

## **Resolved**

Shareholders request that the Board of Directors of Hubbell Incorporated set public goals to increase company-wide energy productivity. A summary report on programs, metrics and progress in meeting these goals should be prepared at reasonable cost; omit proprietary information; and be made available to shareholders by October 2016.

## **Whereas**

Our company has stated a strategic priority is “operating with discipline” with a specific focus on “improving the utilization of our manufacturing assets.” This proposal supports that aim.

Investments in energy efficiency are an attractive way to manage volatile energy costs, can enhance a company’s reputation as a corporate citizen, and are usually profitable and low-risk. A 2008 McKinsey report, *How the World Should Invest in Energy Efficiency*, estimated that \$170 billion could be invested in energy efficiency with an average internal rate of return of 17%. The report estimated that by 2020, these energy efficiency investments could produce over five times their cost in annual energy savings.

A 2013 report by CDP found that four out of five companies earn a higher return on carbon reduction investments than on their overall corporate capital expenditures. Research by ClimateWorks Australia published in 2015 demonstrates the financial benefits of energy productivity, estimating potential annual improvements in company earnings (before interest and taxes) of 2-10% for companies that lag the farthest behind their sector peers on energy productivity. The study looked at companies around the globe, including North America.

Hubbell customers and competitors have recognized the value of energy efficiency.

- ABB has set a public target of realizing a 20 percent reduction in energy intensity between 2013 and 2020.
- Eaton achieved ahead of schedule its 2016 target of a 25% reduction in energy intensity.
- Johnson Controls has reduced energy intensity 21.2% since 2009 and set a target of reducing energy intensity by a further 15% between 2014 and 2020.
- Schneider Electric committed to 10% savings in energy consumption between 2012 and 2014, and a further 10% by 2017.
- Siemens has committed to cutting in half its CO2 footprint by 2020 through a combination of energy efficiency and use of low-carbon technology. It plans to invest €100 million in energy efficiency in the next three years with a “sustainable annual savings of €20 million in energy costs.”

Energy productivity is typically defined as the ratio of production (in dollars or volume) to energy used.

We urge the Hubbell board to adopt goals and a plan to survey company facilities and operations and invest in energy productivity wherever profitable. In determining which projects to undertake, we suggest that management take into account the generally low-risk nature of energy productivity improvements and set project hurdle rates accordingly.

Setting an energy efficiency target enables our company to operate more efficiently, to demonstrate the value of its own products in saving customers money, and to show its commitment to long-term sustainable business practice.