



COMMUNICATION ON
PROGRESS

**THIS IS OUR COMMUNICATION ON PROGRESS (COP)
WHICH DESCRIBES THE EFFORTS WE HAVE MADE INTERNALLY
TO APPLY THE 10 GLOBAL COMPACT PRINCIPLES CONCERNING
HUMAN RIGHTS, EMPLOYMENT RIGHTS, ENVIRONMENTAL
PROTECTION AND THE FIGHT AGAINST CORRUPTION.**

2016



Dear Secretary General,

I have pleasure in confirming Vignal Lighting Group's continuing support for the United Nations Global Compact. We hereby renew our commitment to adopt, support and apply the 10 founding principles relating to human rights, employment rights, environmental protection and the fight against corruption in our sphere of influence.

We also wish to express our determination to ensure that these principles progress by continuing to build them into our company's strategy, business culture and operating methods.

Please find attached our communication on progress for 2016.

Yours sincerely

Jean-Louis Coutin
Chairman, Vignal Lighting Group

“Vignal Lighting Group ‘s strategy: global design, local production



Vignal Lighting Group specialises in the design, production and commercialisation of lighting and signalling products and systems for industrial or commercial vehicles.

Vignal Lighting Group is the result of a merger in 2014 between Vignal Systems and ABL Lights, which, over time, have each acquired an international reputation in their respective business sectors for innovative, high-quality products.

Vignal Lighting Group aims to become the world leader for lighting and signalling for on-road and off-road industrial vehicles.

To conquer new customers – mainly in North American and Asia – and appeal to existing customers, we do our utmost to ensure that our production system is in line with the highest world standards and we have to produce where our customers are established.

By eliminating unnecessary transport and providing our customers with a more reactive service, we are ensuring the sustainability of our business in compliance with our **CSR principles**.

Vignal Lighting Group’s strategy is thus based on **global design** and **local production**.



Jean-Louis Coutin
Chairman, Vignal Lighting Group



ISO 14001 since
November 2000



ISO TS 16949 since July 2003



CSR rating since 2013



Vignal Lighting Group's development strategy is focused on **customer satisfaction** and value creation. It is based on **profitable growth** and **respect for people and the planet**.

The Group organises the development of its divisions worldwide around the implementation of its CSR policy (Corporate Social Responsibility) and the 5 Key Points.



Responsible and Committed

The implementation of our policy in favour of sustainable development constitutes a vehicle for progress consistent with our strategy for geographical development and sustainable growth.

Vignal Lighting Group has adopted a Corporate Social Responsibility policy that deliberately includes environmental, social, societal, responsible purchasing and governance issues concerning all its divisions.

By placing CSR at the heart of its business model, Vignal Lighting Group and its stakeholders have confirmed their determination to act in a spirit of innovation in order to meet the challenges of world markets, which are sources of sustainable value creation.

Governance and Action

At the instigation of its Chairman, Vignal Lighting Group has made a major change to its CSR governance.

This vital change has involved significant management action, with the introduction of a CSR Committee, **CSR charter**, **Code of Business Ethics** and **Code of Conduct in Commercial Relations**.

Our participation in annual reporting meets the **requirements** of article 225 **of Grenelle II** and confirms our commitment to a policy of continuing improvement based on a sense of responsibility and transparency.

Every employee in the group has been involved in the sustainable development policy for many years through ISO 14001 certification. Today, CSR has become part of Vignal Lighting Group's life-blood.



CSR and the 5 Key Points... organising sustainable development



CSR

Vignal Lighting Group has incorporated the environmental, social, societal, responsible purchasing and governance issues concerning all its divisions into its Corporate Social Responsibility project. Its industrial and sales policy is dictated by these priorities.

Employee Involvement

Involving the employees means recognising their skills and improving them through training, giving them the means to exercise responsibility and encouraging them to make suggestions for improvements and play an active role in the work of an autonomous production team.

VPS –Vignal Production System

The VPS aims to improve productivity and the quality of the products and systems. The means used are: pull-flow organisation, flexible production facilities, elimination of all unproductive operations and production stoppage at the first fault.

Ongoing Innovation

In order to design innovative products that are easy to produce at a high level of quality and at the lowest cost and at the same time reduce development times, Vignal Lighting Group has widened the organisation into Project Teams and the simultaneous study of products and processes.

Supplier Involvement

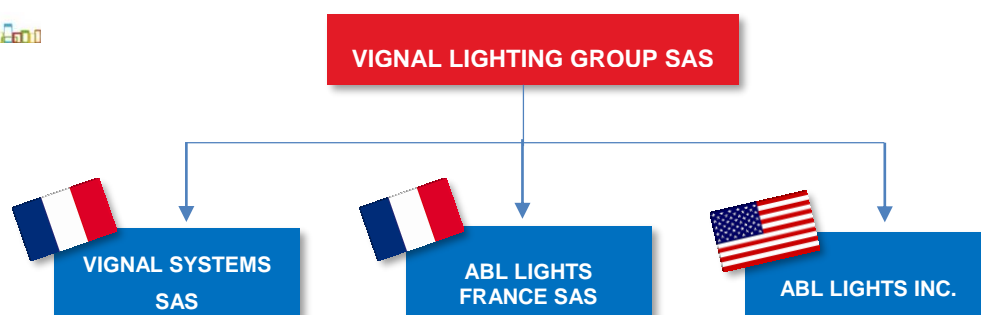
By involving our suppliers, we benefit from their ability to innovate and are able to develop productivity plans with them and improve quality. Vignal Lighting Group is looking to establish and maintain close, long-term relations with a small number of suppliers chosen from among the best in the world that will be profitable to both parties.

Total Quality

The goal of total quality is to achieve customer satisfaction. To meet their expectations in terms of product and service quality, it requires the total, continuous and rigorous application of the 5 Key Points. It is implemented by every member of the company and the suppliers.



Scope of the COP





HIGHLIGHTS

The main CSR Initiatives in 2016

Group

- Support for the **United Nations Global Compact**
- Updating of the **CSR Charter** and the **Business Ethics Charter**
- Drawing-up of a **Code of Conduct in Commercial Relations**
- Participation in the **Diafora Survey** (gender parity)

Vignal Lighting Group & Vignal System SAS

- ✓ Introduction of a **“Health / Well-being at work”** barometer
- ✓ Signature of a company agreement on **gender parity**
- ✓ Consideration of the **environmental** and **energy aspects** in the construction of the **new premises**

ABL Lights France SAS

- ✓ Introduction of **compulsory top-up health insurance** beyond the legal minimum
- ✓ Increase in the percentage of the payroll dedicated to Joint Consultative Committee social welfare activities
- ✓ Installation of a compressor to **reduce the central compressor’s energy consumption**

ABL Lights Inc

- ✓ Organisation of an **appreciation day** with a social event
- ✓ Introduction of **plastic packaging recycling**
- ✓ Replacement of a gas boiler by another, more efficient one that uses less natural gas.



CSR Reporting Framework

- ✓ CSR reporting meets a statutory obligation (Loi Grenelle II) to which Vignal Lighting Group is subject in the scope of application of our majority shareholder.
- ✓ The reporting base is made up of 158 indicators.



Governance Indicators

Elements measured in 2015

Operational governance
The shareholder's governance
Specialist committees attached to the Supervisory Committee or Executive Board

Highlights 2015

- ✓ Support for the United Nations Global Compact
- ✓ Updating of the CSR Charter and the Business Ethics Charter
- ✓ Setting-up of an Audit Committee



Environmental Indicators

Elements measured in 2015

Water
Energy – excluding fuels
Fuels
Discharges into the atmosphere and Climate Change
Waste
Compliance with environmental legislation
Environmental certification
Organisation and/or training
Management of environmental risks and pollution

Highlights 2015

- ✓ **Vignal Systems**
 - Replacement of a thermoplastic injection press to save 30 % consumption on this process. In total, Vignal Lighting Group reduced its electricity consumption ratio by 9 % in 2015.
 - Scrap levels were reduced by 32% between 2011 and 2014, and by a further 10 % between 2014 and 2015, as a result of work on tools, optical injection processes, traffic light casings and gluing processes.
 - Production of an environmental evaluation.
- ✓ **ABL Lights France**
 - Installation of a back-up compressor to reduce the central compressor's energy consumption.
- ✓ **ABL Lights Inc.**
 - Replacement of a gas boiler by another, more efficient one that uses less natural gas.
 - Introduction of plastic packaging recycling.
- ✓ **Vignal Systems and ABL Lights'** environmental management systems are **ISO 14001** certified.



Social Indicators

Elements measured in 2015

Workforce distribution and jobs
Working time
Gender mix and equality
Salaries
Social welfare cover
Skills management
Social dialogue and societal commitment

Highlights 2015

✓ **Vignal Systems** is committed to offering the same salary to men and women on recruitment for the positions of production operative and logistics worker, and to facilitating the development of part-time parental leave in order to maintain the level of employment of women.

✓ As part of the 2015 “NAO” (mandatory annual negotiation), a full evaluation of gender parity was handed over to employee representatives so that it could be discussed during the negotiation. The issue of minimum and average salary was reviewed for each employment category.

✓ **Vignal Lighting Group & Vignal Systems SA:** Introduction of a “Health / Well-being at work” barometer from 2 November to 4 December 2015 (participation level: 58%).

✓ **ABL Lights Inc:** Organisation of an appreciation day with a social event for the employees.

✓ **ABL Lights:** Introduction of compulsory top-up health insurance beyond the legal minimum required in terms of cover and the right to refunds for non-management employees.



Supplier & Subcontracting Indicators

Elements measured in 2015

Suppliers and subcontractors, including:
CSR certified suppliers
CSR questionnaires to suppliers
Supplier CSR audits
Responsible purchasing policy and/or charter

Highlights 2015

✓ **Vignal Lighting Group:** Drawing-up of a Code of Conduct in Commercial Relations.
When qualifying suppliers, Vignal Lighting Group asks them to sign the Group CSR charter.
Suppliers who have signed the CSR charter represent 41 % of purchasing for the Vignal Systems production activity.



The fight against corruption

Vignal Lighting Group's ethical principles

Over the years, **Vignal Lighting Group** has acquired an undisputed reputation for its strong culture of integrity and ethical conduct.

Relations with all our partners are based on this trust and reputation.

The Group Management is keen to raise awareness of this ethical behaviour among its employees and stakeholders and has designed tools such as the **Ethical Business Code** in order to consolidate the Group culture and aim for excellence.

The Ethical Business Code is implemented throughout the Group and is available to all employees and stakeholders (Website); it calls for a respect for business ethics and is set out in the form of guidelines such as:

- ✓ Confidentiality
- ✓ Declaration of conflicts of interest
- ✓ Use of assets
- ✓ Political and associative activities
- ✓ Lobbying / fighting corruption
- ✓ The fight against money-laundering
- ✓ The fight against anti-competitive practices
- ✓ The use of the social networks.



The 10 principles of the United Nations Global Compact

Human rights

1. Support and respect the protection of internationally proclaimed human rights in your sphere of influence
2. Make sure that you are not complicit in human rights abuses

Employment rights

3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Uphold the elimination of all forms of forced and compulsory labour
5. Uphold the effective abolition of child labour
6. Uphold the elimination of discrimination in respect of employment and occupation

Environment

7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally-friendly technologies.

The fight against corruption

10. Work against corruption in all its forms in your sphere of influence, including extortion and bribery.

Communication on Progress
Industrial and CSR Division – October 2016