

Sustainability Report 2016

UN Global Compact Communication on Progress



The Quality Connection

LEONI

Foreword

As a company that operates internationally, LEONI is committed to sustainable and responsible action. We have made it our mission to ensure that the company success is compatible with social and ecological principles. In this way we aim to secure the future of LEONI AG as well as contributing to the sustainable development of the economy and society.

Our company has a longstanding tradition of social and ecological responsibility. When we issued the LEONI Social Charter in 2003, we made a public commitment to respecting human rights and observing recognised working standards. This was supplemented in 2007 with the LEONI Code of Ethics, which also contains clear anti-corruption guidelines, while in 2011 we advanced our efforts in this area further by signing up to the UN Global Compact: LEONI is committed to ongoing support of the ten principles of the UN Global Compact and to continually improving their application. In order to meet our environmental commitment, we certify our main production sites according to the ISO 14001 environmental standard; we have also participated in the Carbon Disclosure Project since 2007 and launched the Green Technology initiative in 2009, which aims to increase the share of environment-friendly products and applications in our portfolio.

It is important to us to establish and promote the idea of sustainability even more effectively throughout the company as a whole. For this reason, we set up a system of sustainability management at Group level in 2016, restructuring our activities in terms of strategy and organisation. The system of reporting was also revised accordingly. We are pleased to be able to present a new sustainability report based on a holistic approach to mark the 100th anniversary of LEONI AG.

Nuremberg, August 2017
LEONI AG



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» Content

The LEONI Group	4
Sustainability strategy	5
Structures and regulations	6
Ecological responsibility	12
Social responsibility	20
UN Global Compact Index	26





This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

About this report

The new LEONI sustainability report is also the LEONI Global Compact Communication on Progress and therefore documents our activities in support of the ten principles of the UN Global Compact during the period under review, providing a summary of the various measures and outcomes. An index at the end of the document refers to the relevant passages containing information on the UN Global Compact. By issuing this report voluntarily one year earlier than required, we also meet the new statutory requirements on sustainability reporting as set out in the Act on Implementation of the CSR Directive. Here we draw in part on the standards of the Global Reporting Initiative (GRI-G4).

LEONI bases its reporting on three pillars, corresponding to our sustainability concept: sustainable company growth, social responsibility and ecological responsibility. Full details of economic development – i.e. the first of these pillars, namely sustainable company growth – are to be found in the 2016 Group Management Report. Therefore, this sustainability report focuses on areas of social affairs and the environment. We also provide advance information on our sustainability strategy and the relevant regulations and structures which LEONI has established for this purpose. In some cases, further information on these topics is to be found in the 2016 Group Management Report, and the relevant references are provided here. The 2016 Group Management Report also describes the Management Board remuneration system in detail, including the long-term remuneration components.

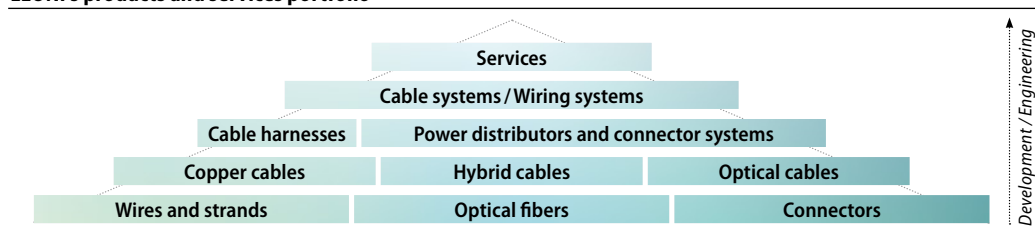
» Sustainability strategy
page 5

» 2016 Annual Report
page 86 et seq.

» 2016 Annual Report
page 138 et seq.

The LEONI Group

LEONI's products and services portfolio



LEONI is a leading supplier of cable systems for the automotive industry and various other industrial sectors. Listed on the German MDAX, the group of companies 2016 employed a workforce of some 79,000 at 32 sites worldwide and generated consolidated sales of approximately EUR 4.4 billion.

Our portfolio includes wires and optical fibres, cables and cable systems as well as the necessary components, connectors and services. This means that LEONI also provides products, systems and solutions that form part of trends such as autonomous driving, electromobility, digitalisation, Big Data and energy management. Applications designed specifically for environment-friendly technologies are also gaining in importance.

The Group's business is spread all over the world and divided into two areas, which are referred to as segments or divisions: the Wire & Cable Solutions Division (WCS) develops, produces and pre-assembles wires and strands, optical fibres, standard and special cables, hybrid and optical cables as well as complete cable systems for a wide variety of industrial applications. Under its new strategic reorientation, the segment is increasingly becoming a solution provider for intelligent and secure energy transmission and data management systems. The Wiring Systems Division (WSD) is mainly concerned with the development, manufacture and sales of cable harnesses, complete wiring systems and the associated components and connectors for the international automotive and supplier industry.

LEONI Group and Divisions

	Divisions	Sales breakdown and employees per division		Sales breakdown per region	
		Total sales:	Employees:		
LEONI Sales 2016: 4.4 billion € Employees: about 79,000	Wiring Systems	2.7 billion €	69,250	EMEA* thereof Germany	78 % 32 %
				Asia	10 %
				Americas	12 %
	Wire & Cable Solutions	1.7 billion €	9,450	EMEA* thereof Germany	56 % 22 %
				Asia	22 %
				Americas	22 %

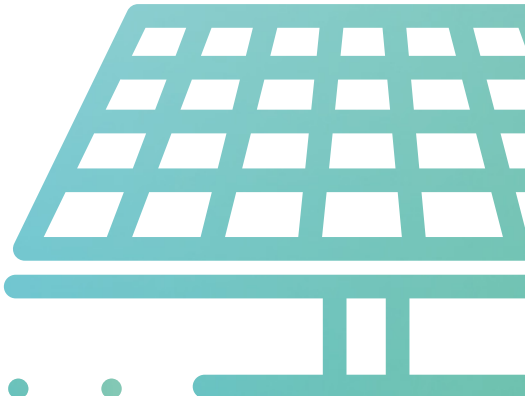
Sustainability strategy

Vision

With a company history that dates back to 1569, creating sustainable value has always been the foundation of how we do business. Sustainability to us is the balance between the growth of our businesses, our social responsibility, and our commitment to environmental responsibility. In this way we seek to secure the future of our company as well as contributing to the sustainable development of the economy and of society at large.

The three pillars of the sustainability management model

Sustainable corporate growth	Social responsibility	Ecological responsibility
<p>We have set ourselves the goal of adding value for our shareholders by increasing the value of our company. In order to do so, we set high standards in company management and maximise the benefit to our customers by ensuring first-class performance in quality and service. We develop and manufacture technically sophisticated products and solutions which increasingly find use in environment-friendly technologies.</p>	<p>We regard successful recruitment, professional development, equality of opportunity and secure employment conditions that are free of prejudice as being essential and have set this down in the Social Charter “Declaration on Social Rights and Working Conditions”, first issued in 2003. In all our activities worldwide, we comply in full with the requirements of the United Nations’ International Labour Organisation (ILO) and call on all of our business partners to uphold our own social standards. LEONI is involved in a range of community projects around the world, supporting these with both grants and donations.</p>	<p>With the initiatives for energy efficiency and waste reduction in place at our sites, we aim to minimise our impact on the environment. The increasing number of production sites worldwide that are audited and certified according to ISO 14001 (international standard for environmental management systems), ISO 50001 (international standard for energy management systems) and the eco-audit system EMAS reflects our substantial efforts in this area.</p>

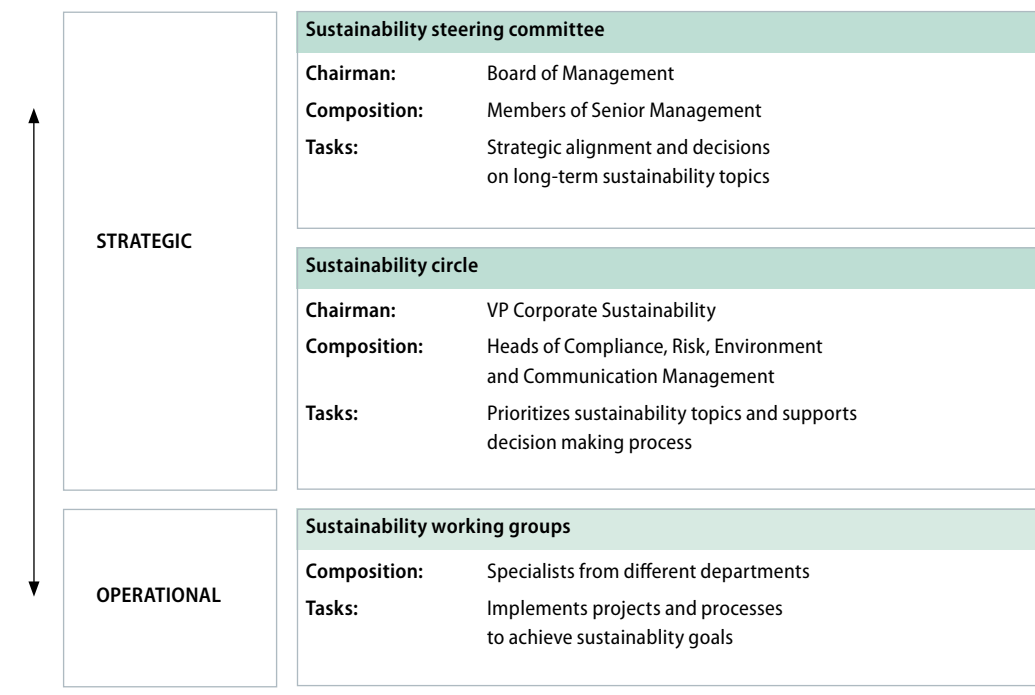


Structures and regulations

Group-wide sustainability management

In the past financial year we implemented a Group-wide system of corporate sustainability management based on the SHE* organisational structures of the two divisions. The purpose of this is to coordinate and intensify the relevant division activities while extending sustainability orientation throughout the company as a whole on a step-by-step basis. The foundation for this is provided by a project carried out in collaboration with Friedrich Alexander University of Erlangen-Nuremberg (FAU) and completed in 2016 which addressed the analysis and improvement of sustainability at LEONI. This project also reviewed and redefined the system of sustainability reporting, not least so as to be able to meet the requirements of legislation to strengthen non-financial corporate reporting (Act on the Implementation of the CSR Directive).

Organisation of sustainability management in the LEON Group

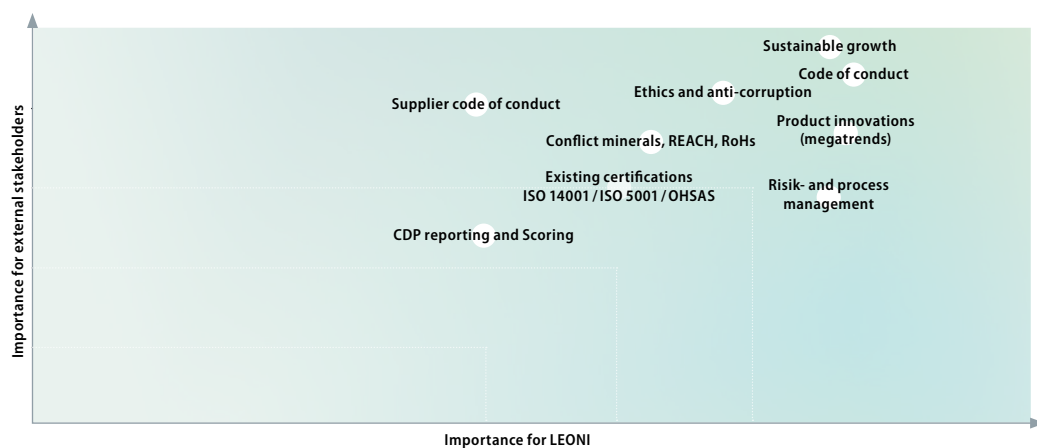


Identification of key sustainability factors

As part of last year's materiality analysis, factors were defined for the new sustainability report which enable the development of sustainability at LEONI to be assessed. In addition to legal requirements, the basis for this was provided by a benchmark analysis and interviews with the Key Account Managers for our 20 most important customers. This was supplemented by issues deemed to be important by the Investor Relations and Corporate Communications departments along with those arising from dialogue with other stakeholders, in particular employees, suppliers and media representatives. The criteria were established taking into account the ten principles of the UN Global Compact and drawing on the standards laid down by the GRI (Global Reporting Initiative) and the German Sustainability Code (DNK). The following graphic summary does not incorporate all the issues dealt with by sustainability management. In addition to our environmental and social criteria, we are planning a holistic approach that includes as well product-related and economic factors.

Outcome of the materiality analysis

2016





Standards and guidelines

Our sustainability management is based on various sets of rules and regulations. In addition to statutory requirements, these include recognised standards such as the UN Global Compact and the Diversity Charter. Above and beyond this, we have our own internal policy documents such as the Social Charter, the LEONI Code of Ethics and guidelines on safety, health and the environment (SHE).

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When LEONI AG introduced its **SOCIAL CHARTER** in April 2003, it was one of the first companies to issue a "Declaration on Social Rights and Industrial Relations". This applies directly to all LEONI Group companies worldwide and was co-signed by the European LEONI Works Council as well as the International Metalworkers' Federation (IMF).

In March 2007 LEONI also introduced its own **CODE OF ETHICS** which is binding for the entire LEONI Group workforce and has been made available to all employees. The Code of Ethics describes in unequivocal terms the values and conditions of behaviour geared towards the principles of responsibility and integrity that have always guided LEONI. The key issue here is the requirement for our employees to act in compliance with internal regulations as well with the statutory requirements of the respective legal system. When new employees join LEONI, a paragraph to this effect in their employment contract commits them to compliance with the LEONI Code of Ethics.

In 2016, the Corporate Compliance department began adapting the **CODE OF ETHICS** to current statutory and internal requirements. The revised, expanded and newly entitled Code of Conduct will focus on the corporate value of integrity, as well as incorporating the regulations of the LEONI Social Charter. One of the central behavioural principles is that LEONI is committed to taking a stand against all forms of corruption. The Code of Conduct is available in 18 languages and applies throughout the company.

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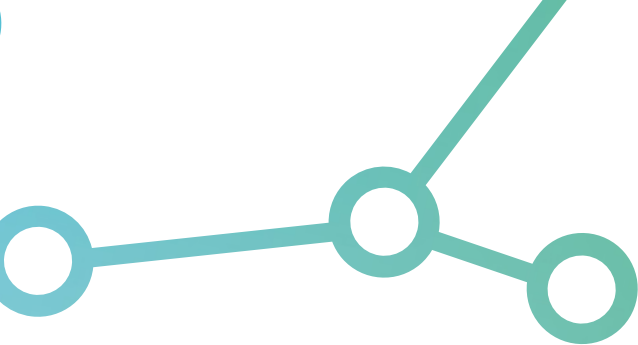
In our **SHE* GUIDELINES** we commit to our global responsibility in relation to worldwide, long-term challenges such as demographic change, climate change and limited resources. Both divisions are committed to the ongoing improvement of occupational health and safety standards as well as measures to reinforce environmental protection.

Compliance management and anti-corruption efforts

LEONI requires all employees to behave with responsibility and integrity. Our employees must always act in compliance with internal regulations and statutory requirements. LEONI also takes an active stand against all forms of corruption. The relevant regulations are set out in the LEONI Code of Ethics.

LEONI operates a system of compliance management in order to ensure and review responsible and compliant behaviour. A review of this system was started in 2016. The focus areas in terms of moving forward here are to develop a more effective system of compliance management, reinforce compliance organisation, undertake a detailed risk analysis for the LEONI Group and allocate responsibilities for compliance issues.

» Structures
and regulations
page 6



For this purpose, an external expert was brought in to take up the post of Chief Compliance Officer as of 1 April 2016. Subsequent to this, Compliance Officers were recruited and assigned to the regions in which LEONI operates (EMEA*, Asia and America). The latter will ensure even more effective adherence to compliance policies, in particular taking responsibility for communicating global compliance messages throughout the regions. The compliance risk areas of antitrust legislation, anti-corruption activities, tax compliance and data privacy were extended to include the area of white-collar crime. The latter includes criminal offences such as fraud, embezzlement, betrayal of business and trade secrets and money laundering.

LEONI plans to introduce a revised Incident Reporting Procedure system in 2017 which can be used to submit notifications via internet – anonymously if necessary – of potential compliance violations. In addition, processes for handling compliance investigations will be adapted and improved accordingly.

In order to support the introduction of the new Code of Conduct, employees are provided with interactive training to familiarise them with the relevant behavioural principles. They are also required to complete e-learning modules on compliance, which have been established for several years now. The basic compliance course is mandatory for every employee with their own PC access. All approx. 150 top management executives and other relevant employee groups (e.g. Purchasing, Sales) also undergo a special anti-corruption training programme which was revised and adapted in 2016. The programme is available in eight languages and has been completed by some 5,200 employees to date.

Risk management system

All risks that can potentially arise in connection with sustainability issues, along with the relevant non-financial factors, are documented and assessed by the Group-wide, multi-stage risk management system. This involves the Chief Risk & Internal Control Officer (CRIO) and three decentralised Business Risk Officers who report directly to him, as well as operationally active managers from all the relevant sections of the company. Central monitoring and coordination of the risk management process is carried out by the CRIO unit, which reports directly to the Management Board; this unit also determines and defines the Group's overall risk situation. Risk management is integrated in existing planning, controlling and information systems and incorporates all LEONI Group companies worldwide. It covers all substantial risks which have the potential to impact negatively on sustainability issues and are important to LEONI's business operations. Uncertainties in connection with climate change are also included here. What is more, potential climate change risks that might influence our business are evaluated using specialised software programmes provided by our insurance company.

Details of the risk management system and reporting on all substantial risks are to be found in the risk and opportunity report of the 2016 Group Management Report.

» 2016 Annual Report
page 114 et seq.

* EMEA = Europe, Middle East and Africa



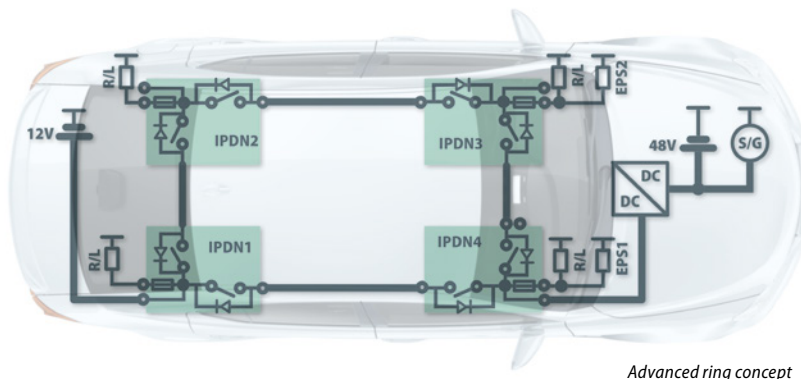
Sustainability in the supply chain and dealing with conflict materials

We also promote a sustainable approach among our business partners. LEONI's General Terms and Conditions require suppliers to commit to the Social Charter and the Code of Ethics or else to observe the principles of the UN Global Compact. In the event of serious and repeated violations of these principles, LEONI is entitled to terminate supply relations immediately. Furthermore, the Wiring Systems Division requires suppliers to submit a self-assessment that covers all the principles of the UN Global Compact. Suppliers are only approved if they accept either the LEONI Social Charter and Code of Ethics or the principles of the UN Global Compact.

Since 2014 we have reported voluntarily according to the US Dodd-Frank Wall Street and Consumer Protection Act on the extent to which our products contain so-called conflict minerals from mines and smelting works in certain African countries. In this way, we promote the traceability of such materials and enhance the transparency of our supply chain, thereby supporting our customers in meeting their requirements. LEONI does not knowingly purchase any materials that contain such minerals. We likewise expect our suppliers to supply us exclusively with components made of raw materials that come from responsibly managed sources.

Sustainable product development

Future-oriented, environmentally compatible innovations are a vital factor in LEONI's sustainable growth. Innovation is therefore organised highly efficiently in both divisions. The aim is to develop needs-oriented solutions for new global trends as well as sustainable, environment-friendly products and technologies. This is the foundation of our Green Technology concept. Some of the most important technological trends we are involved are self-driving cars, digitalisation, energy management and e-mobility. For years now, we have also been closely involved in weight optimisation of cables and wiring systems for the automotive industry so as to reduce CO₂ emissions in motor vehicles. Here we use innovative conductive materials which allow reduced cable cross sections as well as applying simulation systems to optimise cross sections and harness architecture.



Advanced ring concept

The Group Management Report contains detailed information on research and development at LEONI. We also present selected new products in this report:

» 2016 Annual Report
page 109 et seq.

ADVANCED RING CONCEPT An intelligent wiring system architecture concept for power distribution in cars that is tailored towards the requirements of autonomous driving. The special arrangement of smart power distributors in a ring shape and the relevant topology enables any consumers connected to be supplied even in case of failure. What sets the LEONI solution apart is its high degree of reliability without duplicating lines, so it meets continuing stringent demands in terms of optimising weight and installation space.

IEVC (ILLUMINATED ELECTRICAL VEHICLE CABLE) An innovative charging cable for electric and hybrid vehicles. A light unit along the cable displays the vehicle charge status.

ELECTRONIC POWER DISTRIBUTOR FOR 48V A power distributor containing electronic modules that is especially suitable for use in a 48 volt wiring system. The higher voltage allows energy-efficiency demand regulation of consumers such as driver assistance systems, while at the same time permitting smaller cable cross sections due to the reduced current.

SPACE-SAVING Y POWER DISTRIBUTOR A compact and robust product for wiring hybrid and electric vehicles. The Y power distributor provides a secure, low-resistance connection of ancillary units in a high-voltage wiring system, saving both space and weight.

SPLITTER CABLE SYSTEMS FOR HIGH-SPEED DATA TRANSMISSION Pre-assembled copper wires whose three ends are based on a standardised connector technology, thereby enhancing the performance capacity of large-scale computer centres. The splitter cable systems allow the combination of extremely fast data transmission with high port density.

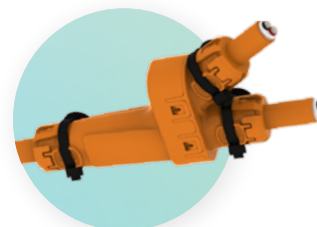
ETHERNET VEHICLE CABLES Data cables for automotive Ethernet – an emerging data communication standard in vehicles. The sheathed Ethernet cables developed by LEONI are able to handle the increasing volume of data transfer in motor vehicles, ensuring interruption-free communication in typical environmental conditions such as vibration, damp and soiling.



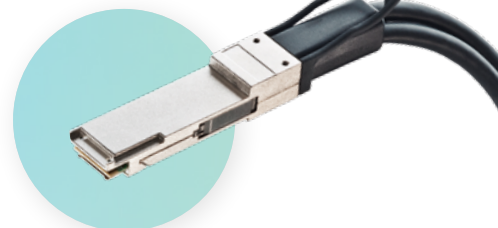
IEVC (illuminated Electrical Vehicle Cable)



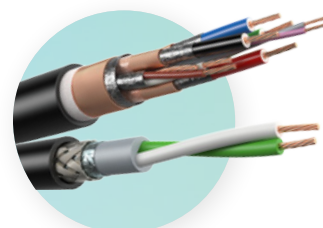
Electronic power distributor for 48V



Space-saving Y power distributor

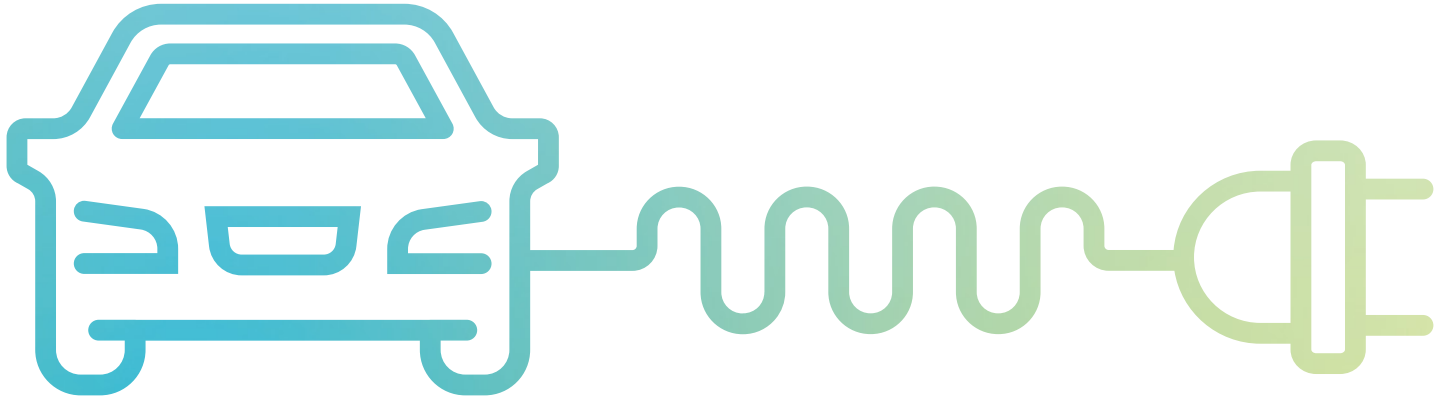


Splitter cable systems for high-speed data transmission



Ethernet vehicle cables

Ecological responsibility



Targets, guidelines and key performance indicators in the area of environmental protection

LEONI is pursuing a clear expansion strategy which fundamentally involves a growing ecological footprint and increasing emissions. At the same time, we take responsibility for the environment and regard environmental protection as a key corporate objective. Our environmental management is geared towards keeping the environmental impact of all our processes to an absolute minimum. In accordance with the UN Global Compact, LEONI adopts a precautionary approach to environmental protection. We have various initiatives in place to promote a sense of responsibility for ecological issues and promote the development and distribution of environmentally compatible technologies. The principles of our environmental policy also play a role in how we select our suppliers.

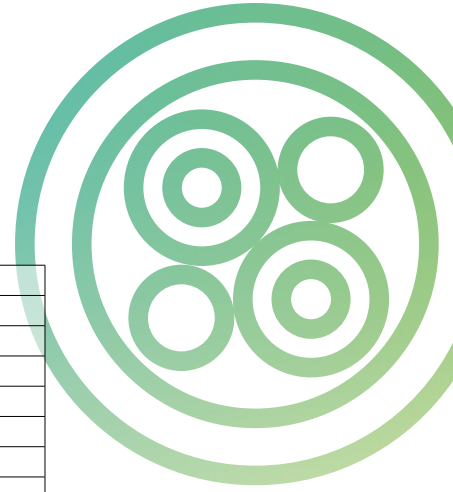
» Structures
and regulations
page 6

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For many years now, both divisions have applied SHE* guidelines which are available in 18 languages. These set down the following principles for action:

- Continuous improvement in environmental performance based on the definition and implementation of targets
- Reduction in the environmental impact of our products and processes through the economically viable use of the best available technology
- Efficient use of environmental resources and energy
- Compliance with all statutory obligations regarding environmental issues. The relevant national standards are minimum requirements.

Guidelines were developed for the Group in 2017, and we provide training on the subject of environmental protection at our sites to promote employee awareness in this area.



Key performance indicators in the area of environmental protection

		2015	2016
Sites			
Number of sites monitored ¹	number	95	84
Management systems			
Number of ISO 14001 certified sites	number	56	60
Number of sites with EMAS validation	number	5	6
Number of ISO 50001 certified sites	number	4	5
Number of OHSAS certified sites	number	6	10
Consumption			
Electricity	MWh	357,013	371,198
Fossile energy resources ²	MWh	178,100	122,970
Total energy	MWh	538,080	502,834
Water	m ³	1,131,731	1,164,840
Emissions ³			
Total CO ₂ emissions ⁴	t	209,459	212,958
Scope 1 CO ₂ emissions	t	32,805	29,988
Scope 2 CO ₂ emissions	t	176,654	182,970
Waste ⁵			
Non-hazardous	t	NA	40,915
Recycled non-hazardous	t	NA	28,884
Hazardous	t	NA	16,763

¹ The scope and system boundaries of sites monitored have changed in the last years. Therefore, the comparative values of 2015 and 2016 can have high discrepancies.

² Fossil energy resources: gaseous fuel, liquid fuel, solid fuel.

³ The amount of CO₂ is calculated by different equivalents and different system boundaries.

⁴ Total CO₂ emissions: refers to all used forms of energy.

⁵ Waste figures were collected differently in the divisions in 2015. Therefore, we will not communicate comparative values for 2015.

Certified environmental management

Our environmental management is geared towards the internationally recognised standard ISO 14001.

Over and above this, several sites meet the standard for energy management systems ISO 50001 or have been audited according to the EU environmental scheme (Eco-Management and Audit Scheme, EMAS). The number of certified organisational units was further increased in 2016:

Number of certified WSD sites

2015 2016

27 31

ISO 14001

0 1

EMAS

0 0

ISO 50001

Number of certified WCS sites

2015 2016

29 29

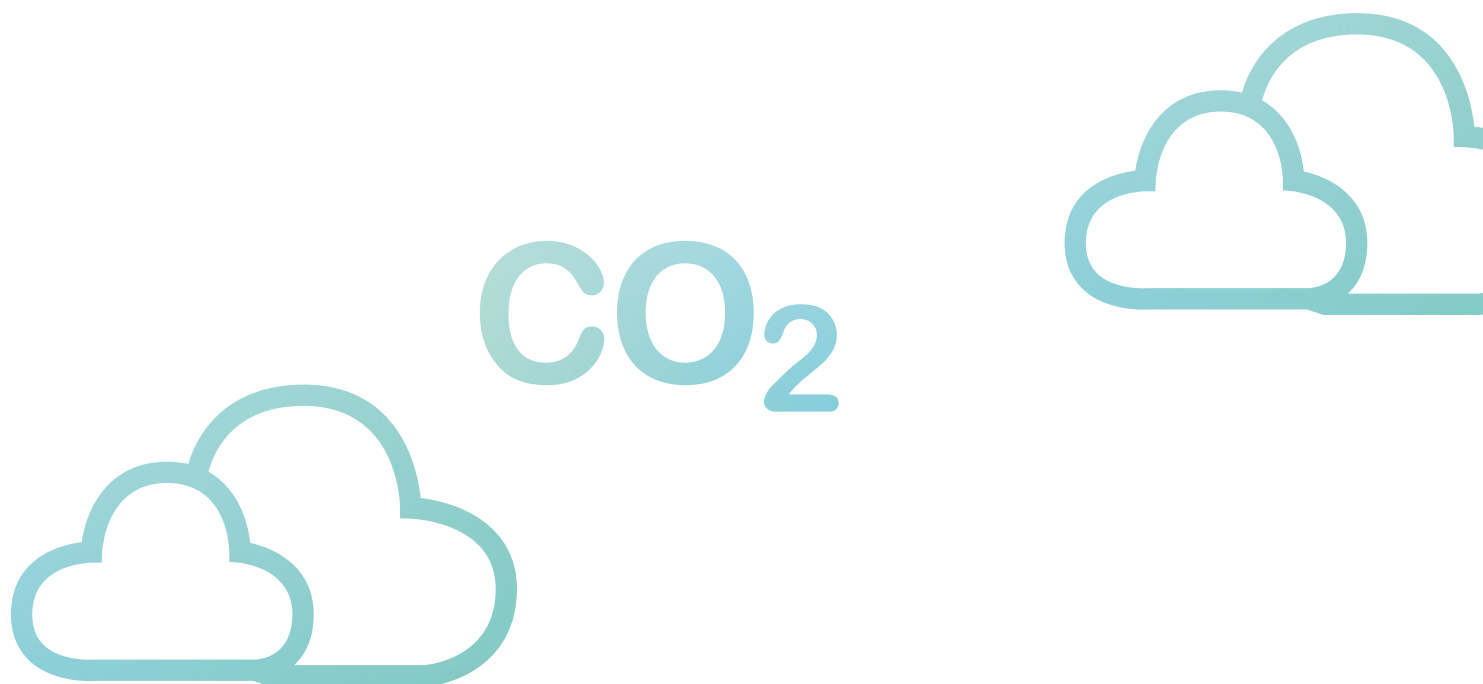
ISO 14001

5 5

EMAS

4 5

ISO 50001



Green Technology concept

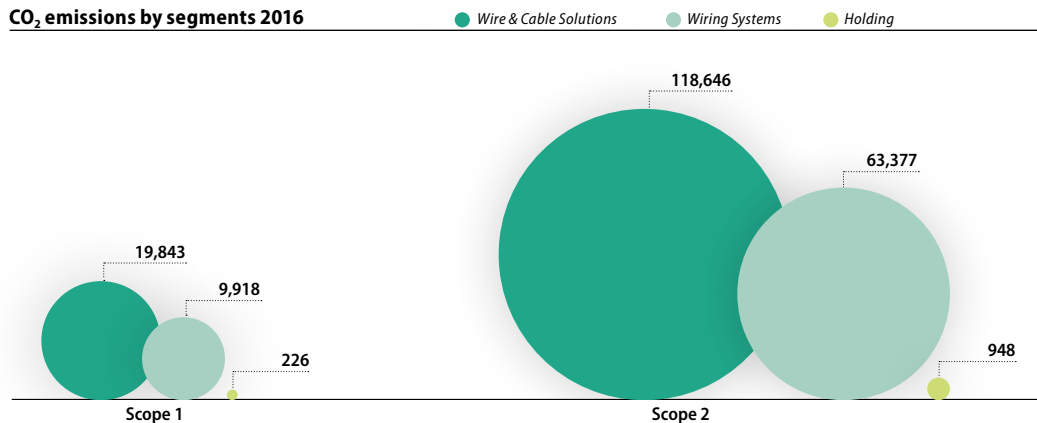
LEONI defines Green Technology to mean all products, system solutions and services that improve energy and resource efficiency, reduce emissions and thereby lower the impact on the environment. LEONI already serves all the key environmental technology markets as defined by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and is very well positioned in many of these sectors. The following table summarises the fields of application for Green Technology:

Market segment	Examples of applications for LEONI products
Environmentally-friendly energy generation and storage	<ul style="list-style-type: none"> ■ Solar energy (e.g. photovoltaic and solar thermal plants) ■ Bioenergy (e.g. biogas and biomass power plants) ■ Hydro power (e.g. tidal and pumped storage power plants)
Energy efficiency	<ul style="list-style-type: none"> ■ Energy consumption-lowering measurement and control technology ■ Energy efficient automotive and drive technology
Efficiency of raw and other materials	<ul style="list-style-type: none"> ■ Measuring and control technology to avoid scrap ■ Lightweight materials and components
Recycling management	<ul style="list-style-type: none"> ■ Waste separation and disposal plants ■ Recycling (plastics recycling plants)
Sustainable water management	<ul style="list-style-type: none"> ■ Water treatment, distribution, supply and cleaning plants ■ Household appliances with high water consumption efficiency
Sustainable mobility	<ul style="list-style-type: none"> ■ Vehicles with hybrid, electric and fuel cell power ■ Charging cables and infrastructure ■ Rolling stock engineering

■ Focal markets

LEONI further extended its product portfolio in the area of Green Technology in 2016. For examples of newly developed products, please refer to the section.

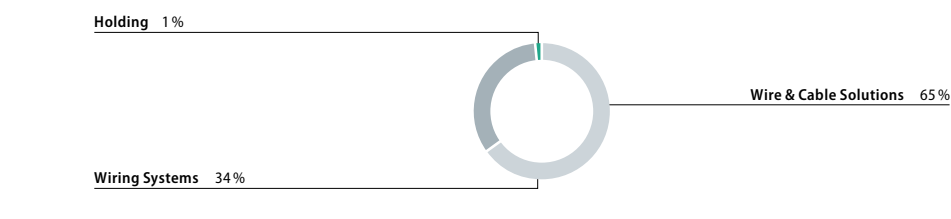
CO₂ emissions by segments 2016



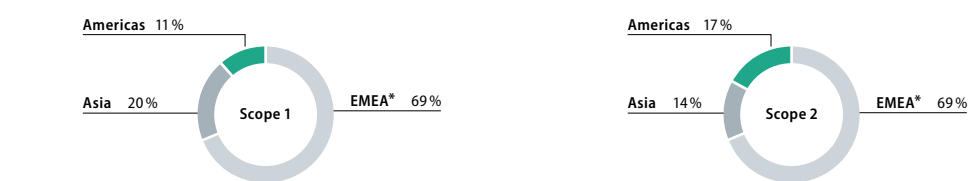
Carbon Disclosure Project (CDP)

LEONI has participated in the Carbon Disclosure Project since 2009. The CDP collects data and information from companies relating to CO₂ emissions, climate risks and reduction targets/strategies on behalf of institutional investors using standardised, voluntary questionnaires. Since cross-divisional sustainability management is still being established within the LEONI Group, the main focus here was on introducing standardised calculation and survey methods as well as improving data availability and data quality at Group level. Both divisions have already set down agreed targets relating to the reduction of energy consumption and emissions. As soon as data collection and data quality have been standardised, the next step will be to set Group-wide targets. The graphics on this page show the CO₂ emissions of the two divisions, the holding company and the Group for 2016 in tons, along with the percentage breakdown for the segments and regions. Scope 1 refers to direct emissions generated by combustion processes in stationary and mobile systems, e.g. company cars. Scope 2 emissions are indirect emissions resulting from purchased electricity and district heating. The Group-wide increase in emissions is a result of the expansion of system boundaries and improved data availability at the sites in recent years.

CO₂ emissions by segments 2016



CO₂ emissions by regions and scopes 2016



* EMEA = Europe, Middle East and Africa

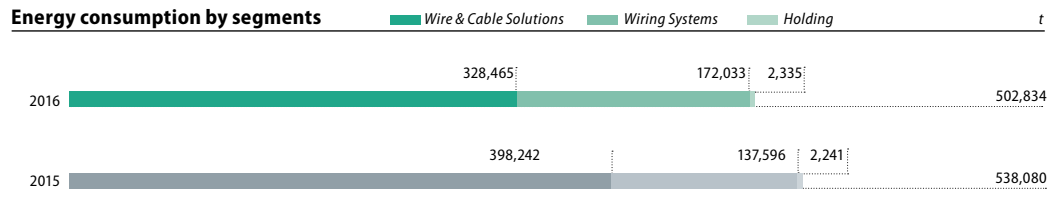


» Projects aimed at saving resources and reducing greenhouse emissions
page 18

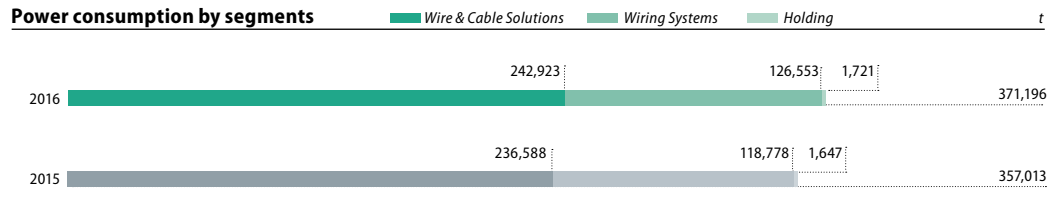
Consumption of natural resources

Our business operations and in particular our manufacturing processes involve the consumption of natural resources. It is our aim to keep this consumption as low as possible. Wide-ranging activities are undertaken in both divisions for this purpose. The consumption of electric power and other energy is especially significant. Energy and power consumption for the years 2015 and 2016 is shown below. However, the figures are not comparable due to the expansion of system boundaries.

Energy consumption by segments

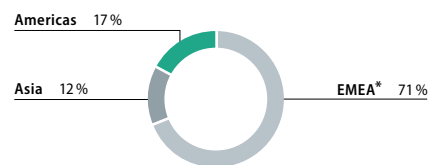


Power consumption by segments



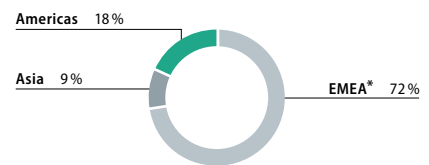
Energy consumption by regions

2016




Power consumption by regions

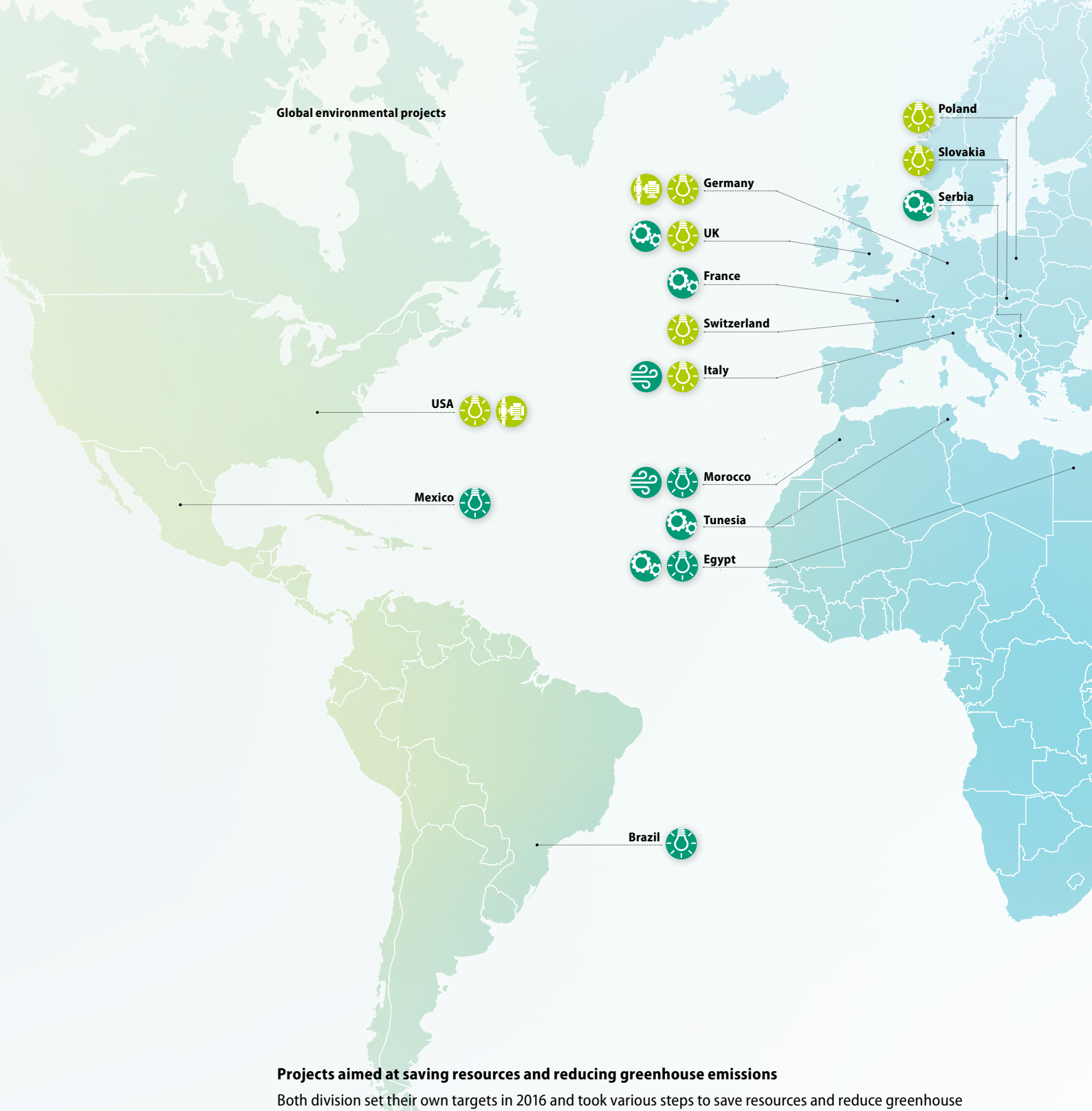
2016



A decorative graphic consisting of a grid of colored dots. The dots are arranged in a 4x4 grid. The top two rows are teal, and the bottom two rows are green. The dots are of two different sizes, with the larger dots in the top row and the smaller dots in the bottom row.

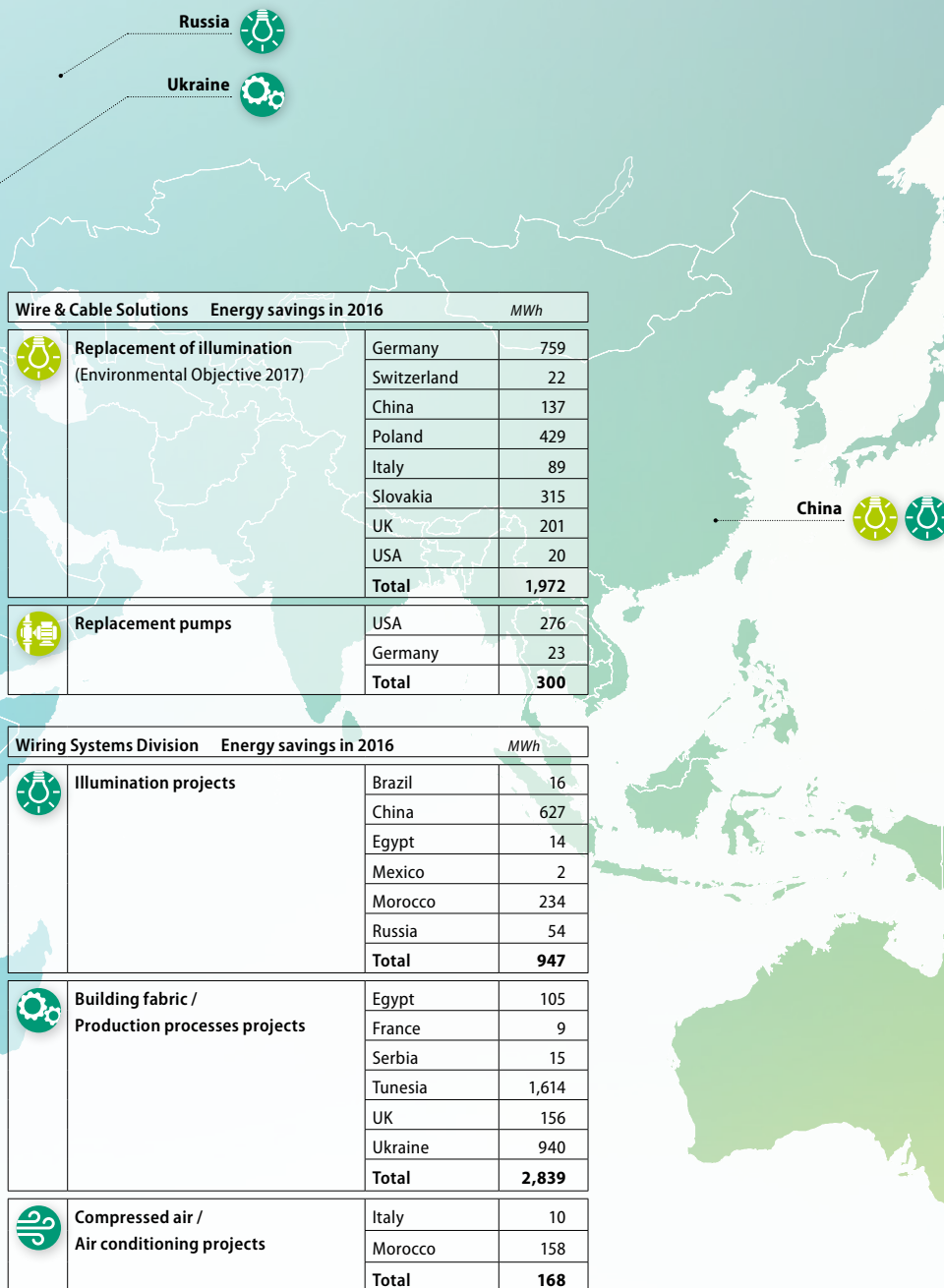


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Projects aimed at saving resources and reducing greenhouse emissions

Both division set their own targets in 2016 and took various steps to save resources and reduce greenhouse emissions. In the Wire & Cable Solutions Divisions, one focus was to reduce power consumption for lighting, which accounts for 5 per cent of total power consumption. All relevant sites were subjected to a detailed evaluation showing saving potential in the area of illumination based on a comparison of different lamp types and manufacturers. At most sites the lighting was modernised based on the results of this evaluation. The result was measurably more effective illumination of workspaces, a subjective improvement in colour reproduction, longer lamp service life and above all a lower level of energy consumption.



In total, the lighting replacements resulted in annual savings of 2.4 GWh of power. This is equivalent in CO₂ terms to 1,100 t CO₂ per year, and approximately equal to the CO₂ emissions of 200 flights from Germany to China.

In addition to this, the WCS plants continuously examine additional measures to increase energy efficiency and data transparency. As a result, several sites replaced oversized pump facilities with adapted systems fitted with a speed-controlled motor. This measure led to additional energy savings of 300 MWh/year.

The issue of lighting also has an important role to play in the Wiring Systems Division. Savings here were mainly achieved by changing to LED technology and the increased use of motion sensors. We also made progress by improving building insulation, using solar energy systems on a more widespread basis and installing modern air conditioning units.



Social responsibility

Employee affairs

Our employees are a key factor in the company's success. As of the end of 2016, LEONI had a Group-wide workforce of 79,073, as compared to 74,018 as of the same date in the previous year.

LEONI strives to provide all employees with interesting assignments involving a high level of independent responsibility in a motivating, supportive and constructive environment; the aim of the company as an employer is to be able to attract competent and committed staff and maintain their loyalty to the company. One of the instruments we use for this purpose is a carefully targeted, international system of talent management, extensive professional development opportunities, flexible working hours models and performance-related remuneration. Further information is contained in the 2016 Group Management Report. Here we also provide information on our training activities and the recruitment of early-career employees.

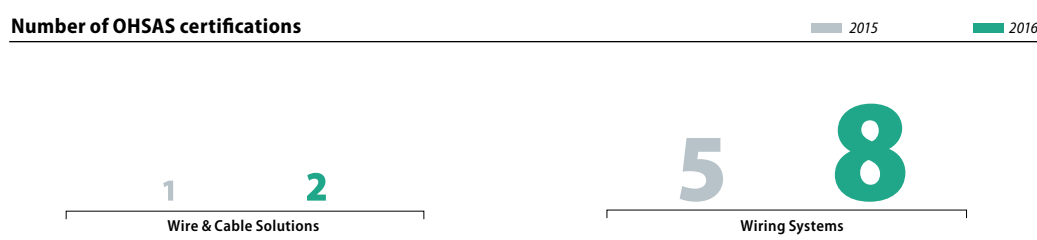
» 2016 Annual Report
page 105 et seq.

In their SHE* guidelines, both divisions commit to observing the current occupational health and safety regulations at all times and to improving health and safety standards on an ongoing basis. The main principles for action are as follows:

- Avoidance of injury and illness among our employees through the preventative identification of risks and effective emergency defence.
- Compliance with all legal duties in relation to environmental and OH & S standards and other requirements. The relevant national standards are minimum requirements.
- We establish and encourage mutual trust through open dialogue with our employees, customers and suppliers as well as with the statutory authorities and the general public.

These guidelines are to be incorporated in a Group-wide SHE* statement in 2017.

In order to guarantee the health and safety of employees, for example, we also adhere to internationally recognised standards such as OHSAS 18001.



Health and safety standards were raised further by LEONI by means of numerous individual measures in 2016. A survey of health management and health promotion in the Wiring Systems Division showed that at almost 60 per cent of WSD sites, medical care was provided by an internal medical officer or paramedic on site. 44 per cent provided addiction prevention activities and 38 per cent organised events such as Health Days. What is more, regular workplace risk assessments were carried out on a regular basis at 93 per cent of sites. The survey came to the conclusion that occupational safety conditions should be implemented comprehensively. All new employees are also provided with training in the area of occupational safety and environmental protection.

Human rights and working standards

The LEONI Group supports and respects the protection of internationally recognised human rights within its sphere of influence and ensures that the Group is not complicit in human rights abuses. We commit to this in the LEONI Social Charter. We also require our suppliers to comply with the Social Charter or the guidelines of the UN Global Compact, while at the same time encouraging our other business partners to adhere to these regulations. Additional clauses in all T & Cs further require all LEONI suppliers to observe the protection of human rights. In 2017, we will also describe our measures to avoid slavery and human trafficking when we issue our first statement on the 2015 UK Modern Slavery Act, which LEONI wholeheartedly supports.

» Structures and regulations
page 6

» www.leoni.com

» Sustainability in the supply chain
page 10



Furthermore, LEONI is globally committed to providing a working environment for all its employees that is free of discrimination, both in recruitment and during employment, and in which freedom of association is ensured. The right to collective bargaining is unreservedly recognised. LEONI strictly rejects child labour and all forms of forced labour.

These principles are likewise codified in the LEONI Social Charter. In addition to this, the Social Charter stipulates that support is to be provided for employee qualification and – as a minimum requirement – compliance is to be ensured with the relevant national standards in terms of remuneration and minimum wages, health, safety and vacation periods.

In order to raise awareness of the standards set out in the Social Charter and ensure they are observed, so-called Control Self Assessments (CSAs, conducted as a written survey) are carried out for executives, and e-learning modules are provided for all employees with a PC workstation. According to the CSAs completed by 62 site managers, there were no serious violations in 2016. Some 15,000 users were signed up for the e-learning course “LEONI Compliance Basics 2014-2016” as of the cut-off date of 6 April 2017.

» Structures
and regulations
page 6

» www.leoni.com

» Compliance
management
and anti-corruption
strategy
page 8

Implementation of and compliance with the principles of the Social Charter form part of the reporting and consultation in connection with the annual European Works Council sessions. All important personnel policies are implemented in close coordination and trusting cooperation between the company management and the General Works Council in Germany, the European Works Council and local employee representatives and works councils, with whom formal agreements have been established in each case.

The discrimination ban is also incorporated in the LEONI Code of Ethics. Information on training courses relating to the Code of Ethics is to be found in the section Compliance management and anti-corruption strategy.

Diversity

Diversity is a strategic success factor for the future sustainability of LEONI, since heterogeneous teams are better able to solve complex tasks. What is more, our corporate culture benefits from constant exposure to the issue of diversity. Our activities in this area are especially geared towards the appropriate participation of women in management and also increased internationalisation. By signing the Diversity Charter we commit to an open-minded corporate culture based on integration and mutual respect.

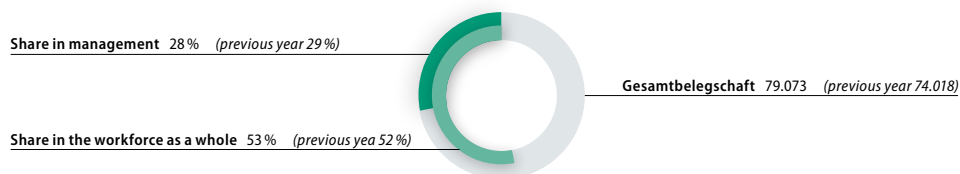


Consistent promotion of women at LEONI involves not just easier compatibility of family and career due to flexible working hours models but also a wide range of other measures, including:

- Targeted qualification and special mentoring activities for high-potential women, for example by taking part in the development programme for (young) female executives provided by the Bavarian Industry Association.
- Greater involvement of women in professional development activities and management training programmes.
- Brief to HR consultants to specifically look for female candidates.
- Organisation of Girls' Days at various sites so as to introduce girls to technical careers.
- Support for a technology mentoring programme for women at Technische Hochschule Nuremberg Georg Simon Ohm.

Share of women in the LEONI Group

2016



Details of attainment of the legally required diversity targets in the Supervisory Board, Management Board and the next two management levels are available in the Corporate Governance Report.

Our worldwide Group activities means that our workforce reflects a wide range of different countries, cultures and lifestyles. With sites in countries such as Egypt, Brazil, China, India, Mexico, Romania, Russia and the USA, virtually all world religions are represented including Christianity, Islam, Hinduism and Buddhism. In order to promote acceptance of this diversity, LEONI in Germany provides regular training courses on the German General Equal Treatment Act. What is more, LEONI employees in the USA and Canada attended a training course in 2016 on the subject of respect at work, with the aim of promoting tolerance of differences.

LEONI provides special mentoring programmes, conferences, workshops, e-learning tools and intercultural awareness courses in order to introduce greater internationalisation to management. In 2016 we offered more programmes of this kind in Asia and North Africa. International experience is also becoming an increasingly important factor in the recruitment process.

» Corporate Governance Report, 2016 Annual Report page 53



Global social projects



Germany

Donations to numerous social causes, e.g. parental initiative for children suffering from cancer, campaign to raise money for school materials, Nuremberg Hospice, SOS Children's Village Syria, Bayern Start-Up and many others in the area of culture, education and science.



Romania

Support for the Innocenti foundation for disabled children.



Serbia

Construction of a children's playground near our Prokuplje site.



Tunesia

Support for various charities for the disabled people.



Mexico

Collection of toys, children's clothes and gifts at Christmas time in collaboration with the Red Cross.

Social commitment

LEONI supports social projects through donations and sponsorship. Here we attach importance to sustainability and a regional focus. Activities are coordinated both through a Group-wide sponsorship concept and the individual sites: in this way we are able to meet the specific needs of each individual region. Numerous social projects were funded in 2016, as well as cultural projects.



Exertion of political influence

LEONI does not support any political organisations or parties. We are involved in a number of associations which support the interests of various industrial sectors. These include the German Association of the Automotive Industry (VDA), the German Electrical and Electronic Manufacturers' Association (ZVEI) and the Employers' Associations of the Metal and Electrical Industry in Bavaria (Bayme vbm). LEONI is an active member of these associations but is not represented on the respective political working groups, so membership does not involve exertion of direct political influence.

UN Global Compact Index

UN Global Compact Principle	Implementation by LEONI AG	Information on guidelines, systems, results and key performance indicators covered in this report
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Human rights:

Companies shall ...

Principle 1		
... support and respect the protection of international human rights within their sphere of influence and	LEONI Social Charter, § 1 Fundamental goals 1.1 Human rights	page 20 et seq.
Principle 2		
... make sure that they are not complicit in human rights abuses.	LEONI Social Charter, § 2 Implementation, 2.3	page 20 et seq.

Working standards:

Companies shall ...

Principle 3		
... uphold the freedom of association and the effective recognition of the right to collective bargaining, in addition to upholding the	LEONI Social Charter, § 1 Fundamental goals 1.2 Right of association	page 6 et seq., 20 et seq.
Principle 4		
... elimination of all forms of forced labour,	LEONI Social Charter, § 1 Fundamental goals 1.4 Free choice of employment	page 6 et seq., 20 et seq.
Principle 5		
... the abolition of child labour and	LEONI Social Charter, § 1 Fundamental goals 1.5 No child labour	page 6 et seq., 20 et seq.
Principle 6		
... the elimination of discrimination with respect to hiring and employment.	LEONI Social Charter, § 1 Fundamental goals 1.3 No discrimination; LEONI Code of Ethics 3. h)	page 6 et seq., 20 et seq.

Environmental protection:

Companies shall ...

Principle 7		
... support a precautionary approach to environmental challenges,	Zertifizierungen nach ISO 14001, ISO 50001, EMAS; SHE * guidelines	page 12 et seq.
Principle 8		
... undertake initiatives to promote greater environmental responsibility, and	Carbon Disclosure Project; Environmental protection measures	page 12 et seq.
Principle 9		
... the development and propagation of ecologically sound technologies.	Green Technology concept; Sustainable product development	page 12 et seq.

Anti-corruption:

Companies shall ...

Principle 10		
... work against corruption in all its forms, including extortion and bribery.	LEONI Code of Ethics, 3. a), d), e), g), i), j)	page 6 et seq.

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