

October 12, 2018

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that LEDVANCE continues to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We express our intent to continue to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

LEDVANCE has made a clear statement of this commitment to our stakeholders and the general public that is visible on our website at www.ledvance.com.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles, and I'm pleased to provide that in the attached document that describes actions that LEDVANCE has taken to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).

Sincerely yours,



Erol Kirilmaz
Chief Sales & Marketing Officer

LEDVANCE is one of the world's leaders in general lighting for lighting professionals as well as end users, offering a broad variety of LED luminaires, advanced LED lamps, intelligent and networked Smart Home & Smart Building solutions as well as traditional light sources.

Emerged from the general lighting business of OSRAM, the company is now owned by Chinese lighting company MLS Co., LTD. (MLS) with offices in more than 50 countries and business activities in more than 140 countries. In fiscal year 2017, LEDVANCE achieved a turnover of around 1.9 billion Euro. Based on an agreement with OSRAM, LEDVANCE will continue to use the trusted OSRAM brand (SYLVANIA for the USA and Canada) for many of its products including its entire LED and traditional lamps portfolio. For its range of professional LED luminaires marketed via electrical wholesale, LEDVANCE has started to incrementally introduce the LEDVANCE brand also on a product level. LEDVANCE's operations report to our Head Office Ledvance GmbH in Garching, Germany.

LEDVANCE continues to support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. LEDVANCE has proudly posted a statement of this commitment on our website at www.ledvance.com to communicate this to our stakeholders and the general public.

This Communication of Progress outlines the activities and efforts LEDVANCE has taken with respect to the 10 principles of the UN Global Compact.

Our Internal policies

We operate a number of internal policies to ensure that we are eliminating risks and conducting business in an ethical and transparent manner. These include:

1. **Anti-slavery policy.** This policy sets out the organisation's stance on modern slavery and explains how employees can identify any instances of this and where they can go for help.
2. **Recruitment policy.** We operate a robust recruitment policy, including conducting "eligibility to work" checks for all employees to safeguard against human trafficking or individuals being forced to work against their will.
3. **Whistleblowing policy.** We operate a whistleblowing policy so that all employees know that they can raise concerns about how colleagues are being treated, or practices within our business or supply chain, without fear of reprisals.

4. **Code of Conduct.** This code explains the manner in which we behave as an organisation and how we expect our employees and suppliers to act.
5. **Compliance** is an integral part of our business processes. Our Compliance system is based on the three pillars: Prevent, Detect and Respond.
6. **Our corporate responsibility** for sustainable development is an integral part of our strategy. From an organisational point of view, the cross-discipline subject of sustainability is directly linked to the Management Board via the Chief Sustainability Officer.

Our suppliers

LEDVANCE operates a supplier policy and maintains a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become a preferred supplier. This due diligence includes an online search to ensure that particular organisation has never been convicted of offenses relating to modern slavery, and occasionally on site audits which include a review of working conditions. Our anti-slavery policy forms part of our contract with all suppliers, and they are required to confirm that no part of their business operations contradicts this policy.

In addition to the above, as part of our contract with suppliers, we require that they confirm to us that:

1. They have taken steps to eradicate modern slavery within their business;
2. They hold their own suppliers to account over modern slavery;
3. (For UK based suppliers) They pay their employees at least the national minimum wage / national living wage (as appropriate);
4. (For international suppliers) They pay their employees any prevailing minimum wage applicable within their country of operations;
5. They prohibit child labor;
6. They comply with the laws of the applicable legal systems;
7. They tolerate no form of, and do not engage in any form of corruption or bribery;
8. They respect basic human rights of employees;
9. They take responsibility for the health and safety of its employees;
10. Beyond acting in accordance with applicable environmental standards and laws, they work to minimize environmental pollution and make continuous environmental improvements.

Suppliers must complete and submit a “Code of Conduct for LEDVANCE Suppliers” form.

Progress on the UN Global Compact 10 Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Adhering to international labor standards and fair working conditions is indispensable for the success of LEDVANCE as a global employer. LEDVANCE takes responsibility as an employer, respects the human rights of all employees, and is explicitly against child labor, and unethical and unsocial business practices. LEDVANCE does not discriminate by ethnic origin, gender, religion, social background, disability, political views, or sexual orientation. We respect the local applicable statutory requirements regarding payment in all countries in which LEDVANCE conducts business.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Our employees have the right to freedom of organization and assembly throughout the world. In countries where employee representatives have been established, it is very important for us to work together with them as closely and constructively as possible. We strive to offer our employees a safe and secure workplace with fair conditions.

Principle 4: the elimination of all forms of forced and compulsory labor;

In 2018, LEDVANCE formalized a statement in response to the UK Antislavery Act s.54, and expanded it to cover its operations worldwide. This statement is posted on the www.ledvance.com website. In addition, the following internal activities were formalized, and we are in the process of implementing the following measures over the course of the financial year 2019:

- Where appropriate, as informed by our risk assessment, we will engage directly with [new] suppliers in respect of our anti-slavery policy in order to gain a proper understanding of the measures they have in place to ensure that modern slavery is not occurring within their own businesses and supply chains and where appropriate, agree how such measures should be enhanced.
- Our contractual documentation will incorporate specific prohibition against slavery or servitude, the use of forced, compulsory or trafficked labour and the use of child labour in line with this policy. We make provisions for our contracted suppliers to hold their own suppliers to the same standards. We also reserve the right to terminate any contractual arrangement if there is breach of this policy.
- While we regularly conduct training for our procurement/buying teams so that they understand the signs of modern slavery and what to do if they suspect that it is taking place within our supply chain, the compliance team will ensure that all staff receive adequate training on this policy and any supporting processes applicable to their role. Such training forms part of the Company's induction process.
- In addition, staff will receive training on the broader issues of modern slavery so as to assist them in appreciating the extent of the problem of modern slavery and to identify individuals/areas of the business that may be at risk from practices of modern slavery.

We will know the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking is not taking place within our business or supply chain if no reports have been received from employees, the public, or law enforcement agencies to indicate that modern slavery practices have been identified.

Principle 5: the effective abolition of child labor;

LEDVANCE takes responsibility as an employer, respects the human rights of all employees, and is explicitly against child labor, and unethical and unsocial business practices.

Principle 6: the elimination of discrimination in respect of employment and occupation.

LEDVANCE does not discriminate by ethnic origin, gender, religion, social background, disability, political views, or sexual orientation. We respect the local applicable statutory requirements regarding payment in all countries in which LEDVANCE conducts business.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

As a global company we are facing special responsibility for worldwide long-term challenges such as demographic change, climate change and diminishing resources. Sustainability is the key to securing our company's future. Our commitment to being a socially responsible company requires that we meet the demands of commerce in an ecologically and socially sound manner.

LEDVANCE aligned with the ambitious EU 20-20-20 targets for its global operations, which means a 20 % absolute reduction of CO₂ emissions, water consumption and waste generation by 2020 based on the 1990 values (LEDVANCE base year is 2006).

Target for CO₂:	A 0.75% reduction of CO ₂ emissions per year
Target for Water:	A global target of 0.75% reduction of water consumption per year will be introduced.
Target for Waste:	Concentration on waste for disposal, a global target of 0.75% reduction of water consumption per year will be introduced.
Target for Energy Efficiency:	LEDVANCE will extend the German industry pact to its global operations, which calls for an efficiency increase of 1.3% per year.

Energy Balance and CO2-Emissions

We have reduced specific energy consumption significantly over the past years. At LEDVANCE, energy efficiency is a concept against which products and solutions are rigorously measured each and every day. Since 2013, a cross-departmental team has been dedicated to implementing energy-saving measures in an initial batch of 20 plants throughout the company. A task force comprising colleagues from the “Equipment Engineering”, “Procurement” and “Environment, Health and Safety” departments has been looking for ways to reduce energy consumption in LEDVANCE plants where consumption is high. The “Energy Efficiency (EE) Push” project, for which external specialists were also enlisted at the outset to provide expert advice, concentrated initially on 20 plants in Germany, Europe, Asia and America. At the LEDVANCE / OSRAM plant in Berlin, for example, savings of around 816,000 euros have already been made.

Rapid progress in the introduction of an energy management system in accordance with ISO 50001 shows just how firmly the concept of sustainability is rooted within LEDVANCE. Although initially planned for Germany, the basic principles of the standard will also be rolled out to the international plants.

Conserving resources has always been a goal at our factories – for the simple reason that maximizing resource efficiency makes good business sense and allows these factories to be more competitive. The same is true for the company as a whole. To measure the degree of achievement of LEDVANCE environmental protection objectives, environmental data is systematically recorded on a corporate level. As an ISO 14001 certified company, we establish and monitor measurable environmental targets, which are in line with the requirements of ISO 14001, chapter 4.3.3 Objectives, targets and programs. LEDVANCE will align with the ambitious EU 20-20-20 targets for its global operations, which means a 20% absolute reduction of CO2 emissions, water consumption and waste generation by 2020 based on the 1990 values (LEDVANCE base year is 2006).

LEDVANCE's Environment, Health and Safety Software Suite is based on specialized EHS software and is implemented to address the EHS related information requirements of LEDVANCE and its organizational units. It also covers the basic stakeholder information needs of external stakeholders like public interest groups, customers, suppliers and environmental organizations. Our Global EHS Reporting System helps us to prepare quarterly and annual environmental reports and evaluate environmental performance. Moreover it allows us to collect consistent environmental data, compare performance across sites and over time, and generate unified reports across all the LEDVANCE sites. It enables the EHS managers, and executives to monitor and analyze EHS performance on site, country, region and corporate level. This year, it also provided the data necessary to submit our first report to the Carbon Disclosure Project.

Financial and non-financial KPIs are equally important for LEDVANCE's internal and external stakeholder communication. As environmental reporting can affect how sustainability driven investors, customers and, the public see LEDVANCE, we cover all our production sites, major offices and distribution centers comprising 95 % of our total number of employees and 80 % of our revenue.

Amongst other data, environmental reports contain information on specific and absolute water consumption, changes in carbon dioxide emissions, energy consumption, and the volume of waste produced at each plant.

For LEDVANCE, assuming social and corporate responsibility means protecting the environment, ensuring occupational health and safety, and preserving natural resources. Thus, we set up a corporate EHS policy and guidelines in order to integrate these issues into the overall management on a corporate-wide level.

EHS Policy

The EHS policy was defined by the LEDVANCE Managing Board and is communicated to our employees and to persons working for or on behalf of our organization. It provides a framework for action and the setting of objectives, targets and programs for environment, health and safety topics. It also reaffirms the commitment to comply with applicable legal and other requirements which are related to these aspects.

EHS Guidelines

Our EHS guidelines define binding requirements and principles for the EHS management system. These guidelines support all company units in complying with legal and other requirements, implementing internal company regulations and achieving EHS goals geared towards a sustainable future. Our EHS guidelines give additional substance to the Business Conduct Guidelines, and are derived from our corporate values. The structure of the guidelines is in line with the following internationally recognized management system standards:

- **ISO 14001 – Environmental Management System**
- **OHSAS 18001 – Occupational Health and Safety**
- **ISO 50001 – Energy Management System**

LEDVANCE is a worldwide leader in lighting – specifically energy-efficient lighting. Electric light accounts for around 15 % of the worldwide consumption of electricity, and thus for a considerable proportion of CO₂ emissions. This amount can be significantly reduced by replacing inefficient technologies with sustainable products like energy-saving lamps, innovative lighting systems and intelligent lighting management systems. A holistic approach to sustainable development and sustainable products is of great importance to LEDVANCE.

In 2017, LEDVANCE announced its participation in the Clean Energy Ministerial **Global Lighting Challenge (GLC)** with a commitment to selling 2.5 billion energy efficient LED Lamps by 2023. The Clean Energy Ministerial is a forum of countries working together to promote the global transition towards clean energy generation and consumption. The Global Lighting Challenge, launched in the winter of 2015, is a campaign focused on deploying 10 billion high efficiency, high quality affordable light bulbs, in an effort to combat climate change. Achieving the goal of selling 2.5 billion LED Lamps by 2023 is estimated to save the equivalent amount of energy typically produced by 75 medium sized coal fired energy plants.

The lighting industry is shifting towards more energy-efficient technologies such as light emitting diodes (LED). Advances in LEDs in just the past few years have led to reductions in materials used, weight of products, and energy consumption. In addition to LEDs' significantly longer life the overall life cycle impact of these lighting products is greatly reduced compared to traditional incandescent, halogen and fluorescent technologies. LEDVANCE has invested significant resources in research and development to broaden the opportunities for LED technology. Expanding into luminaires and smart home technology, LEDVANCE is working to reduce the environmental footprint of its products for both the commercial and residential markets.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

LEDVANCE regards compliance as a basis for all decisions and activities. Especially preventing corruption and other violations of fair competition takes the highest priority for LEDVANCE. With a global team to administer the LEDVANCE Compliance Management System, we are committed to the principle that compliance is not a program; it is the way we conduct business and realize business integrity.

LEDVANCE has created several tools, guidelines and systems for employees. The Business Conduct Guidelines contain the basic principles and rules for the conduct of all LEDVANCE employees. They set out how we meet our ethical and legal responsibility as a company. They apply within the company as well as in relation to our external partners and the general public.

Legal regulations and international treaties on human rights, anti-corruption and sustainability form the basis for the Business Conduct Guidelines. The Business Conduct Guidelines are intended to strengthen awareness of the law and moral standards as an integral part of our entrepreneurial activities. The key message is that only clean business is LEDVANCE business.

Via the Intranet Compliance Homepage, employees can access the Business Conduct Guidelines and the other components of the LEDVANCE Compliance system such as compliance tools for documenting activities, Code of Conduct, and the LEDVANCE Integrity Line (LILi), our anonymous whistleblower hotline for reporting questionable compliance activities.