

NOVALUME®

COMMUNICATION ON PROGRESS 2018

—
United Nations
Global Compact



WE SUPPORT



STATEMENT OF CONTINUED SUPPORT



NOVALUME joined the UN Global Compact in November 2017 and I am pleased to confirm that NOVALUME reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this first annual Communication on Progress, we describe the actions we have taken to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Jakob Meiland Hansen
Chief Executive Officer of Novalume



Period covered by our Communication on Progress (COP): October 2017 to October 2018.

Novalume is committed to supporting the ten principles of the UN Global Compact relating to human rights, labor standards, the environment and the fight against corruption as well as reporting and communicating annually to its stakeholders on progress made in implementing these principles.

Date of publication: October 19, 2018
(Next issue: October 2019)

Novalume COP is available in both Novalume's corporate website (novalu.me) and a hard copy form.

NOVALUME

ABOUT US

Novalume is an innovative Danish company that is committed to delivering complete Smart City lighting solutions that fit municipalities' needs in terms of energy-efficiency, savings, sustainability and Smart City infrastructure.

In collaboration with Denmark's export credit agency (EKF), Danish banks and other well-known financial institutions around the world, Novalume offers a payment plan that makes investing in LED and Smart City technology pay for itself from day one. We call it the "pay-as-you-save" model. Thanks to this model, Novalume provides complete Smart City solutions that can both ensure a completely new LED lighting solution with IoT-ready network and drastically reduce the electricity costs and CO₂ emissions of its customers by up to 75%.

And city lighting management is just the beginning. Novalume's engineers have created Lumintell™ Smart City system that can serve multiple Smart City functions. Thanks to Lumintell™, each streetlight is connected to an online monitoring application that can be accessed via www.lumintell.city on a computer, tablet or smartphone. Through the web-based and user-friendly application, city officials can access a customized Smart City dashboard with precision dimming controls and profiles, remote diagnostic and proactive maintenance, performance graphs, smart data and reporting tools that help city managers to take data-driven decisions and improve public services.



Novalume delivers advanced LED lighting infrastructure for Smart Cities

We reduce cities' energy consumption, maintenance costs and CO₂ emissions by up to 75%.



Novalume provides Lumintell™ Smart City and IoT-ready infrastructure

We enable city leaders to make their city more efficient, intelligent and sustainable.



Novalume offers "Pay-as-you-save" Financing Plan

Novalume eliminates capital expenditure and uses the generated savings to cover the payments of the Smart City upgrade.

Today, Novalume pursues the expansion of its customer base, markets and scope of services in Scandinavia, Europe, Latin America and Asia and is managing several large Smart City LED lighting installations around the globe. Currently, Novalume has completed the installation of 27,000 LED streetlights and has started the implementation of Lumintell™ Smart City Platform in the city of Talca, Chile. Furthermore, the lighting installation will also be upgraded by the capacity to generate public Wi-Fi so Talca residents can get online, wherever they are in the city.



NOVALUME CULTURE

Passionate, Innovative, Solution Oriented, Predictable and Eco-Friendly:
These are the core values of Novalume culture.

They guide us in our daily work, in the way we do business and in our commitment to our customers – a commitment that is bound by trust and professionalism.

At Novalume our vision is to develop the best-in class Smart City lighting solutions and enable our customers to achieve more with less.

NOVALUME TEAM



NOVALUME OFFICES

NOVALUME A/S is headquartered just outside Copenhagen, in Denmark with two branch offices in Santiago, Chile and Bogotá, Colombia.



"Hundreds of cities around the world are switching to LED lighting and building Smart City infrastructure, and the social, economic and environmental benefits are already being documented. Thanks to the existing street lighting infrastructure of cities and our LUMINTELL™ Smart City network, we can connect cities, reduce dramatically their energy consumption, maintenance costs and CO₂ emissions, provide in real-time smart data from sensors, and make cities more efficient, intelligent and sustainable.

Whether the cities' priority is sustainability, energy-efficiency, savings or improving the quality of life of their citizens, our LUMINTELL™ solution allows them to achieve their objectives."

Jakob Meiland Hansen,
CEO of Novalume

COMMUNICATION ON PROGRESS

1 QUALITY OF LIFE AND ENVIRONMENT

We consider environmental friendliness to be an important aspect of our smarter and greener Smart City Lighting solutions. To help create a more sustainable society we strive to combine environmental and economical value solutions for our customers and municipalities around the world.

Projections indicate that 5 billion people (60% of the world's population) will live in cities by 2050 and, according to the International Energy Agency, the overall demand for lighting will be 80% higher by 2030 than it was in 2005.

With lighting representing a large and increasing share of municipal energy consumption, our LED public lighting solutions -with the Lumintell™ smart system, allow municipalities to drastically reduce their energy consumption, maintenance costs and CO₂ emissions by up to 75%. This important reduction of energy consumption and CO₂ emissions has a direct and positive impact on the environment. *For example, in the United States alone, replacing outdoor lighting with LED lighting can save US\$6 billion annually and reduce carbon emissions by the equivalent of taking 8.5 million cars off the roads for a year.*

Going Green is the financial model of the future. Novalume, thanks to its business model and innovative financing solutions, helps municipalities around the world to transition. By reducing our carbon footprints, each one of us can contribute to making the earth a safer, better place to live.

It is our sincere hope to provide solutions that create a better life for the residents of the municipalities we work with and contribute to the preservation of the global environment, through the actions of our business.



The "Go Green" label was created by Novalume to encourage municipalities to reduce their energy consumption and carbon footprint. This label is used in our marketing materials across multiple channels.

OUR LED LIGHTING SOLUTIONS
ENHANCED WITH LUMINTELL™
REDUCE THE CITIES' ENERGY
CONSUMPTION AND CO₂ EMISSIONS
BY UP TO 75%

2 HUMAN RIGHTS

Our offices are based in a light and modern facility in Roskilde. Novalume complies with all European rules and regulations within the field of human rights.

The office area is separated from production and the warehouse, offering a good working environment in light surroundings. As part of our kitchen/lunch area we have an outdoor terrace where employees can take breaks and have lunch outside if the weather allows.

A yearly APV workplace evaluation is conducted by the Novalume Work Environment Organization. Following the evaluation a report is generated and management actions are agreed. A summary of the APV workplace evaluation are shared and presented to all employees. In addition, management identified tasks and progress are shared with all employees and are taken into protocol.

These reports and protocols are stored in Novalume safe and electronically on our server.

At least once every two years the Chief Operations Officer (COO) travels to selected global suppliers and performs a supplier/sub-supplier evaluation. During the onsite evaluation Novalume investigates and checks the implementation and foundation of ISO certifications 9001, 14001 and 18001. ISO compliance is not mandatory for our cooperation, but we strongly encourage suppliers to implement and act according to ISO18001.

All audit reports are stored in Novalume safe and are available electronically from our Novalume server.



Kim Krahl Larsen, Novalume's Chief Operations Officer, during one of the Supplier Evaluations in China, in September 2018.

OHSAS 18001 Certificate



ISO 14001 Certificate





This Code of Conduct applies to all NOVALUME's Cooperation Partners. The provisions of the code extend to all workers, regardless of their status or relationship with a Cooperation Partner. The code therefore also applies to workers who are engaged informally, on short-term contracts, or on a part-time basis.

Novalume's Code of Conduct is available in both the Internet at <https://novalu.me/download/> and a hard copy form.

3. ANTI-CORRUPTION

In Q4 2017, Novalume wrote the first version of the Novalume's Code of Conduct (12 pages) available on Novalume's corporate website at novalu.me/download and delivered as a printed copy to all Novalume staff.

The purpose of this code of conduct is to ensure that Cooperation Partners, including suppliers and service providers, as well as employees of Novalume A/S operate in accordance with internationally recognized minimum standards for human rights, working conditions and the environment. Novalume A/S adheres to the principles of this code and expects the same of its Cooperation Partners.

Observance of the code will be an enforceable and enforced part of any agreement or contract between Novalume A/S and our Cooperation Partners.

The aim of the code is not to terminate business, but to help Cooperation Partners improve their social and environmental standards. Novalume is therefore willing to work with Cooperation Partners to achieve compliance with the provisions of this code. However, we will not conduct business with a Partner if compliance with the requirements of the code is deemed impossible. Nor will we conduct business with a Partner engaged in violations of fundamental human rights (see zero-tolerance standards in the Code of Conduct).

Novalume A/S will periodically review the adequacy and continuing effectiveness of this code of conduct.

We took the serious matter of anti-corruption one step further and asked our selected business Partners to sign a similar agreement in order to align themselves with Novalume's values and principles. Novalume will from time to time check whether Partners are aligned with this agreement.

In Q1 2018 top management at Novalume was requested to sign an extended version of the Agreement/Pledge on Anti-Bribery. By signing this document, top managers confirmed that they had no knowledge of any current or former agreement or arrangement involving bribery and/or facilitation payments that involved or related to Novalume or Novalume's suppliers, agents or customers.

If Novalume A/S has reason to believe that such violations are being committed by a Cooperation Partner, the business relationship will be terminated with immediate effect without any right for the Cooperation

Partner to remedy such a violation. If we have reason to believe that the Cooperation Partner was aware of the violation and willingly assisted in the violation of fundamental human rights, the Cooperation Partner may be reported to the proper authorities.

Signed copies of the Code of Conduct document and Top Management Anti-Bribery agreements are all stored in Novalume safe and in electronic copy on Novalume's server

4. LABOUR

Novalume's Code of Conduct confirms that we in no way support working with forced or bonded labor, internally or externally.

Novalume will now go further by always following the rules and regulations of the free worker market. Novalume complies in all matters with minimum wage standards in all regions where Novalume is represented with branch offices or has employers on contracts.

Novalume offers full time employees a pension and healthcare insurance as part of their salary after being with the company for a minimum 6 months. Novalume offers free and unlimited warm and cold soft beverages during work days, along with the option of a lunch arrangement which is 50% paid for by the company.

All employee contracts are stored in Novalume safe and are available electronically on Novalume's server.

International Standards

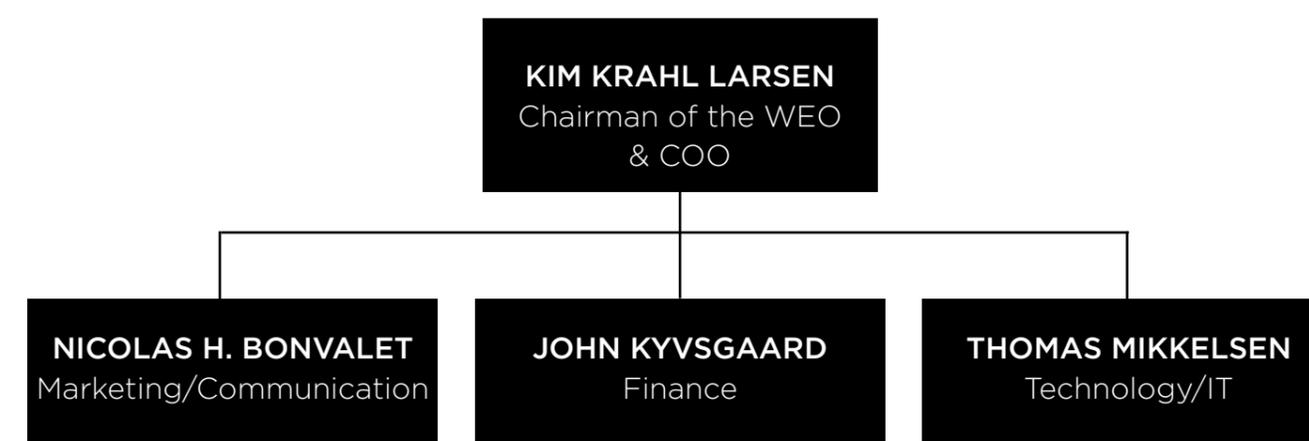
In addition to meeting the provisions of the Code of Conduct, Cooperation Partners shall comply with all national laws and regulations as well as other applicable standards (e.g. collective bargaining agreements).

Where there are differences between the provisions of this code and national laws or other applicable standards, Cooperation Partners shall adhere to the higher or more stringent requirements.

Conflicts between the provisions of this code and national laws or other applicable standards shall be evaluated by Novalume A/S in cooperation with the Cooperation Partner and relevant stakeholders in order to establish

the most appropriate course of action that will help to foster respect for fundamental human rights, labour standards and the environment. If any conflicts are detected, the Cooperation Partner must inform Novalume A/S immediately.

The management of Novalume also encourages the employees to freely unite themselves to raise awareness about human rights, labour and work environment issue. To facilitate the development of the work environment and corporate culture, we have created an organisation called WEO (Work Environment Organisation/ "Arbejdsmiljø Organisation" in Danish) and have a key person responsible for action plans, follow-up and outcomes. As a CCO, Kim Krahl Larsen is also the Chairman of the WEO with three other representatives from different departments to help the discussion.



5. PARTNERSHIPS AND MEMBERSHIPS

At Novalume we believe, that the key to sustainable and innovative solutions for Smart Cities and our society is the cooperation between organizations, companies, policy makers and citizens. Joining local and international networks is a great opportunity for Novalume to improve our business activities and services, get insight into and inspiration about the latest green tech trends and collaborate with other innovative organizations focused on the green transition, the well-being of citizens and smart solutions for cities.

GATE 21 - The Gate for Green Growth (Denmark)

Gate 21 is a nonprofit partner organization with a vision of making Greater Copenhagen the leading region in the world for green transition and growth. As a partner of Gate 21, Novalume joins some of the most ambitious regions, municipalities, companies and knowledge institutions in Greater Copenhagen, where we will participate in working toward for the common goal of accelerating green change and growth.

STATE OF GREEN – Denmark’s Official Green Brand

State of Green is a not-for-profit, public-private partnership from Denmark. The organization fosters relations with international stakeholders and is a network of Danish businesses, governmental and academic institutions, experts, and researchers. With the other members of State of Green, Novalume will be working to drive the global transition to a sustainable, low-carbon, resource-efficient society.

CLEAN (Scandinavia)

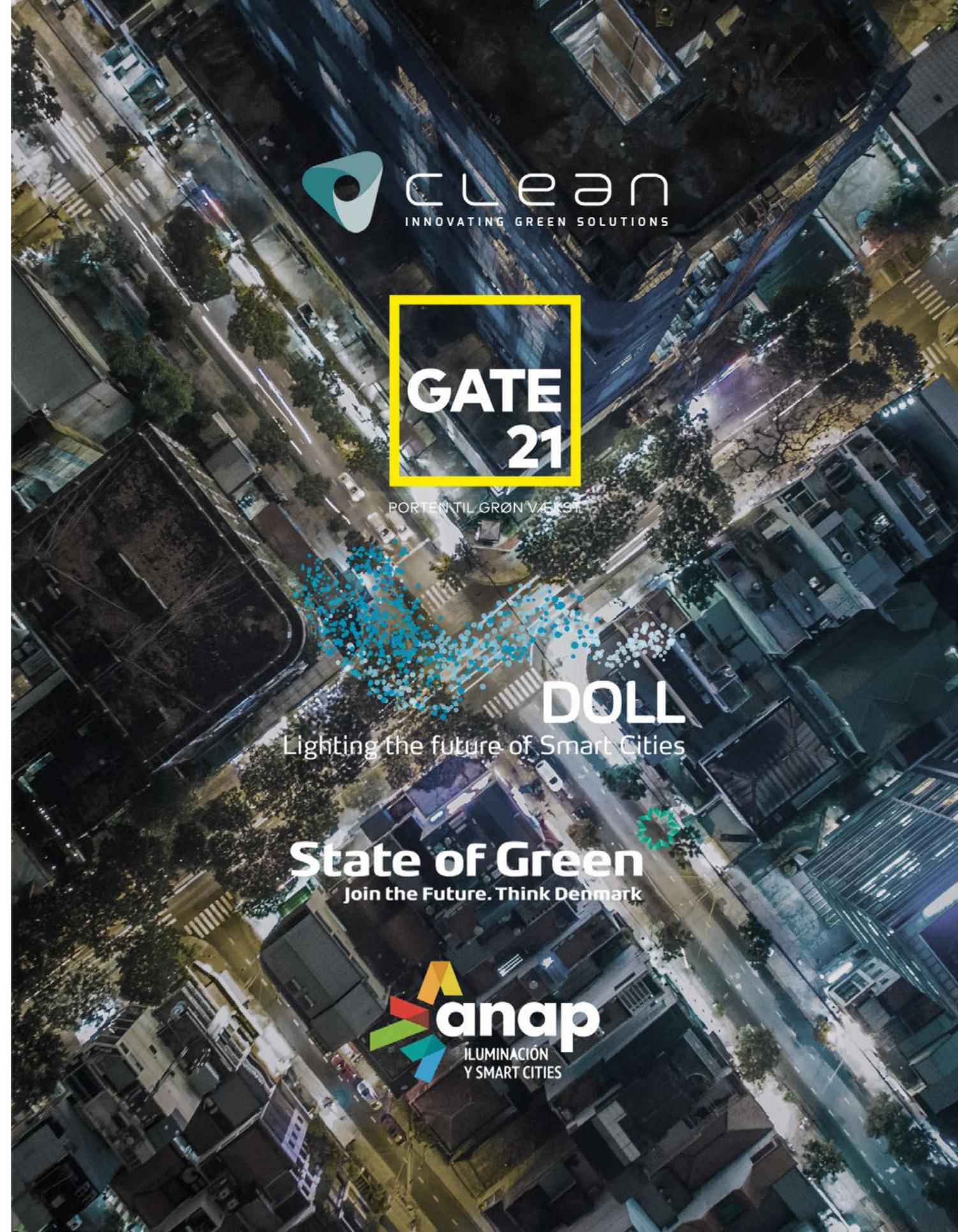
CLEAN provides and manages projects and partnerships between private cleantech companies, public actors and knowledge institutions. CLEAN has four focus areas: Smart Energy, Resource Efficiency, Smart City and Internationalization. The organization creates innovative solutions to some of the challenges that concern us all and as a member of CLEAN, Novalume wants to contribute to this vision.

DOLL – Lighting the Future of Smart Cities (Denmark)

DOLL Living Lab is a leading facility of its kind in Europe, testing and demonstrating intelligent outdoor lighting systems and Smart City-technologies. This is a place where people come together: 80+ delegations come and visit DOLL Living Lab annually, experiencing the solutions in a 1:1 scale. Currently, 50+ partner companies such as Novalume and knowledge institutions contribute to the Living Lab with key resources and knowledge.

ANAP - Asociación Nacional de Alumbrado Público (Colombia)

ANAP is a non-profit association which specializes in public lighting, bringing together companies, service and technology providers, auditors, engineering firms and territorial entities (150 municipalities) across Colombia. Novalume has joined the ANAP Group in order to promote the evolution of public lighting services in Colombia. All members, through the promotion of work plans and discussion tables, conferences and congresses, develop and pursue constant research and innovation in order to boost the use of new technologies and the preservation of the environment while improving public services and the quality of life of residents.



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, Novalume is not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.

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.

Labour

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

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

Principle 5: the effective abolition of child labour; and

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

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.

Anti-Corruption

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

. More information about the UN Global Compact 's SDGs (Sustainable Development Goals) by 2030 here: <https://www.unglobalcompact.org/sdgs>

. Announcement of Novalume's support to the principles of the UN Global Compact in the Newsroom of the Novalume's Corporate Website: <https://novalu.me/un-global-compact/>



WE SUPPORT

NOVALUME®

Smart City Lighting Solutions

Lykkegaardsvej 9, 4000 Roskilde, Denmark
+45 35 37 88 88 | info@novalu.me

novalu.me