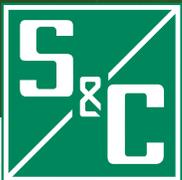




TRANSFORMING  
POWER INTO  
**PURPOSE**

2021 ESG REPORT

---





## ■ ABOUT THIS REPORT

As an employee-owned company, S&C Electric Company (S&C) has built a culture of strong values and strives to live our guiding principles of Personal Integrity, Respect for People, Commitment to Excellence, and Responsible Stewardship every day. In 2021, we engaged in a leadership-driven initiative to advance our strategy, reporting, and disclosure efforts on environmental, social, and governance (ESG) topics. We are proud to share the results of these efforts, as well as qualitative and quantitative disclosures, as part of this ESG Report, which covers calendar year 2021. Building on a foundation of annual corporate responsibility reporting, this report details companywide efforts to address the sustainability issues that matter most to our company, team members, stakeholders, and communities.



## ■ TABLE OF CONTENTS

- 2 CEO Message
- 3 About S&C Electric Company
- 4 Our Mission, Vision, Values, and Guiding Principles
- 5 Our Strategy
- 6 Our Products, Solutions, and Services
- 8 Our Approach to ESG

### **Ethics, Integrity, and Governance**

- 10 Ethics and Integrity
- 11 Corporate Governance

### **Empowered Team Members**

- 14 Talent Attraction and Retention
- 16 Team Member Engagement and Development
- 18 Diversity, Equity, and Inclusion
- 24 Well-Being and Work-Life Balance
- 25 Compensation and Benefits
- 26 Social Impact and Community Engagement

### **Customer-centered Innovation**

- 28 Product Innovation
- 29 Product Safety and Quality
- 30 Products and Solutions
- 32 Customer Focus and Support

### **Operational Excellence**

- 34 Team Member Health and Safety
- 36 Environmental Stewardship
- 40 Supply Chain Management

## INTRODUCTION

### CEO MESSAGE

For more than 110 years, S&C Electric Company has been driven by the talent, passion, and innovative spirit of our team members who help our customers provide safe, resilient, and reliable power across the world. Today, we are accelerating that meaningful work, delivering solutions and innovations that support our customers as they enable the energy transition toward the long-term shift to electrification, more sustainable energy systems, and greater grid intelligence.

Our industry is at an inflection point that calls on us to address the impacts of climate change and improve the energy resilience critical for homes, industries, and economies across the world. We embrace our role as an industry leader and leverage our legacy of innovation to transform the electrical grid and address the need for a stable, sustainable, and flexible energy system.

As we strive to secure a sustainable energy future, we uphold the responsibility we have to our team members, our communities, and our customers to holistically address the most important environmental, social, and governance (ESG) priorities for our business. Our sustainability approach is built around three key priorities—empowered team members, customer-centered innovation, and operational excellence—and we continue to make strong progress in our ESG journey.

As an employee-owned company, our people-first mentality drives the decisions we make and the culture we create. In 2021, we raised our minimum wage to \$18 per hour in the U.S., and we set an aggressive goal to be recordable-injury-free ... zero injuries!

At S&C, everyone is essential. We believe diverse, inclusive teams empower each other to innovate and do their best work. Together, we drive for equity in order to build meaningful, challenging careers and to care for our communities and each other. We celebrate our successes, learn and grow from our mistakes, and inspire each other to create the grid—and workplace—of the future.

In 2021, we launched our latest industry-leading innovation, Vista® Green Underground Distribution Switchgear, further helping our customers realize their resiliency and sustainability goals. This solution has a 97 percent lower carbon footprint than conventional switchgear and demonstrates our expertise in developing reliable solutions and our commitment to environmental consciousness. Our innovation efforts and product pipeline will continue to focus on how we can best address climate change and enable a greener grid.



We are proud to highlight these and other achievements throughout our 2021 ESG Report and will continue to raise the bar and take meaningful action to advance our initiatives. As the urgency grows for a more sustainable future and the world becomes more dependent on electricity, our ESG strategy will drive us to transform power into purpose and strengthen our communities through safe, resilient, and reliable power.

My sincerest thanks to our customers and suppliers for their ongoing partnership and to S&C's dedicated team members around the world who champion our sustainability journey.

A handwritten signature in black ink that reads "Anders". The signature is fluid and cursive.

Anders Sjoelin

President and Chief Executive Officer



## ABOUT S&C ELECTRIC COMPANY

S&C, with global headquarters in Chicago, is leveraging its heritage of innovation to address the challenges and shape the future of the world's electrical grid. Our mission is to continually develop new solutions for customers, fostering the improved reliability and resilience required for an increasingly intelligent and modernized power grid. Operating with a people-first mentality, S&C is an employee-owned company that cultivates an inclusive workplace with career growth opportunities to support our team members as we transform the grid.

S&C's 3,500-plus team members, through a network of offices and manufacturing facilities in the U.S. and around the globe, support more than 1,000 worldwide utility, commercial, and industrial customers in delivering reliable and resilient power. We also offer a range of life cycle services to customers as part of our comprehensive offerings.

With more than 300 active patents, we continue to leverage more than a century of industry expertise to serve the evolving needs of our global customer base while solving the challenges of today and tomorrow's power grid.

## GLOBAL REACH AND LONGEVITY



Founded in 1911



Headquartered in Chicago



Operations in the U.S., Australia, Brazil, Canada, China, Mexico, and the U.K.

## IMPACTING LIVES



Employs 3,500+ team members



Serves 1,000+ customers across the globe



Provides products and services to most U.S. electric utilities



## INTRODUCTION

### OUR MISSION, VISION, VALUES, AND GUIDING PRINCIPLES

Our values and guiding principles underpin the standards for all S&C team members.

#### Our Mission

Be the leading specialist in electric power switching, protection, and control by creating innovative solutions that are easily applied and provide the best long-term value.

#### Our Vision

Empower people to transform the grid.



### Values and Guiding Principles

#### Personal Integrity

- All our dealings are bound by rock-solid integrity.

#### Respect for People

- We strive to meet the highest standards for workplace safety.
- Our culture promotes trust, teamwork, dignity, and respect within our diverse workforce.
- We select suppliers for the long term and favor those that support our continuous improvement. All relationships are based on quality, dependability, integrity, and mutually beneficial results.

#### Commitment to Excellence

- We continuously improve what we do and how we do it by learning, contributing ideas, and initiating change.

#### Responsible Stewardship

- We are dedicated to private ownership, planning for the long term, and reinvesting the majority of earnings back into the business.
- We are committed to reducing the environmental impact of our products and business activities and enhancing the use of renewable energy sources.
- We maintain strong and supportive relationships with the communities in which we work.



## OUR STRATEGY

The impacts of climate change are intensifying the need for resilient grid solutions. These changes are accelerating the energy transition toward the long-term shift to electrification, more sustainable energy systems, and greater intelligence on the grid. Our strategy addresses these trends by delivering differentiated solutions that provide value to customers—reducing the cost and complexity of outages and solving sustainability and resilience challenges.

As we innovate, we collaborate intensely with our customers, constantly working to provide them with the products and services needed to address their biggest opportunities. We are committed to growing responsibly and ethically as stewards of our planet and with a people-first mentality. We pursue this growth with a companywide focus on operational excellence that informs all aspects of our business processes, products, and services. We know our diverse team members drive our success, and we are committed to investing in their continued growth and development to advance their careers and S&C’s strategy.



## OUR PRODUCTS, SOLUTIONS, AND SERVICES

As a leader in power and energy solutions, S&C innovates breakthrough offerings that improve safety, efficiency, reliability, and resilience of the electrical grid. Our high-quality products, combined with comprehensive services, support customers in navigating the energy transition.

### OUR PRODUCTS AND SOLUTIONS

S&C's solutions enhance day-to-day reliability by reducing the duration of power outages from hours to seconds—or to no outage at all. We design systems to withstand challenging environments and help keep the power on, even during severe weather.

## Enabling the Energy Transition Through Products and Solutions

Outcomes

#### Advancing Resilience

Strategies, products, and services that improve resilience and shorten restoration of power after extreme weather events

#### Improving Reliability

Innovations that address momentary and sustained outages and help utilities improve their performance metrics

#### A Greener Grid

Products designed to lower carbon footprints—reducing emissions-producing truck rolls—and enable renewable energy resources

Enablers

#### Distribution Automation

Fault-testing devices that can mitigate or minimize outages and make the grid easier to operate and more resilient

#### Self-Healing Grids

Advanced protection solutions that reduce the scope of outages by isolating faults and rerouting power from alternate sources

#### Lateral Protection

A suite of fault-testing devices offering advanced, end-to-end protection for the last miles of the grid

#### Undergrounding

A series of switchgear solutions designed for durability, safety, and operational ease, including options to reduce carbon footprint

#### Grid Connectivity and Visibility

Software, communications, and controls that optimize system-level solutions and provide visibility to grid performance

#### Wildfire Mitigation

Low-spark protection strategies and products that reduce fire risk

#### Commercial and Industrial Solutions

A suite of solutions and services that increase uptime for critical infrastructure and large power users

## OUR SERVICES

Beyond traditional field maintenance and repair, our teams offer advanced services to help customers navigate the energy transition and increasingly severe weather, understanding their unique challenges and helping them strategize for the future. Our comprehensive services provide end-to-end support for customers, from in-depth system studies to preconfiguring ready-to-install devices and end-of-life support.



## Supporting Customers with Life Cycle Services

### Planning

System analyses and consulting to strategize grid-modernization efforts that meet budgetary requirements and provide return on investment

### Design

Engineering design, settings development, and factory testing to help ensure devices operate as expected in the field

### Deployment

Various installation support, including inventory and project management

### Support

In-field assistance through our 24/7 monitoring and support

### Training and Development

Ongoing development opportunities in a variety of formats to upskill teams on engineering, automation, applications, and S&C products

### End-of-Life Solutions

Retrofit and upgrade options, as well as sustainable recycling and disposal

## INTRODUCTION

### OUR APPROACH TO ESG

At S&C, we are transforming power into purpose by leveraging the collective efforts of our team members, our environmentally conscious operations, and the positive impact of our products to create long-term, sustainable value for all stakeholders. We understand the challenges humanity faces because of climate change, extreme weather events, and the ever-present need for a resilient and reliable electrical grid that can support the energy transition.

### ESG GOVERNANCE

S&C continuously advances our ESG practices and policies to do our part in building a sustainable future. Our president and chief executive officer oversees S&C's corporate responsibility efforts and serves as a member of the company's ESG Steering Committee. Co-chaired by our chief operating officer and vice president of marketing and corporate communication, the committee develops and advances our comprehensive approach to ESG strategy, programs, and initiatives. Members of S&C's leadership team and key subject matter experts, including the director of global health, safety, and environmental, serve on the steering committee and are responsible for advancing companywide efforts in their functional areas.

**Members of our ESG Steering Committee play an important role in the refinement of our ESG priorities, sharing their perspectives on the most critical areas impacting our stakeholders and planet, and how S&C can best address these needs based on current initiatives and future aspirations.**



## ESG STRATEGY

Beginning in 2021, S&C took important steps to formalize and advance the company's ESG strategy. Members of our ESG Steering Committee play an important role in the refinement of our ESG priorities, sharing their perspectives on the most critical areas impacting our stakeholders and planet, and how S&C can best address these needs based on present initiatives and future aspirations.

## ESG PRIORITIES

Our ESG priorities define S&C's strategy and inform our reporting and disclosure efforts. These priorities include the empowerment of our team members, our relentless drive for customer-centered innovation, and the highest standards of operational excellence. At the core of everything we do, ethics, integrity, and governance serve as the foundation of our actions and decision-making.

Importantly, our ESG priorities align with S&C's enterprise strategy. This critical alignment underscores how ESG is integrated into the expectations we have of ourselves and our vision for the future.



## S&C's ESG Priorities

S&C's strategic approach to ESG is rooted in our priority areas. Within these areas, we focus on how we can impact key issues facing our world.

### EMPOWERED TEAM MEMBERS



Fostering an inclusive, people-first culture where the diversity, expertise, and collaboration of our team members drive shared growth and success

### CUSTOMER-CENTERED INNOVATION



Developing innovative and resilient solutions to navigate the energy transition and help our customers keep the power on around the world

### OPERATIONAL EXCELLENCE



Focusing on safety as our top priority and continuously improving all aspects of our operations in support of our team members, customers, and communities

# ETHICS, INTEGRITY, AND GOVERNANCE

Our approach to ESG is grounded in a commitment to the highest standards of ethics, integrity, and governance. This is core to our identity and drives how we make decisions and treat each other, our customers, and our communities. Upholding these values continues to strengthen our people-first culture and shape our positive impact on society and the world.

## ETHICS AND INTEGRITY

S&C is committed to treating all team members, customers, and stakeholders fairly; to acting ethically; and to upholding the highest standards of integrity in our operations and business dealings. Our values drive our actions and enable us to maintain long-term relationships and continue to earn our reputation as a trusted partner and respected employer.

Under the leadership of S&C's general counsel, our ethics and compliance director is responsible for our compliance programs, policies, and procedures. These roles serve as chair and co-chair, respectively, of the S&C Compliance Committee, which includes the global leaders of each functional area of S&C and members of our leadership team.

Together, the general counsel, ethics and compliance director, and S&C Compliance Committee evaluate potential ethics violations, oversee company compliance, and conduct annual risk assessments and reviews.

S&C's Required Ethical Standards, Code of Business Conduct sets forth the standards by which we conduct all our operations. Topics covered in our Required Ethical Standards, Code of Business Conduct include:

- Health and safety
- Environmental sustainability
- Diversity, equal opportunity, and respect in the workplace
- Proper use of company assets
- Protecting our information systems and data
- Maintaining documents and records
- Disclosures and external communications
- Using social media
- Privacy and confidential information
- Anti-corruption and improper payments

- Suppliers and business alliances
- Conflicts of interest
- Gifts and entertainment
- Competitive practices
- Government relations
- International trade compliance
- Human rights
- Non-retaliation policy
- Waivers and exceptions

The document provides team members with guidance on making ethical business decisions and complying with all applicable laws, rules, standards, best practices, and regulations in the communities in which we operate. Each S&C team member is responsible for promoting an ethical culture and is encouraged to report any potential ethics infractions in person, in writing, or through S&C's anonymous helpline, which is operated by an independent, third-party provider.

S&C team members take part in training on our Required Ethical Standards, Code of Business Conduct, which details our expectations to:

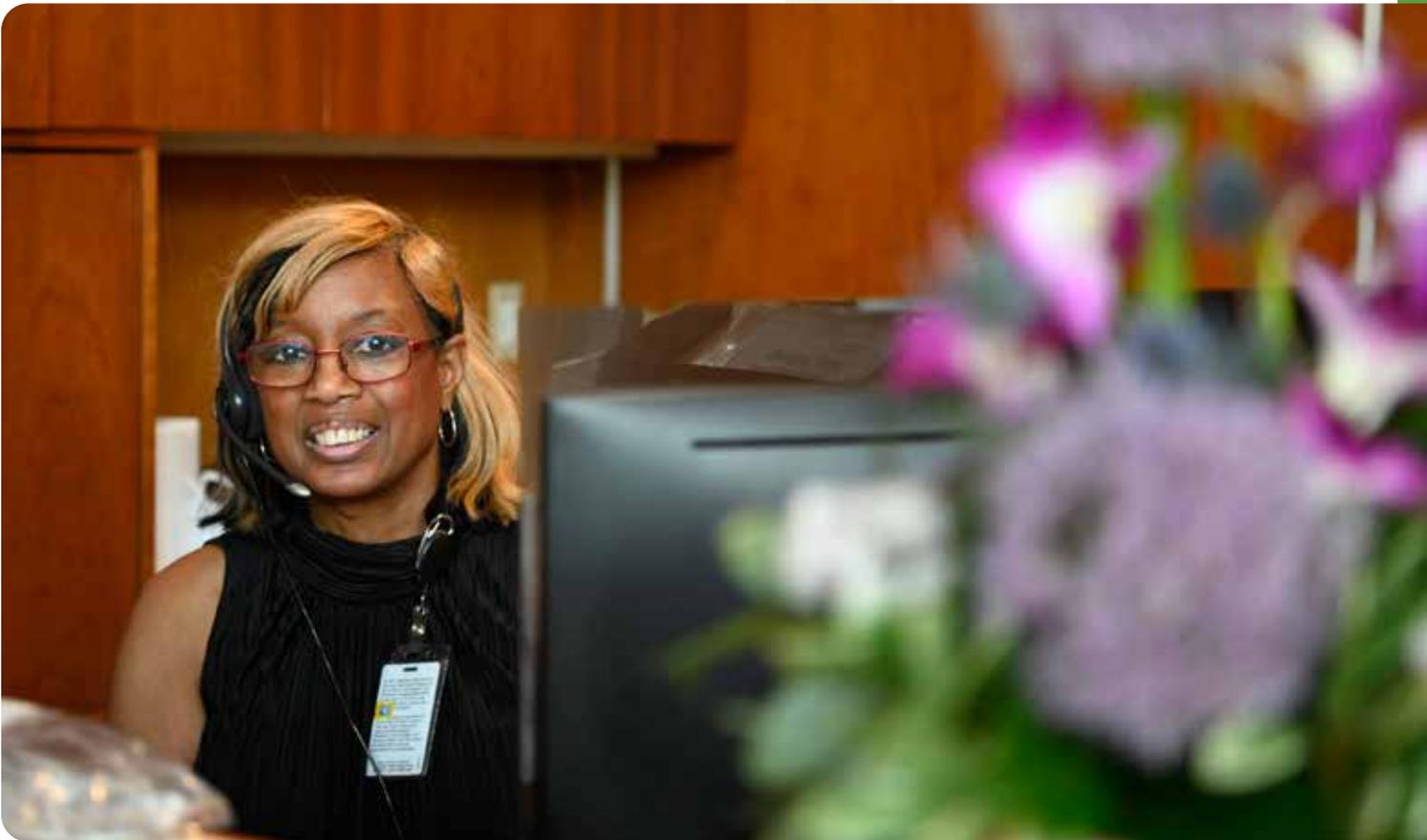
- Understand the needs of customers—whether within or outside S&C—and perform the work that best meets those needs
- Behave ethically at all times
- Treat all team members, customers, and suppliers in a manner that promotes trust, dignity, fairness, and respect
- Maintain a safe workplace and seek ways to reduce S&C's environmental impact
- Seek ways to continuously improve upon S&C's practices as well as team members' own work to maintain the high standard of product and service quality for which S&C is known
- Strive to ensure S&C complies with all applicable laws, rules, standards, best practices, and regulations
- Protect S&C's assets

## CORPORATE GOVERNANCE

As an employee-owned company, S&C has a responsibility to make decisions for the long-term benefit of its team members, and we believe strong corporate governance is central to that commitment and to the success of our business. Guided by our board of directors and led by key leadership, we prioritize social equity, risk mitigation, and ethical business practices throughout the organization to serve the interests of our team members, customers, and other stakeholders.

### BOARD OF DIRECTORS

S&C's board of directors appoints the executive officers, approves corporate officers, and sets the policies under which S&C operates. The board also reviews and approves the company strategy and monitors all facets of company performance.



## ETHICS, INTEGRITY, AND GOVERNANCE

### EXECUTIVE LEADERSHIP TEAM

Strong management and visionary thinking have helped distinguish S&C as a leader in the power and energy industries. We cultivate a seasoned management team with demonstrated success to amplify our position in the market.

S&C's executive leadership team is responsible for setting our strategic direction and driving differentiation through innovation and continuous improvement in line with our business and ESG objectives. We leverage the strength of our executive leadership team to provide long-term value for customers and advance our ideals of team member empowerment, equity, and engagement.

Diversity in leadership is important to S&C, and our training and recruitment practices reflect our objective to increase the percentage of gender and ethnic diversity on our leadership team. Presently, three of our nine executive leadership team members (33 percent) are diverse in terms of gender, race, or ethnicity.

### RISK MANAGEMENT

S&C is committed to complying with all applicable laws and regulations in the locations in which we operate. S&C team members are expected to adhere to local laws and S&C policies that apply to their employment and operational responsibilities.

We have adopted rigorous privacy and cybersecurity protocols to protect our digital information and systems from cybersecurity attacks and unauthorized access. Cybersecurity controls are strictly enforced to help ensure the information of S&C's team members, customers, and business partners remains secure. To promote security throughout S&C, all team members are responsible for properly using and safeguarding our information and systems.

Additionally, printed and digital information used while conducting business is handled, stored, or alternately destroyed in accordance with S&C's Information Security Program. Team members manage private and confidential information with care, and any personal or confidential information collected by, or for, S&C is properly safeguarded and used for business purposes only, in accordance with applicable laws and regulations. This includes nonpublic or private information about S&C, as well as S&C's team members, customers, suppliers, and contractors.





# EMPOWERED TEAM MEMBERS

Our people are the heart of S&C and fuel our innovation. Their exceptional talent and dedication drive S&C's success and create a community where we work together to accelerate both personal development and company growth. We embrace diversity of thought and backgrounds and believe diversity is fundamental for innovation. Every day, we strive to create an inclusive culture where team members can bring their authentic selves to work and feel comfortable sharing their ideas and perspectives.

As an employee-owned company, S&C's people-first culture carries through every aspect of our business. We make long-term decisions that benefit our team members and invest in initiatives that lead to professional and personal fulfillment. This helps us attract and retain top talent and create an environment where the power of our people advances S&C and transforms the grid.

## EMPOWERED TEAM MEMBERS

### TALENT ATTRACTION AND RETENTION

S&C's commitment to providing meaningful careers with advancement opportunities has long differentiated us as an employer of choice. In fact, the average S&C team member tenure in the U.S. is 10 years—far exceeding the national average.

We are proud of our proven history of effective talent attraction and retention practices and recognize the importance of supporting the evolving needs of our team members—both current and prospective.

#### OUR STRATEGIC APPROACH TO TALENT ACQUISITION

Our talent acquisition strategy strengthens our ability to attract top talent, broaden talent pools and support diverse candidate pipelines, increase S&C's brand awareness in the labor market, and deliver an exceptional candidate experience. Our strategy is centered around several key initiatives, including:

- Fostering equity, consistency, and transparency during the recruiting processes to increase the diversity of our qualified candidate pools. This includes training on how to conduct bias-free behavioral interviews; enhanced education around diversity, equity, and inclusion (DEI); and objectives for our leaders and hiring managers.
- Proactively engaging with our communities and industry associations to increase the diversity of our talent pipeline, especially for under-resourced populations
- Broadening university outreach to include Historically Black Colleges and Universities (HBCUs)
- Ensuring the language in job postings is inclusive, which reflects our commitment to hiring the best candidate for the job while advancing and celebrating diversity in our workforce
- Providing comprehensive onboarding processes to create rewarding, engaging experiences for new team members

In 2021, S&C made meaningful progress in these strategic objectives. We remained focused on sourcing talent and investing in technology solutions to assist candidates through the hiring process.

#### INTERN AND CO-OP PROGRAMS ILLUMINATE NEW OPPORTUNITIES

Internships and co-op programs play an integral role in welcoming the next generation of S&C team members, whose energy, passion, and imagination are helping create the grid of the future. S&C is committed to helping students build their skills and grow their experience across many disciplines.

S&C offers our interns and co-op participants meaningful work that aligns with their passions and provides a memorable experience filled with real-world opportunities. In addition to introducing college students to the exciting and rewarding potential of a future in manufacturing, STEM occupation, or other role related to their area of study, our programs highlight the benefits of beginning a career with S&C.

In 2021, we continued to leverage our strategic relationships to expand the reach of our internship program and enhance the opportunities we provide to students in our communities.



We also continued to enhance our community outreach capabilities that support our talent acquisition strategy through a dedicated community outreach function focused on cultivating relationships and creating career paths within our communities. Our community outreach team is also responsible for leading our university, intern, and co-op programs, as well as our ongoing development efforts with local, regional, and national organizations to attract the next generation of talent.

These investments have enabled us to support the growth of our business by continuing to source the best talent while effectively responding to fluctuations in the labor market.

### APAC GRADUATE PROGRAM

In March 2021, our Asia-Pacific (APAC) business unit launched a new experiential learning opportunity for graduate students. The 18-month program combines practical, on-the-job experience, technical learning, and regional exposure. During three, six-month rotational assignments, participants take part in the day-to-day activities of sales support, proposals, engineering, field service, and commercial roles.

### S&C works with industry associations to foster diversity in our talent pipeline. Partners include:

- Society of Women Engineers
- Women in Manufacturing
- Chicago
- National
- Inroad



## EMPOWERED TEAM MEMBERS

### TEAM MEMBER ENGAGEMENT AND DEVELOPMENT

We engage and develop team members throughout their professional journey and support them in cultivating a rewarding career at S&C. By providing career growth opportunities, development programs, and a comprehensive performance management process, S&C continues to equip team members with the tools to grow professionally and personally.

#### ENGAGING OUR TEAM MEMBERS

Across the organization, S&C fosters engagement through dedicated programs that empower our culture and develop meaningful connections for team members.

We believe we generate better ideas and make better decisions when everyone has a voice, which is why we regularly ask our team members for their honest feedback. In our 2021 global engagement survey, encompassing both salaried and hourly team members, we received a 74 percent response rate.

#### HIGHLIGHTS OF THE ENGAGEMENT SURVEY

■ **92%**  
of team members feel **comfortable reporting any safety concern**, no matter how small

■ **84%** of  
team members would recommend S&C to people they know as a **great place to work**

■ **84%**  
of team members believe S&C is taking **action to be socially responsible**

■ **83%**  
of team members have **confidence in the future of S&C**

S&C shares the survey results with departments and teams. We also work to develop concrete action plans to address opportunities for continuous improvement at both the enterprise level and within functions.

We recognize team members for their efforts and contributions to our culture. S&C's annual Jimmy Davis Spirit Award is presented in memory of Davis, a member of our Power Systems Solutions team known for his collaboration and entrepreneurial spirit in advancing S&C's services business. The award honors a team member who exhibits the traits Davis embodied in his career, including honesty, integrity, dedication, and determination. In 2021, Laura Cudizio, a valued member of our Health, Safety, and Environmental department, was our first Canadian team member to receive the honor. Cudizio, who was heavily involved in the Canadian team's response to COVID-19, was nominated for her resilience, positive attitude, and eagerness to help.

#### TEAM MEMBER TRAINING AND LEADERSHIP DEVELOPMENT

We believe our people are critical to the long-term success of our business, so we consistently invest in their development and remain committed to living our core values including caring for our S&C team members.

On-the-job training is a critical component of the ongoing development of all team members, enhancing individual skills while promoting adherence to the highest safety standards. S&C provides training throughout the year, including required programs focused on health and safety, information security, and our Code of Business Conduct.





Additionally, our development and leadership training programs provide knowledge-building and skill-development opportunities to help team members progress in their careers. Signature development and leadership training programs include:

- **Work Elements:** This skills-based, on-the-job training program promotes upward career mobility for production team members while striving to ensure competitive wages. The Work Elements program reinforces our culture of performance and versatility and builds skill flexibility and knowledge. In 2021, S&C updated this program to increase the speed at which team members can progress through the initial stages of the Work Elements program.
- **Hand Raise Application:** This online platform enables production team members to “raise their hand” for additional development and growth opportunities. When paired with our Work Elements program, the Hand Raise application is a tool for team members to accelerate their career growth.
- **Development Plans:** Revamped in 2021, these plans encourage conversations between team members and leaders to identify career goals and skill-building opportunities and then create action plans to address those objectives.
- **Leadership Experience:** A three-phase program (Launch, Elevate, Accelerate) supports team members throughout their leadership journey, helping leaders understand their strengths and leadership styles and providing ongoing coaching and support.

- **Operational Excellence Leadership Program:** Rolled out in 2021, this program allows production floor leaders to develop skills through on-the-job coaching in problem-solving and operational improvements.

As our business continues to grow, we are continually improving our leadership development programs to provide S&C with high-performing and diverse future leaders. Our efforts include:

- Building a greater focus on industry trends and best practices to ensure agility and adaptability among our leaders
- Continuing the journey to increase the diversity of our leadership teams
- Focusing on the mental well-being of our workforce and those who lead team members through more recognition, feedback, and identification of signs of burnout
- Providing training and guidance on the opportunities and challenges of remote work, as well as activating flexible work arrangements

Looking ahead, we will continue to evaluate our training and development programs and implement new initiatives, as appropriate, to ensure S&C is meeting team members’ needs and enabling them to advance their careers.

## EMPOWERED TEAM MEMBERS

### DIVERSITY, EQUITY, AND INCLUSION

S&C's commitment to diversity, equity, and inclusion (DEI) is rooted in our values and guiding principles. Each year, we strive to make substantive progress to inspire trust, teamwork, and belonging within our global workforce and the communities we serve. We believe diversity has a positive impact on every aspect of our business, especially in innovation, creativity, talent attraction, and team member retention.

In 2021, we reinforced our commitment to DEI and developed an integrated communications plan to amplify our efforts internally and externally. Central to this plan is our "DEI Statement" that declares our dedication to advancing our DEI journey.

To drive progress and accountability, S&C established key internal goals focused on increasing people of color and women in our workforce. We set one- and five-year targets to measure our near- and long-term progress.



### OUR DEI COUNCIL

In 2021, we restructured our DEI Council to include 28 team members with diverse experiences and various roles across our organization. The council works closely with S&C leadership and Human Resources to create and implement DEI road maps, programs, and policies, with a focus on five strategic areas:

- 1. Organizational commitment:** DEI is an extension of S&C's guiding principle of Respect for People, supported by leadership and embedded in everything we do. We aim to ensure our team members, communities, and stakeholders have a clear understanding of the importance of advancing our DEI journey.
- 2. Removing structural barriers:** We continually review our team member offerings, organizational policies, and processes to ensure they are bias-free and equitable.
- 3. Advancing DEI education:** We offer several options for DEI training, career path guidance, and allyship education to address core elements, while being mindful of various learning preferences and work arrangements.
- 4. Enhanced talent enablement processes:** We are enhancing our approach to internal mobility through a DEI lens to ensure biases are eliminated, there are many opportunities for advancement, and all team members are supported along their career paths.
- 5. Celebrating diversity:** We aim for all team members to bring their full, authentic selves to work each day, and to feel appreciated for the unique skills and perspectives they bring to S&C. While we host various events and provide team member recognitions throughout the year, we believe advancing DEI is a commitment each one of us makes every day and involves reflecting on how our behaviors can create a more inclusive culture.

In partnership with Human Resources, the DEI Council made significant strides to promote these strategic priorities in 2021, with notable accomplishments that include:

- Creating allyship awareness training
- Developing a curated list of DEI champions for recruiting events, facility tours, mentoring, and more
- Creating a formal DEI education plan

## Our DEI Statement

At S&C, everyone is essential. We believe diverse, inclusive teams empower each other to innovate and do their best work. Together, we drive for equity to build meaningful, challenging careers and to care for our communities and each other. We celebrate our successes, learn and grow from our mistakes, and inspire each other to create the grid—and workplace—of the future.



### ENHANCING TEAM MEMBER DIVERSITY

With team members across the globe and spanning five generations, S&C embodies a culture of respect for all people, regardless of ethnicity, gender identity, age, sexual orientation, or diversity of thought. In 2021, we continued to prioritize several initiatives to increase the overall diversity of our workforce, including:

- Broadening our talent pools and developing strategic relationships to attract diverse candidates
- Increasing awareness of and participation in our team member affinity groups, development programs, and other resources to help maintain the diversity of our existing workforce and provide a place for team members to feel appreciated, accepted, and supported

While we are proud of the progress we have made, we recognize there is still work to be done. Looking ahead, we will continue to take action to increase the overall diversity of our workforce, especially within leadership teams and salaried positions.

## EMPOWERED TEAM MEMBERS



### 2021 Diversity At-a-Glance

#### RACIAL DIVERSITY (U.S.)

- 58% of our U.S. workforce is racially diverse
  - 75% of hourly team members are racially diverse (up from 74% in 2020)
  - 40% of salaried team members are racially diverse (up from 37% in 2020)
- 32% of team members in leadership positions are racially diverse (up from 28% in 2020)
- 54% of new hires are racially diverse (up from 41% in 2020)

#### GENDER DIVERSITY (GLOBAL)

- 19% of team members are women (up from 17% in 2020)
  - 16% of hourly team members are women (up from 13% in 2020)
  - 23% of salaried team members are women (unchanged from 2020)
- 18% of team members in leadership positions are women (up from 17% in 2020)
- 26% of new hires are women (up from 23% in 2020)

#### AGE AND TENURE (GLOBAL)

- 48% of team members are Millennials or younger (born in 1977 or later)
- 28% of team members are Generation X (1965-1976)
- 24% of team members are Baby Boomers or older (born in 1964 or earlier)
- Team member ages range from 19 to 85 years

## FOSTERING AN INCLUSIVE AND EQUITABLE WORK ENVIRONMENT

Achieving and sustaining an inclusive work environment requires both far-reaching initiatives and an ongoing, personal commitment from each team member. Every day, we work to challenge our own unconscious biases and foster an accepting, inclusive environment where everyone's voice is heard. Key initiatives from 2021 include:

- S&C hosted a variety of trainings and opportunities to educate team members and assess how the company can continue to become more inclusive. These included several educational trainings and speakers for executive leadership, including basics of DEI and how to show allyship to support their team members.
- Guest speakers and panels discussed DEI in the workplace, with perspectives from the LGBTQ+ community, people with disabilities, generational experts, and people of color.
- Focus groups with production team members discussed their experiences at S&C and provided recommendations for creating a more inclusive culture.

Each year, S&C conducts a pay equity analysis examining the total compensation of all U.S. salaried team members and reviews performance metrics and comparable salary ranges. Additionally, with a highly diverse workforce, S&C's employee-ownership structure helps close pay gaps by providing an equal opportunity for economic advancement to all team members.

### LGBTQ+ EQUALITY

In March 2021, S&C joined the Business Coalition for the Equality Act, the largest coalition of major businesses for LGBTQ+ equality. Members of the coalition support federal legislation protecting the LGBTQ+ population from discrimination. The Equality Act creates clear, consistent protections to prohibit discrimination in employment based on sexual orientation and gender identity, as well as discrimination in housing, credit, jury service, access to public services, and federal funding.



## EMPOWERED TEAM MEMBERS

### AFFINITY GROUPS UNITE AND SUPPORT TEAM MEMBERS

S&C's affinity groups serve as the hub for camaraderie and shared learning among team members. The groups help team members feel a sense of belonging at S&C, both socially and in their careers.

Affinity group events in 2021 included:

- The I.D.E.A. Group sponsored several activities for Black History Month including honoring 10 U.S.-based team members who demonstrated outstanding character and commitment to S&C and their communities.
- Our I.D.E.A. Group hosted a virtual event in March to mark Nowruz, the Persian New Year.
- Our U.S.-based Women's Empowerment Group marked International Women's Day and hosted a "Choose to Challenge Bias" session. S&C Mexico recognized all the women who are part of the team in Mexico and Brazil. In Canada, team members wore purple and changed their virtual meeting background for a group collage.
- Spectrum, our LGBTQ+ affinity group, hosted a panel presentation about the trans and nonbinary community, starting with the basics of definitions and best practices in speaking about trans individuals, as well as exploring the struggles and successes of this community.
- For Hispanic Heritage Month, our I.D.E.A. Group hosted civil rights activist Sylvia Mendez, who was awarded the Presidential Medal of Freedom and National Hispanic Hero Award.



#### **Inclusion, Diversity, Engagement & Awareness (I.D.E.A. Group)**

Promotes and maintains a diverse and inclusive work environment



#### **S&C Connects**

Helps young team members realize their voices as S&C's next generation and empowers them to connect with S&C's people, business, culture, and history



#### **S&C Gives**

Empowers team members to support causes, builds awareness of opportunities, and cultivates a volunteer network of philanthropically passionate S&Cers



#### **S&C Toastmasters**

Provides a supportive and positive learning experience in which members are empowered to develop communication and leadership skills, resulting in greater self-confidence and personal growth



#### **Spectrum**

Fosters a safe, supportive environment for LGBTQ+ team members, advocates for inclusive policy, and educates team members about the LGBTQ+ community and meaningful allyship



#### **Women's Empowerment Group (WEG)**

Provides all S&C women with opportunities to champion personal development and success in open, supportive environments



## AWARDS AND RECOGNITIONS

The following workplace recognitions serve as testaments to S&C's commitment to team members and inspire us to continue to enhance our efforts:

### 2021 Top Workplaces USA:

S&C was named a top employer by Top Workplaces USA, including a No. 2 ranking among manufacturers. Honorees were selected based on anonymous employee feedback on company efforts to create and sustain a positive, productive culture.



### 2021 Chicago Top Workplaces:

For the third year in a row, the *Chicago Tribune* named S&C one of the top 20 best places to work among large employers in the Chicago area.



### 2021 Best Workplaces in Ontario:

S&C Electric Canada, Ltd. received this honor and was also recognized as one of Canada's best workplaces in the manufacturing industry. These accolades were awarded after an independent analysis of team member survey responses conducted by Great Place to Work®.



## EMPOWERED TEAM MEMBERS

### WELL-BEING AND WORK-LIFE BALANCE

As an employee-owned organization, S&C understands that when team members are empowered to bring their whole selves to work, everyone shares in the collective success of a highly engaged and connected workforce. Understanding our team members' varied needs, we embrace a holistic view of team member well-being and work-life balance to support them at work and at home.

### ADAPTING TO NEW WAYS OF WORKING

Following the onset of the COVID-19 pandemic, ensuring a seamless transition to a remote and hybrid working environment has been critical. We focused our efforts on designing the "future of work" at S&C and how we can continue to protect the health, safety, and well-being of team members while supporting the needs of our business. S&C implemented new flexible work arrangements and made technology and equipment available to enable remote work. In addition, we operate multiple schedules in our facilities, offering additional flexibility for team members where possible.

To support these efforts and maintain team member engagement, S&C invested further in digital solutions and experiences, safe and productive physical work environments for in-person work and collaboration, and enhanced communication platforms.

**In 2021, our Canada team launched a Returnship Program to support team members returning to the workforce after taking time away to provide child or elder care. We created this four-month program to help ease the transition and provide professional coaching and mentorship opportunities, along with flexible work schedules.**

### SUPPORTING TEAM MEMBER WELL-BEING

S&C continues to encourage all team members to prioritize their mental health and overall well-being. S&C's AMP UP! plan helps team members embrace a healthy lifestyle through benefits such as free, confidential health screenings, health coaching, fitness programs, weight management programs, and smoking-cessation resources. Our Employee Assistance Program also provides team members with various tools and resources, including confidential counseling sessions with licensed professionals.



## COMPENSATION AND BENEFITS

S&C is committed to providing market-competitive benefits and compensation to attract and retain strong talent. Our approach to total rewards is intended to support the personal and financial well-being of team members and their families through comprehensive compensation and benefits packages.

**In the U.S., S&C is 100 percent employee-owned, providing team members with the opportunity to impact our success and share in the value they help create.**

S&C's U.S. compensation and benefits packages include:

- Market-competitive salaries and merit-based supplemental pay
- Paid time off and an end-of-year shutdown
- Retirement and financial planning tools, including a combined 401(k) retirement savings program and Employee Stock Ownership Plan known as a KSOP
- Health benefits, flexible spending accounts, and health savings accounts
- Family-friendly benefits, including parental leave, fertility and adoption expense reimbursement, and childcare referral services
- Educational reimbursement of up to 100 percent of tuition and select related fees
- Wellness programs, including fitness club membership subsidies
- Generous life insurance benefits and short- and long-term disability protection

We continue to assess our offerings to ensure we are meeting team members' needs, including benefits offered outside of the U.S. to ensure these benefits are competitive in our international markets.

In 2021, S&C increased its minimum hourly wage for U.S.-based team members to \$18 per hour. Additionally, we launched an updated Annual Incentive Plan, providing all team members with incentives based on S&C's performance while improving transparency and equity in the company's incentive bonus program.

**“As a 100 percent employee-owned corporation in the U.S., caring for our team members has always been at the core of our culture. Whether through providing competitive hourly rates or on-the-job education and career development opportunities, we have always chosen to invest in our people.”**

**Anders Sjoelin  
President and CEO**

## EMPOWERED TEAM MEMBERS

### SOCIAL IMPACT AND COMMUNITY ENGAGEMENT

Each year, S&C team members invest time and resources into supporting the communities in which we live and work. Through our Annual Giving Campaign, we provide financial support to nonprofit organizations and causes that align with our values and are important to team members. In 2021, the campaign raised more than \$400,000 to support Chicago-area organizations, including CHC: Creating Healthier Communities, Feeding America®, Misericordia, and United Way. The campaign, which combines team member donations with a 150 percent company match, has raised more than \$2 million since 2016.

Additionally, the S&C Fund continues to provide financial support in the wake of natural disasters and other unforeseen crises in our communities. Many of S&C's efforts include partnerships with customers to enable us to expand our impact. In 2021, our team member-led community initiatives included:

- S&C participated in a food drive to benefit A Just Harvest, whose mission is to fight poverty and hunger in the Rogers Park and Greater Chicago community. Our I.D.E.A. affinity group led the effort, and it also sponsored a back-to-school drive that collected 600 items for Chicago-area children in need.
- We raised more than \$15,000 from team member donations and a matching gift from the S&C Fund to support three team members who participated in Chicago's annual Polar Plunge fundraiser benefiting Special Olympics Chicago and Special Children's Charities.
- Our Franklin Professionals Group in Wisconsin, along with a matching grant from the S&C Fund, raised more than \$3,000 for the Hunger Task Force Annual Food Drive and had 22 team members participate in an annual blood drive.

- Our Women's Empowerment Group collected toiletry donations and raised nearly \$1,300 on behalf of Between Friends, a Chicago nonprofit organization dedicated to preventing domestic violence by equipping communities with the tools necessary for everyone to feel safe and equal in their relationships.
- S&C Gives led the annual blood drive at our Chicago location, with 25 team members participating.
- Both our Chicago and Franklin locations ran annual donation drives for the Marine Toys for Tots Program, collecting nearly 250 items to be given as holiday gifts to children of low-income families.
- In 2021, our charitable contributions in Canada totaled more than \$46,000, benefiting local food banks, healthcare organizations, community development initiatives, and other efforts.
- Our Asia-Pacific team made a \$2,300 carbon footprint offset donation to support UNICEF's COVID-19 relief efforts.

In addition, the S&C Fund contributed the following to community organizations:

- \$50,000 to the American Red Cross to support relief efforts for Hurricane Ida, wildfire devastation in western states, and recovery from a 30-tornado mega-storm that impacted six states
- \$20,000 to Big Brothers Big Sisters of Metropolitan Chicago
- Continued support of the Adler Planetarium's teen education programs through a \$200,000 grant
- \$150,000 to the American Writers Museum to support the John W. Estey Student Writing Competition





# CUSTOMER-CENTERED INNOVATION

S&C prides itself on its ability to develop innovative and reliable solutions to navigate the changing grid and help customers keep the power on around the world. We work closely with customers to understand their existing and future challenges and develop systemwide solutions. Our customers are at the center of our entire innovation process. We collaborate with them to verify our product designs will be easy to install and operate, and work together to pilot devices in the field and capture performance feedback. This allows us to bring products to market that provide the results and return on investment customers require.

### PRODUCT INNOVATION

Founded in 1911, S&C was built on a breakthrough innovation. The nascent and fast-growing electric grid was experiencing increasingly dangerous accidents and fires. S&C's first innovation, the Liquid Power Fuse, provided safer and more reliable protection, pioneered the adoption of outdoor distribution systems, and established safe electricity as foundational to everyday life.

Today, that legacy of innovation continues to drive us and is core to our growth ambition. As the impacts of climate change become more frequent and severe, and communities and other stakeholders call for a greener future, utilities are facing new challenges from increased electrification and managing renewables and decentralized resources on the grid. S&C is dedicated to supporting our customers as they navigate these changes and ensuring the grid remains stable and reliable as it evolves. We work alongside customers to make sure they have the solutions they need now, and will need in the future, to deliver power efficiently, safely, and sustainably—wherever they operate.

At the same time, climate change is causing more extreme weather, including both severe storms and increasing drought, forcing the grid to operate in more intense conditions. In the most severe weather, keeping the power on is essential for the safety of our communities and critical infrastructure, such as hospitals, data centers, schools, and military bases.

S&C is enabling a more resilient grid, so when severe weather hits, the grid can be the first to react—mitigating outages and minimizing risk for crews. This ultimately shortens restoration time and brings homes and businesses back to normal faster. We are focused on ensuring our best innovations can withstand the worst conditions.

As S&C works to develop and deploy products that support a smarter, more resilient grid, we are guided by foundational principles. Our products will:

- Be smaller and lighter than comparable products
- Exchange data and device control signals securely
- Provide improved customer value and experience by reducing operation and maintenance costs
- Reduce exposure to electrical hazards

Our Advanced Technology Center (ATC) enables us to accelerate the development and delivery of our innovations. At the heart of the ATC is the Nicholas J. Conrad Laboratory, the largest manufacturer-owned, short-circuit testing laboratory in North and South America. With two 850-megawatt, electrical short-circuit test generators that can test up to 100 kA and up to 230,000 volts, the laboratory provides S&C with the ability to test our innovations in our own facilities. The LEED-certified, 43,000-square-foot center also includes space for independent quality and performance verification testing.



## PRODUCT SAFETY AND QUALITY

Quality design and trusted manufacturing have been central to S&C's philosophy throughout the company's more than 100-year history. We engineer quality, reliability, and durability into every S&C product. Our chief product development officer, chief technology officer, and chief commercial officer lead our product strategy efforts.

All S&C U.S. manufacturing operations are registered and certified compliant with the ISO: 9001:2015 quality management system standard. In addition, S&C's regional centers in Canada, China, Europe, and Mexico are registered and certified compliant with the ISO 9001:2015 standard.

S&C's operations follow recognized quality processes and use feedback mechanisms to help ensure products meet customers' needs and expectations. We monitor all customers' experiences through a quality management system and are committed to continuous improvement in all we do.

Our Global Quality team collaborates and proactively engages with our Product Development team, allocating dedicated resources to new product launches. S&C's Advanced Quality Planning processes ensure we design for quality, durability, and reliability as new products come into production. Our teams engage with suppliers and internal experts to drive process design, error-proofing, design for manufacturing, and deployment of risk-based analytical tools such as Failure Modes and Effects Analysis. S&C's rigorous processes ensure consistently accurate manufacturing and delivery to customers.



### DESIGNING FOR RESILIENCE AND SAFETY

Severe weather can threaten the grid and impair equipment. These factors can lead to lower reliability, unnecessary crew exposure to voltages and hazards, and increased operation and maintenance expenses. S&C has developed system-level solutions to make the grid more resilient and advanced.

Our IntelliRupter® PulseCloser® Fault Interrupter enables low-energy fault testing on feeders, and our IntelliTeam® SG Automatic Restoration System uses distributed intelligence to quickly isolate faults and reroute power. TripSaver® II Cutout-Mounted Reclosers and VacuFuse® II Self-Resetting Interrupters bring fault testing to the lateral level, providing advanced, end-to-end protection to the last miles of the grid. These innovations keep temporary faults from becoming sustained outages, which is critical during storms to mitigate unnecessary work, keep crews out of harm's way, and ultimately restore power faster to homes and critical infrastructure.

Many utilities are embracing undergrounding practices to minimize exposure of their lines in severe weather events. S&C offers a suite of underground switchgear options that meet customers where they are in their grid-modernization journeys. This product suite includes PME Pad-Mounted Gear, designed to withstand the elements and improve crew safety, and Vista® and Vista® Green Underground Distribution Switchgear, submersible solutions that support customers' sustainability initiatives.

### PRODUCTS AND SOLUTIONS

Our guiding principles of Commitment to Excellence and Responsible Stewardship are the foundation for reducing the environmental impact of our products and enhancing the use of renewable energy sources.

S&C embraces the opportunity to drive positive environmental outcomes throughout our products' life cycle, from design through manufacturing, operation, modification, and end of life. With product safety and performance serving as our primary objectives, we consider a robust set of sustainability factors in our products and processes, focusing on ways to minimize energy and resource use, reduce the use of hazardous substances and greenhouse gas (GHG) emissions, minimize waste, enhance recyclability, and allow for easy repair, upgrading, and disassembly.

To continue lowering our impact related to sulfur hexafluoride gas (SF<sub>6</sub>), we consider the life cycle of our devices, and in 2021 we recaptured more than 95 percent of all SF<sub>6</sub> gas from returned devices.



#### S&C'S SUSTAINABLE PRODUCT LIFE CYCLE CONSIDERATIONS

- Designing for minimal energy and resource use, for the product and during production, while recognizing the carbon footprint impacts of these considerations
- Minimizing the weight, size, and materials used in our products, conserving resources in production, and avoiding emissions from logistics
- Allowing for ease of repair, upgrading, and disassembly at a product's end of life, enhancing recyclability and circularity
- Avoiding and minimizing hazardous substances where possible and fully complying with all applicable regulations
- Developing solutions that do not use SF<sub>6</sub> and creating hermetically sealed designs that reduce handling and emissions of SF<sub>6</sub>
- Avoiding blended materials and alloys that are more difficult to recycle
- Minimizing waste in our production processes and avoiding non-recyclable materials, enabling our commitment to become a landfill-free company
- Designing packaging to be entirely recyclable and made with recycled content, and eliminating the use of expandable foam, urethane foam, or polystyrene foam as part of packaging any product
- Developing end-of-life services, including recapturing SF<sub>6</sub>

## VISTA® GREEN UNDERGROUND DISTRIBUTION SWITCHGEAR: A SUSTAINABLE SOLUTION

In 2021, S&C released its Vista Green Underground Distribution Switchgear, an industry-leading innovation offering customers a sustainable and reliable alternative to SF<sub>6</sub> switchgear.

As utilities look to reduce their GHG emissions, one of the leading challenges is the industry's reliance on SF<sub>6</sub>, a GHG with a high global warming potential (GWP). Because of its unique properties, including an extremely stable molecular structure, the electrical industry has relied on SF<sub>6</sub> for decades.

S&C's Vista Green switchgear helps the industry adopt a more sustainable solution. This new design uses a mixture of carbon dioxide and 3M™ Novec™ 4710 Insulating Gas, providing a 97 percent reduction in carbon footprint compared to SF<sub>6</sub> gas options. Designed for resilience and easy operation, Vista Green switchgear delivers the same capabilities as SF<sub>6</sub> switchgear with significantly less impact on the environment.

3M and Novec are trademarks of 3M Company

S&C's Joe Matamoros, senior director of product management, leads our Vista switchgear product line and was named a "sustainability champion" by Clean Jobs Midwest in recognition of the collective efforts of S&C team members to develop and deliver new sustainable switchgear solutions.



## CUSTOMER-CENTERED INNOVATION

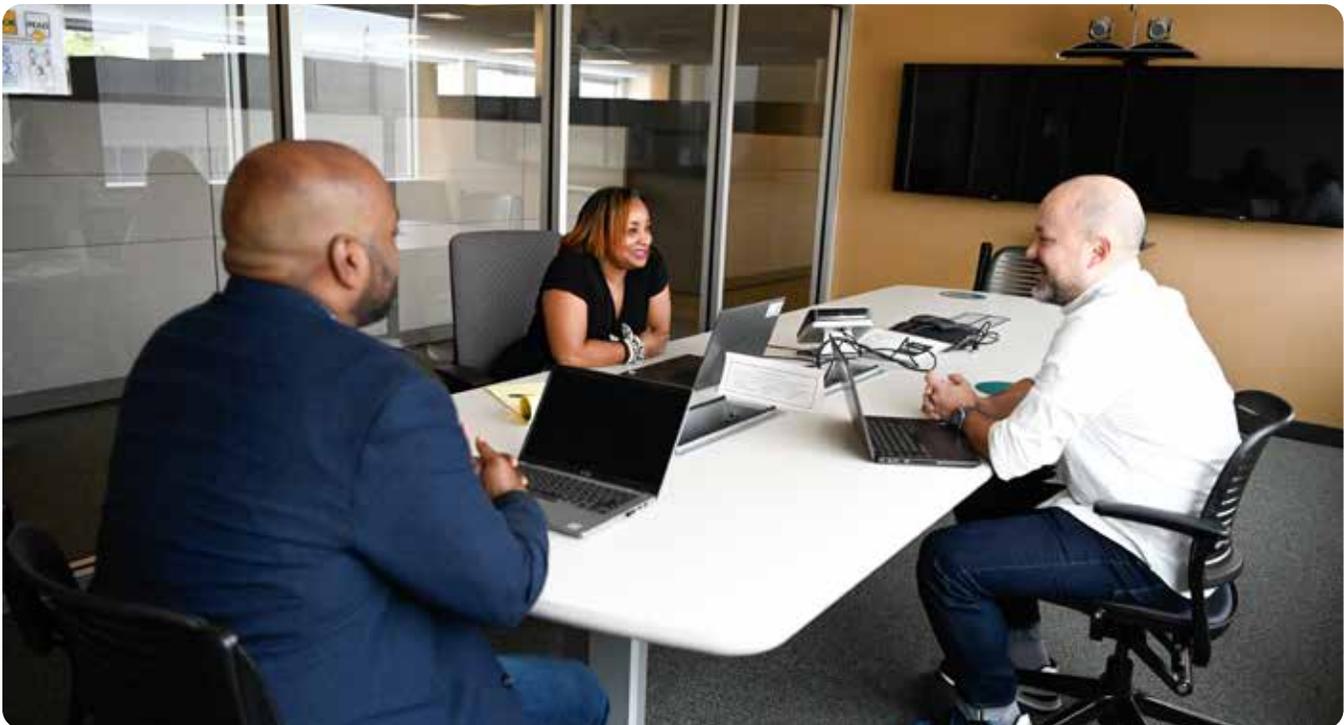
### CUSTOMER FOCUS AND SUPPORT

Our Power Systems Solutions team offers customers life cycle support customized to their needs. With the expertise and experience of our team, S&C is positioned to help customers develop grid-modernization programs and implementation plans. The team also provides field service, and it can troubleshoot issues through a 24/7 support line. As we navigate the energy transition, S&C also provides training and development opportunities to help customers ensure their teams—and their grid—are ready for the future.

We pride ourselves on supporting customers when they need it most. In critical situations, we rally to prepare for and respond to customers' urgent needs. When necessary, we increase our production capacity to serve anticipated demand and ensure our products are ready to ship. We work together with customers to quickly identify what they need and provide frequent updates to help them manage restoration efforts.

As part of our dedication to customer service excellence, we continually work to address any concerns faster and closer to customers. S&C recently added service and repair capabilities at our Melbourne office, saving products from being shipped long distance to another facility.

**S&C provides solutions for customers worldwide, with team members helping customers develop and execute long-term strategies, implementation plans, and response efforts.**





# OPERATIONAL EXCELLENCE

S&C recognizes the power and energy industries can significantly contribute to protecting our planet and reducing the impacts of climate change. We embrace our role in being part of the solution and aim to continuously improve operations and deliver on our environmental obligations and commitments.

We strive for excellence in how we care for each other, our customers, and our communities. For S&C, this starts with safety. From how we design products to how we conduct daily operations, safety is ingrained in everything we do. We set ambitious goals and rely on each other's safety commitment to ensure team members go home safely at the end of each day.

## TEAM MEMBER HEALTH AND SAFETY

S&C's approach to team member health and safety is rooted in our core value of Respect for People. Safety is No. 1, and this is reflected in our goal to be recordable-injury-free.

Meeting this ambitious goal requires daily commitment and participation from every team member, as well as consistent review of our progress. Everyone at S&C is expected to keep safety at the center of their actions to protect themselves and their fellow team members.

To sustain our safety-first culture, we emphasize safety from the moment new team members join S&C. During onboarding, team members are trained on safety procedures specific to their roles and everyday safety requirements at S&C, which are covered in our Safety Manual. Key topics include:

- Safety for life
- Safety rules and training
- Personal protective equipment
- Proactive safety inspections
- Occupational health and ergonomics
- Work-specific safety procedures and incident prevention
- Energy control and lock-out/tag-out practices
- Chemical safety and industrial hygiene

Throughout their tenure at S&C, all team members remain accountable for maintaining a safe work environment and following the written policies and procedures outlined in our Safety Manual. Our manufacturing team members also participate in regular safety briefings and are encouraged to suggest improvements. Everyone is empowered to stop work immediately if an unsafe activity or condition is observed.

## SAFETY ACTION TEAMS EMPOWER TEAM MEMBERS

S&C's Safety Action Teams provide shared responsibility for identifying and remediating potential safety risks. All team members have an opportunity, on a rotating basis, to serve on a Safety Action Team for their department, unit, or division. Composed of production team members, leadership, and at least one member who specializes in health, safety, and environmental issues, the teams develop proactive action plans to improve safety.

Safety Action Team responsibilities include:

- Holding monthly planning meetings
- Developing job safety analyses (including ergonomic evaluations)
- Conducting departmental inspections
- Conducting accident/incident investigations and analyses
- Managing our safety "quick fix" program
- Presenting findings at department safety meetings



**“Safety is a team sport. We need everyone working together toward the same goal of preventing injuries. There is no better way to show we care about one another than by keeping each other safe.”**

**Anders Sjoelin, President and CEO**

## SAFETY PERFORMANCE

S&C's commitment to a safety-first mindset is reflected in our strong safety performance. We track both leading and lagging indicators to gain a holistic picture of our safety performance and trends.

To attain our goal of zero recordable injuries, we work to identify potential issues and remove risk. Leading indicators are critical to understanding risks that exist and addressing concerns before they cause safety incidents. Our focus on leading indicators allows us to be proactive and preempt safety issues.

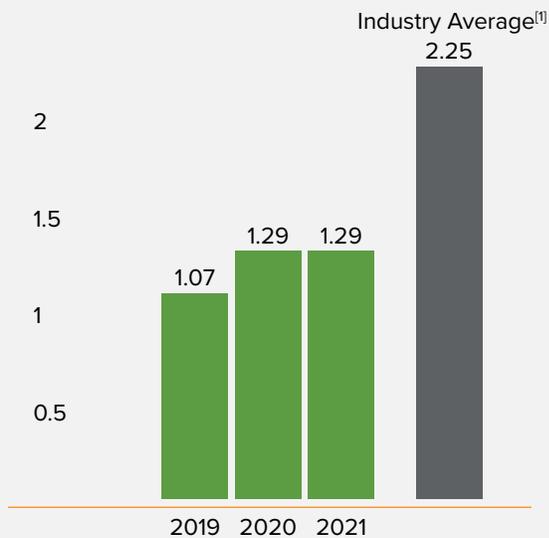
We rely on the engagement of all team members and encourage them to capture leading indicators throughout S&C to consistently assess our operations. Team members are empowered to report safety issues and recommend improvements. In 2021, they submitted more than 7,000 safety observations and hazard identifications. We also record near misses and use these moments to learn and share best practices.

The key lagging indicators S&C tracks include Total Case Incident Rate (TCIR) and Days Away, Restricted, or Transferred (DART). While we are proud to have maintained a TCIR and DART well below industry averages in 2021, even one incident is too many.

We consistently focus on assessing the root cause of any incidents and implementing corrective and preventive measures.

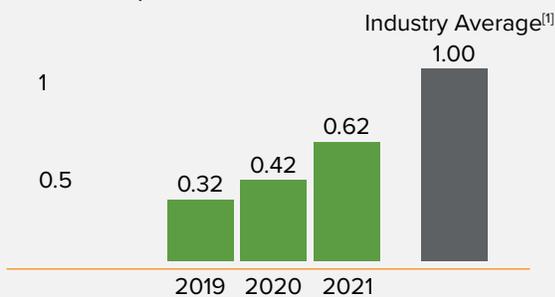
### TOTAL CASE INCIDENT RATE (TCIR)

calculated per 100 full-time workers



### DAYS AWAY, RESTRICTED, OR TRANSFERRED (DART) RATE

calculated per 100 full-time workers



### SAFETY ENGAGEMENT AT ALL LEVELS

We reinforce our dedication to safety through monthly engagement events, such as our “Go-and-See” discovery activity in which our chief executive officer, chief operating officer, and other S&C leaders walk through our production areas and talk with team members to identify potential safety improvements. This allows us to hear directly from team members and capture their feedback. As a result of these events, S&C has been able to make significant process improvements, including installing new equipment and enhancing the ergonomics of team member workstations.

[1] Graphs depict S&C's TCIR and DART performance from 2021 in comparison to industry averages for TCIR and DART. These industry averages were sourced from 2020 U.S. Department of Labor NAICS statistics.

## ENVIRONMENTAL STEWARDSHIP

Driven by our guiding principle of Responsible Stewardship, S&C is dedicated to reducing the environmental impact of our business activities by taking steps to decarbonize operations, divert our waste impact, and responsibly manage the use of natural resources.

S&C’s approach is outlined in our Environmental Impact Commitment, which stipulates the following:

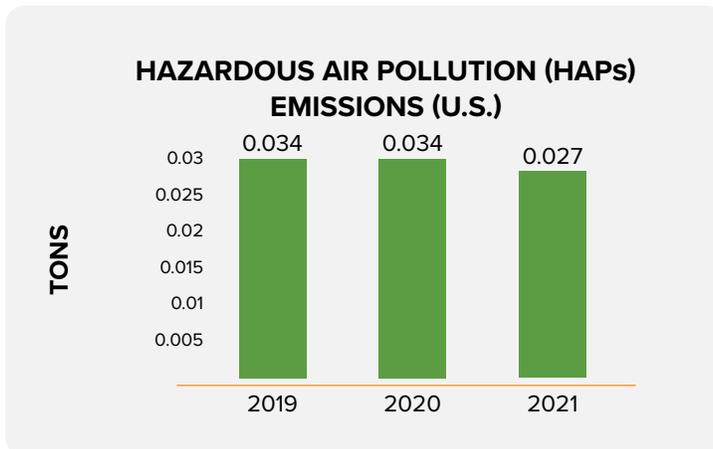
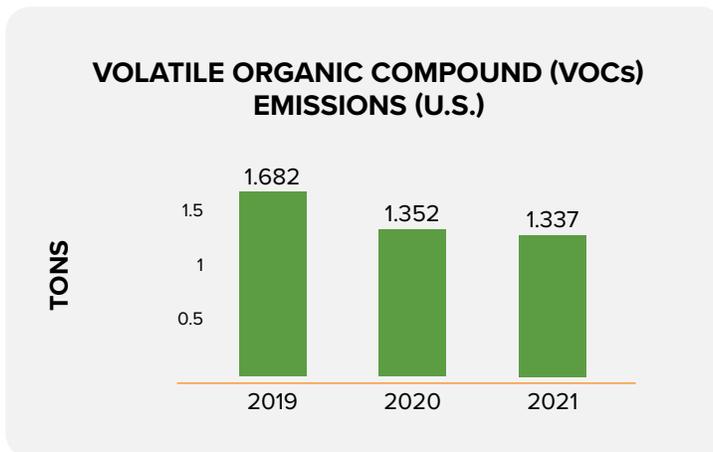
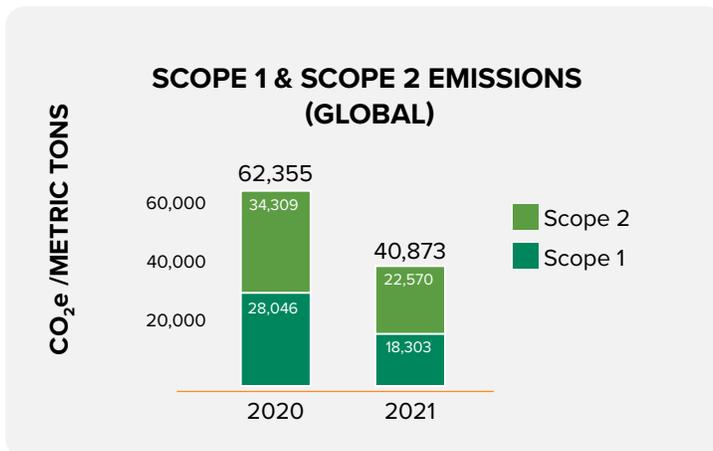
- We work to minimize waste and implement pollution-prevention strategies while striving to protect the environment and use more sustainable sources of energy, water, and materials.
- We continually improve environmental performance by setting, reviewing, and achieving environmental objectives and targets as applicable new knowledge and technology become available.
- We are devoted to being a good citizen and neighbor in the communities in which we operate, which includes taking meaningful steps to reduce our carbon footprint.
- We constantly strive to minimize and eliminate waste where we find opportunities, limit our emissions of greenhouse gases and volatile organic compounds, and keep solid waste out of landfills.

### SUSTAINABLE GROWTH AND EXPANSION IN FRANKLIN, WISCONSIN

As our business grows and we invest in existing facilities and expand our locations, sustainability remains a significant consideration in the construction, upgrades, and enhancements of our facilities and processes.

For example, as we expanded our Franklin, Wisconsin, location, we ingrained sustainability considerations from the planning stage, including considering energy efficiency and LEED certification. In addition, by localizing the assembly processes of our IntelliRupter® PulseCloser® Fault Interrupter, we decreased transportation between S&C locations and avoided potential emissions.

S&C manufacturing facilities in four U.S. states (Illinois, California, Florida, and Wisconsin) and four global locations (Australia, Canada, China, and Mexico) have achieved certification to the International Organization for Standardization (ISO) 14001 environmental management system standard. Two of our buildings in Chicago have been certified at the LEED v4 Silver and LEED v3 Gold levels.





## EMPOWERED TO DECARBONIZE OUR OPERATIONS

S&C continually explores ways to make our operations more environmentally friendly. Most recently, we have devoted substantial efforts toward the management of our carbon footprint and launched an ambitious undertaking that will require broad involvement, planning, and significant investment as we aspire to create a carbon neutrality goal for S&C.

In 2021, we continued to refine our global scope 1 and scope 2 GHG emissions inventory and began formalizing a plan of action. Our global scope 1 and scope 2 emissions are to be third-party certified in 2022. As we aggregate emissions data across our locations and identify our global baseline, we intend to announce our carbon footprint goal and finalize a clear blueprint and timeline for achieving it.

Besides focusing on our greenhouse gas emissions, we aim to monitor and reduce other air quality impacts. We track and report our generation of volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) on an annual basis. In 2021, our VOC emissions totaled 1.337 tons (1.2 metric tons) and HAP emissions totaled 0.027 tons (24.5 kg).

S&C strives to optimize the energy efficiency of our operations through the installation of LED lighting and high-efficiency boilers. For our Chicago operations, from 2020 to 2021, total electricity use increased 2.9 percent, and natural gas use decreased by 10.1 percent. When normalized for building square footage, heating and cooling days, and labor hours, our factored electricity use decreased by 6.1 percent, and

## BRIGHTENING OUR FUTURE WITH LED LIGHTING

S&C readily explores new ways to phase in the use of more sustainable technologies that reduce our operational footprint. In an ongoing initiative, we are completing retrofit projects at our facilities and transitioning to LED lighting.

In 2021, an LED project at our Canadian facility decreased the number of fixtures and bulbs in the building and simultaneously reduced energy consumption by approximately 50 percent.

our factored natural gas use decreased by 16.7 percent, year over year. We are proud of our energy efficiency efforts and are committed to continuing to make additional progress in the years ahead. We participate in a longstanding program to purchase renewable energy certificates for the electrical energy use at all our U.S. locations in coordination with the U.S. Environmental Protection Agency's Green Power Partnership. By engaging in this partnership, S&C advances and encourages the development of renewable energy sources within the U.S. In 2021, S&C continued purchasing supplemental renewable energy certificates to balance the electrical use from global operations.

**ELECTRICITY USE (CHICAGO)**



**NATURAL GAS USAGE (CHICAGO)**



## OPERATIONAL EXCELLENCE

### WASTE MANAGEMENT AND DIVERSION

Our global waste management program focuses on prevention, reuse, recycling, and composting initiatives throughout our facilities. Within the last few years, S&C has matured this program by implementing additional material-management and waste-handling practices, including:

- Measuring our waste impact by tracking the amount of waste we generate, reuse, recycle, compost, and convert into energy
- Pursuing third-party experts to help find new ways to decrease waste generation as well as enhance our waste handling/disposal processes
- Involving team members in waste-minimization efforts by assembling teams of volunteers
- Reinforcing positive and proactive behaviors aimed at eliminating waste by following the Waste Hierarchy

S&C's intent is to divert as much waste as possible from landfills at all global operations. Total waste generated in 2021 was 16.6 million pounds (7,537 metric tons). As a result of the minimization measures throughout our facilities, S&C diverted 98.4 percent of waste from landfills, which amounted to more than 16 million pounds (7,257 metric tons) in 2021.

#### WASTE DIVERTED FROM LANDFILL (GLOBAL)



#### CANADA FACILITY ACHIEVES LANDFILL-FREE STATUS

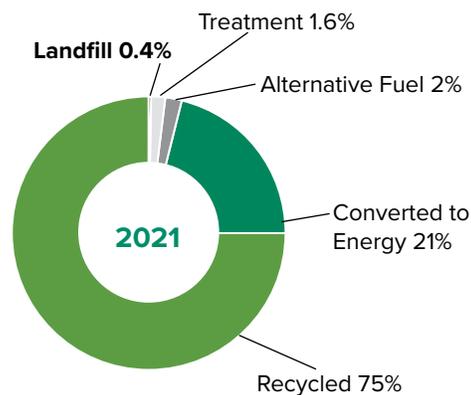
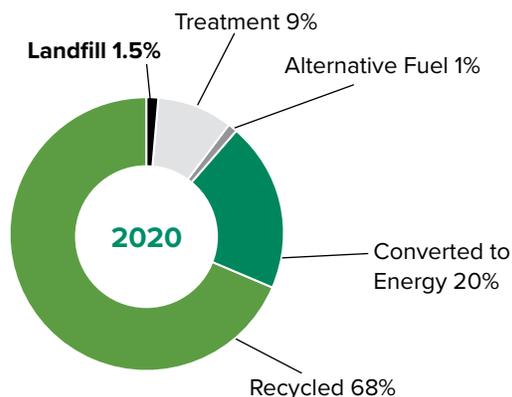
S&C's manufacturing facility in Toronto, Canada, reached landfill-free status in 2021, with only 0.4 percent of waste sent to landfills. This milestone is a result of many sustainability initiatives on campus. One of the biggest contributors to achieving this landfill-free goal in 2021 was recycling the byproduct of wastewater and turning it into energy.

#### WASTE DIVERSION DATA 2020 - 2021<sup>[1]</sup>

##### 2021 Landfill-Free Status

**Goal:** <1% of waste sent to landfill

**Actual:** 0.4% of waste sent to landfill



<sup>[1]</sup>Includes rounded data

## WATER CONSERVATION

S&C has made numerous facility upgrades to reduce water consumption. Cooling towers reduce the consumption of water used to operate air conditioning systems and machines used during production operations, such as air compressors and production presses. We have also reduced the amount of rinse water used for plating and phosphating processes. Throughout our campuses, we installed low-flow devices on faucets and bathroom fixtures and minimized the amount of water used for landscape irrigation. These efforts have lowered S&C's water consumption by about 113 million gallons (427 million liters) per year over the last three decades, and we continue to seek ways to further reduce water use.

### WATER USE (CHICAGO)



## CELEBRATING OUR DEDICATION TO THE ENVIRONMENT

Founded in 2018, S&C's Sustainability Week celebrates team members' dedication to sustainable practices in and out of the workplace. During the week-long event, we host a mix of virtual and in-person activities, such as lunch and learns, recycling events, and audits.

Sustainability Week initiatives in 2021 celebrated the following accomplishments:

**Replacing 2,000 disposable cups every day for one year**, equivalent to reducing or saving:

- 175,200 pounds (79,468 kg) of GHG emissions
- 24,000 pounds (10,886 kg) of solid waste
- 152,000 gallons (575,382 liters) of water
- 252,000 trees

**Shredding and recycling 440 pounds (200 kg) of paper**, equivalent to reducing or saving:

- 1,540 gallons (5,830 liters) of water
- 880 kWh of energy
- 84 gallons (318 liters) of oil

**Collecting and recycling 2,593 pounds (1,176 kg) of electronic waste**, equivalent to reducing or saving:

- 56,150 kWh of energy from mining
- 4,583 pounds (2,079 kg) of GHG emissions



## SUPPLY CHAIN MANAGEMENT

As a global provider of equipment and services for electric power systems, we understand the critical nature of maintaining a supply chain that is resilient, reliable, and responsible. S&C strives to work with suppliers of goods and services that share our values and commitments to quality, dependability, integrity, and mutually beneficial results. S&C selects suppliers for the long term and favors those that pursue continuous improvement and demonstrate focused efforts around diversity and inclusion, human rights, and environmental stewardship.

S&C's approach to supply chain management is outlined in our [Supplier Code of Conduct](#). Key principles include our expectations for suppliers on topics such as:

- Payments, gratuities, and gifts
- Accuracy of records
- Compensation and working hours
- Diversity and equal opportunities in employment
- Labor rights
- Environmental responsibility
- Health and safety
- Information confidentiality
- Brand and trademarks
- Conflicts of interest

## SUSTAINABLE SUPPLY CHAIN ALLIANCE

S&C is a proud member of the Electric Utility Industry Sustainable Supply Chain Alliance, an organization of utilities and suppliers working together to advance sustainability best practices in utility supply chain activities and supplier networks.

Each year, the alliance provides members with a scorecard, ranking their governance and management, product and process design, sourcing, production, distribution and shipping, and end-of-life management. As a result of enhancements in sourcing, distribution, and shipping, we improved our score from 78 percent in 2020 to 91 percent in 2021.

S&C's Supplier Code of Conduct is accessible to suppliers on our company website and is included as a clause in our contracts. In establishing business relationships that align with S&C's expectations and performance needs, we ensure all prospective partners go through a robust screening process. An evaluation by S&C's Global Sourcing and Strategic Supply Chain team includes interviews, facility tours, financial reviews, and other assessments.

If a supplier does not pass the initial approval process but shows ability and interest in formalizing or improving our partnership, S&C provides guidance on corrective actions and then conducts a re-evaluation.



## SUSTAINABLE SUPPLY CHAIN

S&C's focus on environmental stewardship is at the forefront of how we manage our supply chain and cultivate partnerships with trusted suppliers. As stated in our Supplier Code of Conduct, we expect suppliers to conduct their operations in a way that protects the environment and complies with all applicable environmental laws and regulations.

In addition, S&C uses a variety of practices to mitigate environmental impacts, including:

- Sourcing locally, which reduces our environmental impact from transportation
- Using practices that promote efficient materials use and mitigate waste, such as reducing the use of packaging and offering a bin-exchange program that enables the return and reuse of metal baskets, tubs, and racks instead of relying on single-use cardboard
- Enhancing energy efficiency and reducing emissions throughout our logistics and transportation processes by mapping efficient routes and optimizing load size

## SUPPLIER DIVERSITY

S&C strives to build and sustain partnerships with trusted suppliers from a diverse range of backgrounds, including minority- and woman-owned businesses, as well as local and small businesses in the communities where we operate. In 2021, we strengthened our supplier diversity program, including meeting on a quarterly basis with the commercial team, Human Resources, and representatives from S&C's affinity groups to plan and track progress.

Milestones from the year included:

- Formalizing S&C's long-term road map for expanding our supplier diversity program
- Joining the Chicago Minority Supplier Development Council
- Beginning efforts to develop a formal S&C Diversity Policy that includes our supplier diversity commitments
- With a focus on our IntelliRupter® fault interrupter product line, increasing our diverse spend to 11.4 percent, amounting to more than \$8 million spent with diverse suppliers
- Updating our outreach and supplier screening efforts to further facilitate the development of diverse partnerships throughout our supply chain

Looking ahead, we plan to increase diverse spending across multiple service categories and to expand our organizational outreach to increase supplier diversity.





# TRANSFORMING POWER INTO PURPOSE

Thank you for reading our 2021 ESG Report. Inspired by our vision to empower people to transform the grid, we will continue to advance our strategic approach to ESG in a holistic and responsible way. As we continue on our ESG journey, we plan to build on our solid foundation to refine our priorities, set progressive goals, and enable sustainable outcomes through innovative products and customer-focused solutions. We are committed to reporting on our efforts on a regular basis, and we look forward to sharing our progress with all of our stakeholders.



[www.sandc.com](http://www.sandc.com) ■ S&C Electric Company 6601 N Ridge Blvd Chicago, IL 60626-3997



This paper contains 100% post-consumer fiber, is manufactured entirely with certified renewable electricity, and processed using chlorine-free practices. This paper is also Green Seal® and FSC® certified ensuring responsible forest management.

