

OUR COMMITMENTS TO SUSTAINABILITY



“This past year we continued to demonstrate the commitment of the organisation to be the leader in environmental initiatives. We further expanded our Vietnam manufacturing facility utilising the same industry leading environmental design concepts as our first Vietnamese facility, installed solar panels to one of our core European locations and expanded our “XP Power Green” product offering.”

Sean Ross

Environmental Committee Chairman and Vice President of Quality Assurance

OUR COMMITMENT

Since 2010 we have been a member of the Responsible Business Alliance. This has helped us establish a base foundation from which to further advance sustainability initiatives globally within XP Power. The organisation further promotes a culture and understanding that we are fully committed to leading our industry on Corporate Social Responsibility matters.

A global Environmental Committee has been established which helps us achieve our vision of leading our industry on environmental matters. This group meets quarterly to collaborate and share ideas for engagement and key initiatives. This further encourages getting involved and giving back to our local communities. Members from all of our core locations are represented and set up activities within the community, promoting new environmental initiatives and encouraging more awareness of our programme.

OUR IMPACTS

We performed an assessment of the most significant impact that we as an organisation have on the environment. The review is consistent with our past conclusions that the greatest environmental contributor is the efficiency of the product solution we provide to our customers. As part of our design and development process we have further expanded on our ultra-high efficiency products within our product portfolio. These “Green XP Power” products require less energy, are void of hazardous substances and consume less material. We continue to promote the use of these products to our customers, and the benefit of using “Green XP Power” products. The positive impact on these types of products helps maximise energy savings during the entire lifetime of the customers end-equipment. In addition, we also continue to ensure we are adopting the best practices in all of our facilities and continually promoting awareness of environmental issues among our team members.

OUR SUSTAINABILITY STRATEGY

XP Power’s strategy is to further product development of those power converters with industry-leading efficiency. This helps reduce the amount of wastage and heat loss during operation within a customer’s end application. The solutions we are able to develop can achieve efficiency of up to 95%. This provides a significant

advantage over the standard power supply which typically will have an 80% efficiency rating. As we have demonstrated in the past, the example below helps convey the significance of this delta in efficiency rating:

XP Power supplies 95% efficient product to power 100 watt load. 105 watts of input power is required to deliver 100 watts at this level of efficiency.

Competitor supplies an 80% efficient, product to power 100 watt load. 125 watts of input power is required to deliver 100 watts at this level of efficiency.

Moving from 80% efficiency to 95% is actually a five-fold saving in waste energy!

The waste heat as highlighted above is calculated in watts. There is a significant difference considering there is a five-fold improvement in energy wastage and the overall potential for savings will be throughout the entire lifetime of electronic equipment. To achieve these efficiency gains requires a greater number of higher cost components and more complex circuits.

The return on investment of a higher efficiency product can be captured in terms of consumption of electricity. The full payback on electricity costs is usually within the first year of use. Therefore, we continue to promote and encourage the use of these high efficiency products.

We anticipate that the trend in the market through both demand and legislation for higher efficiency products is expected to continue in the electronics industry. These legislation requirements are projected to extend across various industries from consumer equipment to the healthcare and industrial markets that we serve.

20 new XP Power Green products launched

OUR KEY ACHIEVEMENTS IN 2018

There were three key significant environmental initiatives within the business:

- (1) Expanding our portfolio of “XP Power Green” Products.
- (2) Further expansion of our Vietnam manufacturing location which utilised the same industry-leading environmental design concepts as our first Vietnamese facility.
- (3) Installing Solar panels at our Pangbourne, UK location.

The revenue growth of our “XP Power Green” products continues to increase. In 2017 we shipped £42.1 million pounds of our green products in 2018 which was a 6% increase on 2017.

Of the 27 product families that we launched in 2018, 20 were “XP Power Green” products having high efficiency and/or low standby power.

The calculated annual savings in CO₂ from these products compared to a standard 80% efficient converter are significant. Based on our calculations, we estimate that the annual CO₂ emissions savings from the “Green XP Power” converters we sold in 2018 is 33,700 tonnes.

The annual savings will recur each year for the lifetime of the product, which we estimate conservatively as seven years. This would result in lifetime savings of 236,000 tonnes of CO₂. This helps demonstrate the environmental impact that we can make by providing these types of products. Considering this is only one year of shipments the potential cumulative effect of year after year shipments has an extreme impact.

SUSTAINABILITY INITIATIVE – CELEBRATING THE EARTH

Earth Day occurred on 22 April this past year. As in previous years we used this event to recreate awareness regarding the environment in our key locations with an entire week of environmental and community initiatives.

ECONOMIC SUSTAINABILITY

As well as responsible environmental and social responsibility practices we consider the sustainability of our business model and business practices. Our internal Code of Conduct sets high standards in terms of how we treat people, health and safety, integrity and business ethics, as well as the environment and how we support the communities in which we operate. We consider that this not only makes XP Power a great place to work and to do business with, but also ensures that we have a sustainable economic business model.

OUR PLANS FOR THE YEAR AHEAD

Products: There are additional high efficiency products on our road map for 2019.

Facilities: Continue to look at our existing facilities to determine opportunities where we can make improvements to be more environmentally friendly. This includes locations of our recent acquisitions.



OUR CORE VALUES
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OUR PEOPLE AND THEIR HEALTH AND SAFETY
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OUR CUSTOMERS
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OUR SUPPLIERS
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OUR COMMUNITIES
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