEqual. This gave team members an opportunity to get involved in educational activities, celebrate women's achievements, raise awareness against bias, and take action for equality.

As part of its commitment to helping local communities, S&C donated:

- ◀ AU\$10,500 to BlazeAid, a volunteer-based organization, to support those affected by the devastation of the 2019/2020 summer bushfires
- ◀ AU\$2,000 to Eat Up, an organization that makes and delivers thousands of lunches a month to schools around Australia

Carbon Footprint

Asia Pacific team members took part in Plastic Free July, a global initiative encouraging people to reduce plastic pollution. Throughout the month, team members received tips on how to reduce consumption of single-use disposable plastic items and how to better dispose of items to keep them from landfills. Team members also learned about more sustainable plastic alternatives.

REGIONAL INITIATIVES

EUROPE, MIDDLE EAST, AND AFRICA (EMEA)

Diversity, Equity, and Inclusion

S&C's EMEA team raised more than £3,500 as part of the Macmillan Cancer Care's "Go Sober for October" campaign. The EMEA team also supported its International Women's Day celebrations with an in-house quiz based around the color purple that aimed to increase awareness of the social, economic, cultural, and political achievements of women.

Carbon Footprint

In 2020, S&C EMEA team recycled 95 percent of its business waste, up from 94 percent a year earlier. Initiatives that helped drive the reduction included reusing all wooden transportation pallets and increasing the number of recycling bins around the office.

S&C joined the European Commission's Waste Electrical and Electronic Equipment producer-compliance initiative, which helps ensure businesses that manufacture, import, and sell such products as packaging and electrical and electronic equipment address the products' end-of-life impact on the environment. EU regulations require businesses to minimize waste from these products, ensure the waste products are treated, and meet recovery and recycling targets for the waste materials.

S&C also took actions to ensure its suppliers support green initiatives. The EMEA team established a contractual deal with British Gas Lite for Electricity, a supplier that uses 60 percent renewable energy. The company also signed a two-year contract that took effect in June with Opus Energy for Gas, a supplier that uses 100 percent renewable energy.



Photo taken before COVID-19 mask protocols.



Supersedes 100-G103 dated 4-22-21