



THIS IS OUR COMMUNICATION ON PROGRESS (Cop)
WHICH DESCRIBES THE EFFORTS MADE WITHIN THE GROUP
TO APPLY THE 10 PRINCIPLES OF THE GLOBAL COMPACT ON HUMAN
RIGHTS, LABOUR LAW,
ENVIRONMENTAL PROTECTION
AND THE FIGHT AGAINST CORRUPTION.

2019



Dear Secretary General,

With this letter, I am pleased to confirm the continued support of the Vignal Lighting Group for the United Nations Global Compact.

We thus renew our commitment to adopt, support and apply, within our sphere of influence, the 10 founding principles relating to human rights, labour rights, environmental protection and the fight against corruption.

We also express our willingness to advance the application of these principles by continuing to integrate them into our company's strategy, business culture and operating methods.

Please find attached our communication on progress for the year 2019.

Best regards.

Renewal of the
Commitment

Vignal Lighting
Group

Jean-Louis Coutin
President Vignal Lighting Group

A word from the President



To live in harmony together in our world, it is imperative that we respect both people and the planet.

With the full backing of our shareholder, we have implemented a proactive CSR policy to structure our actions and measure our progress.

All Vignal Lighting Group employees are happy to be involved in this process.

The Group's CSR reports are widely shared with all our internal and external partners.

One of the highlights of recent years has been opening plants on other continents, supporting our clients by avoiding inter-continental transport.

In France, we have built a new plant to the highest world standards, significantly improving our working conditions and our environmental footprint.

Jean-Louis Coutin
President of Vignal Lighting Group

PRINCIPLES OF ACTION AND GOVERNANCE

The CSR policy is defined in accordance with the Vignal group's ethical principles and its desire to respect and promote the principles affirmed by:

- the Universal Declaration of Human Rights;
- the fundamental ILO conventions, including Convention 29 concerning forced or compulsory labour, Convention 87 concerning freedom of association and protection of the right to collective action, Convention 98 concerning the application of the principles of the right to collective action and bargaining, Convention 100 concerning equal pay for men and women for work of equal value; Convention 105 concerning the Abolition of Forced Labour, Convention 111 concerning Discrimination in Respect of Employment and Occupation, Convention 138 concerning Minimum Age for Admission to Employment, Convention 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour;
- the United Nations *Global Compact*, which the Group joined in 2015.

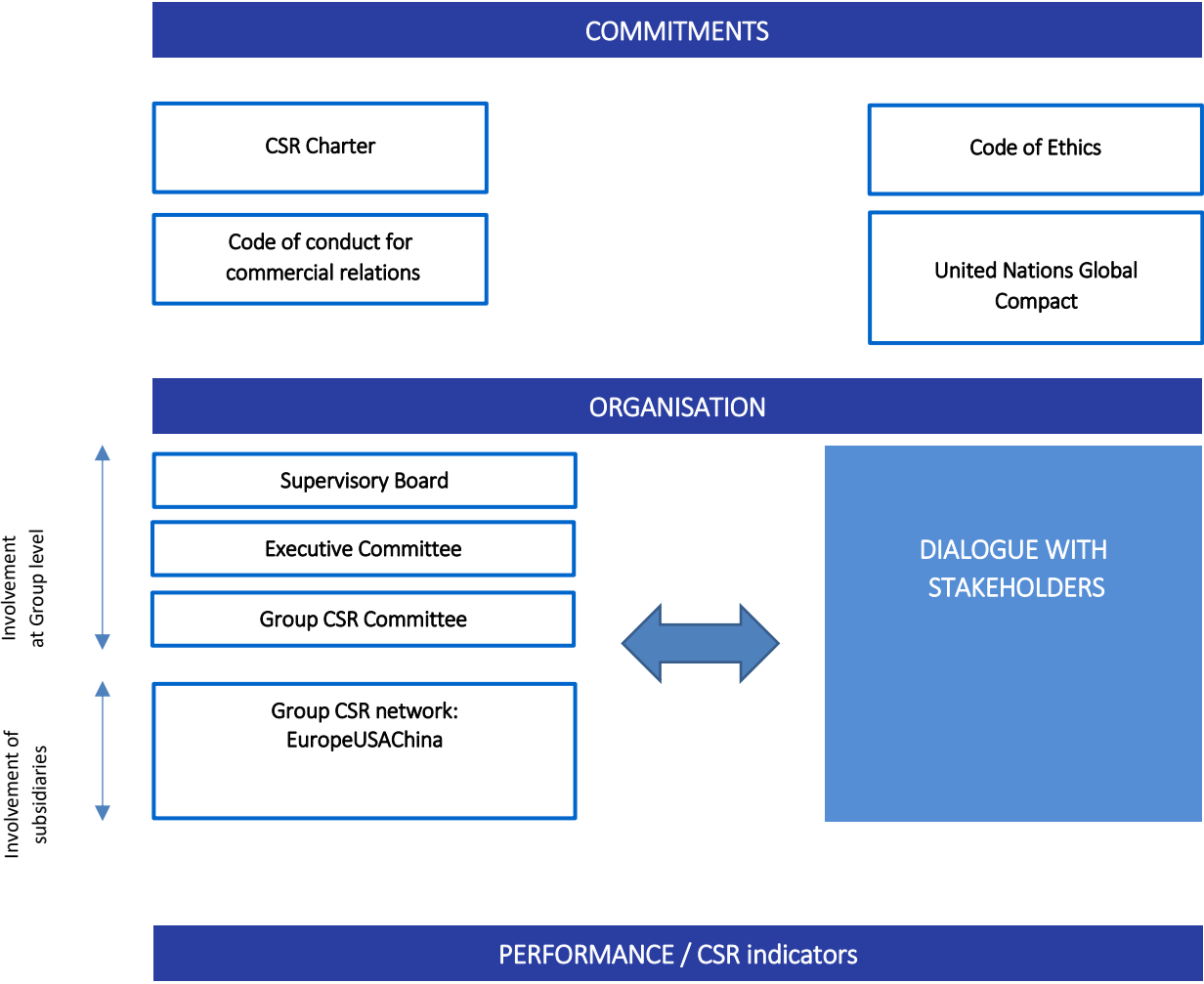
The Group's CSR policy aims to respect people, the planet and organisations and to improve the sustainability of its business model by working to earn the trust of our main stakeholders, with whom the Group maintains a constant dialogue.

The implementation of the CSR approach is an opportunity for growth for the Group. It helps:

- strengthen employee motivation and commitment;
- increase the Group's competitiveness by improving its environmental impacts;
- develop innovative products with high growth;
- foster trust and long-term relationships with our stakeholders.

Commitments and actions are deployed in accordance with the local cultures and practices of the countries in which the Group operates.

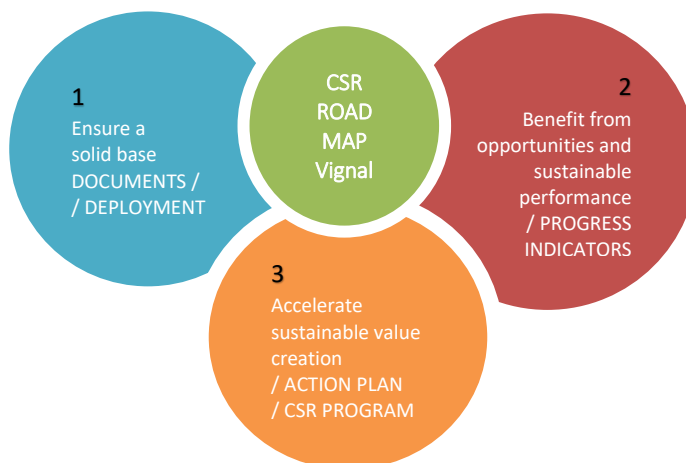
The Vignal group's commitment to Sustainable Development is based on an organisation and governance that involves managers at all levels of the Group and at the highest level of the organisation.



POLICIES

CSR

The road map of Vignal's Corporate Social Responsibility



CSR base

Roll-out



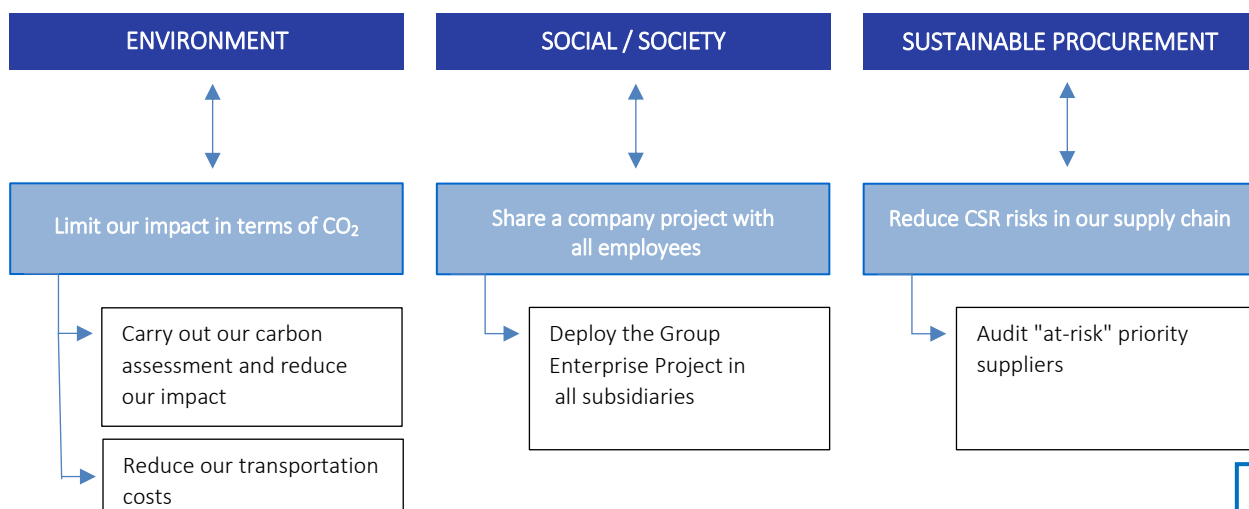
Subject to the Supervisory Board. CSR Committee. CSR reporting. Carbon footprint. Social barometer. Supplier audits.

Reference documents



CSR Charter: describes our commitments to CSR.
 Code of Ethics: specifies our professional ethics.
 Code of conduct for commercial relations: sets out the commitments expected of our service providers.
 COP for the United Nations: describes efforts to implement the 10 principles of the Global Compact.
 CSR indicators

Key areas



Policies

Reasonable due diligence

Industrial policy – Promoting long-term career stability within the Group



One of the founding values of the Group's CSR is respect for people. It is therefore only natural that sustainable employment forms part of our values too. This is one of the major concerns of the Group's Executive Management.

This is why in 2019, the Executive Committee decided to bring the production of electronic cards to the Vignal Lyon-Corbas site.

This project has transformed the Group, and all our employees are guided by the common values of our CSR: integrity, respect for people, the planet and a commitment to excellence.

To date, almost all of our product developments are based on LED technology. LEDs use 5 times less energy than light bulbs, so are vital in reducing CO₂ - these lights are used on trucks and other industrial vehicles around the world.

Vignal is committed to meeting the highest standards, so has invested in high-performance installations.

By consuming less,
the ratio of carbon
emissions/turnover
ratio

between 2014 and
2018

has fallen by 41%.

This was a new field, and we had a lot to learn. The project has also had an impact on the recruitment of new employees, and given production operators the opportunity to learn new skills and develop their careers within Vignal.



Our employees loved the training sessions.

Imen



"I'd like to thank our supervisor for choosing this training programme, and the company for funding it. The Institute of Welding taught us important technical skills such as brazing, handling components and learning the vocabulary of the trade. I found it interesting and enriching.

Cindy



"I learned a lot about the different welding methods and how difficult it can be to get quality templates. The trainer was a fantastic teacher, and I am very satisfied with this week.

Industrial policy - Standardisation of our methods for the benefit of clients and the planet

In January 2019, Vignal recruited a Logistics Director to extend our best practices in logistics and environmental matters to all our subsidiaries.

The Group's strategy is clear. We want to shorten the time between taking an order and delivering it so we can guarantee that the client will get the products they need, when they need it.

This was all thanks to our discussions around the principles of the Global Compact for Respect for the Planet and Respect for People.

In an effort to localise our production even more, we have developed our supplier networks and invested heavily in our industrial resources in order to reduce our inter-continental transport, benefiting the planet and creating jobs locally.

Reducing inter-continental transport,

Responding to the sustainable development principles of the Global Compact.

In 2019,

Vignal made its first deliveries for Volvo and Caterpillar Asia and for its Chinese clients from Vignal Changzhou.



Respect for people

- **People's rights**

Vignal does its best to promote and act in accordance with the conventions of the International Labour Organisation (1).

Vignal considers these rights a necessity, allowing us to act freely with a view to improving individual and collective working conditions.

To this end, Vignal works to combat forced labour and child labour. Employees are treated fairly, and remunerated in accordance with applicable salary rules. Employees have the right to express themselves and to create or join trade unions in accordance with local laws.

(1) In particular, freedom of association and recognition of the right to collective bargaining (Conventions 87 and 98). The elimination of discrimination in respect of employment and occupation (Conventions 100 and 111). The abolition of child labour (Conventions 138 and 182). The elimination of all forms of forced or compulsory labour (Conventions 29 and 105).

- **Working environment**

Vignal does its best to ensure a healthy, peaceful working environment free of harassment or discrimination.

Vignal makes safety and well-being at work key aspects of its commitment to sustainable development.

- **Health and safety protection**

Vignal is committed to ensuring working conditions that respect the health, safety and dignity of its employees by complying with legal provisions, internal procedures and ensuring that staff receive the training they need.

All these actions are considered priorities and are actively being pursued and strengthened.

These values and rights

guarantee social, economic and cultural cohesion.

This cohesion is essential to ensure growth for everyone.

- **Employment, salary, working time**

Vignal does its best to promote the employability and mobility of its employees, as part of a proactive economic, technological and organisational development strategy which guarantees job security and stability and promote diversity within the group, reflecting that of society.

Wages and benefits are never lower than the level set by the legal and contractual standards or individual and collective agreements of the country concerned.

Working time and conditions are in accordance with the legislation and individual and collective agreements of the country concerned.

- **Staff development / Equality**

The individual development of each employee is a necessary condition for collective success. The involvement of the staff is an integral part of Vignal's 5 Axes and contributes to its culture of excellence. Vignal ensures that its employees are an integral part of its development and invests in professional training.

Vignal does its best to ensure equality between men and women in terms of employment, work, remuneration and careers.

- **Freedom of association and the right to collective representation**

Vignal does its best to ensure respect for the freedom of association of its employees and their representation in accordance with applicable labour law. Vignal respects employee representatives and their right to collective bargaining.

- **Combatting discrimination / harassment**

Vignal prohibits any form of discrimination based on gender, age, origin, ethnicity, nationality, social origin, family status, religion, sexual orientation, physical appearance, state of health, disability, pregnancy, union membership or political opinions.

Vignal also prohibits all forms of harassment for a workplace where safety and respect are fundamental values.

Highlights in 2019

Vignal Systems is committed to equality of the sexes, and released the Gender Equality Professional Index in September 2019.

Vignal uses a tool developed by the government to advance equality between women and men within the company.

The Gender Equality Index is composed of 5 indicators and is scored out of 100 points.

The first indicator measures the pay gap between women and men, up to 40 points.

The 2nd indicator measures the differences in increases between women and men, up to 20 points.

The 3rd indicator measures the differences in the distribution of promotions between women and men, up to 15 points.

The 4th indicator measures the percentage increase of female employees after maternity, up to 15 points.

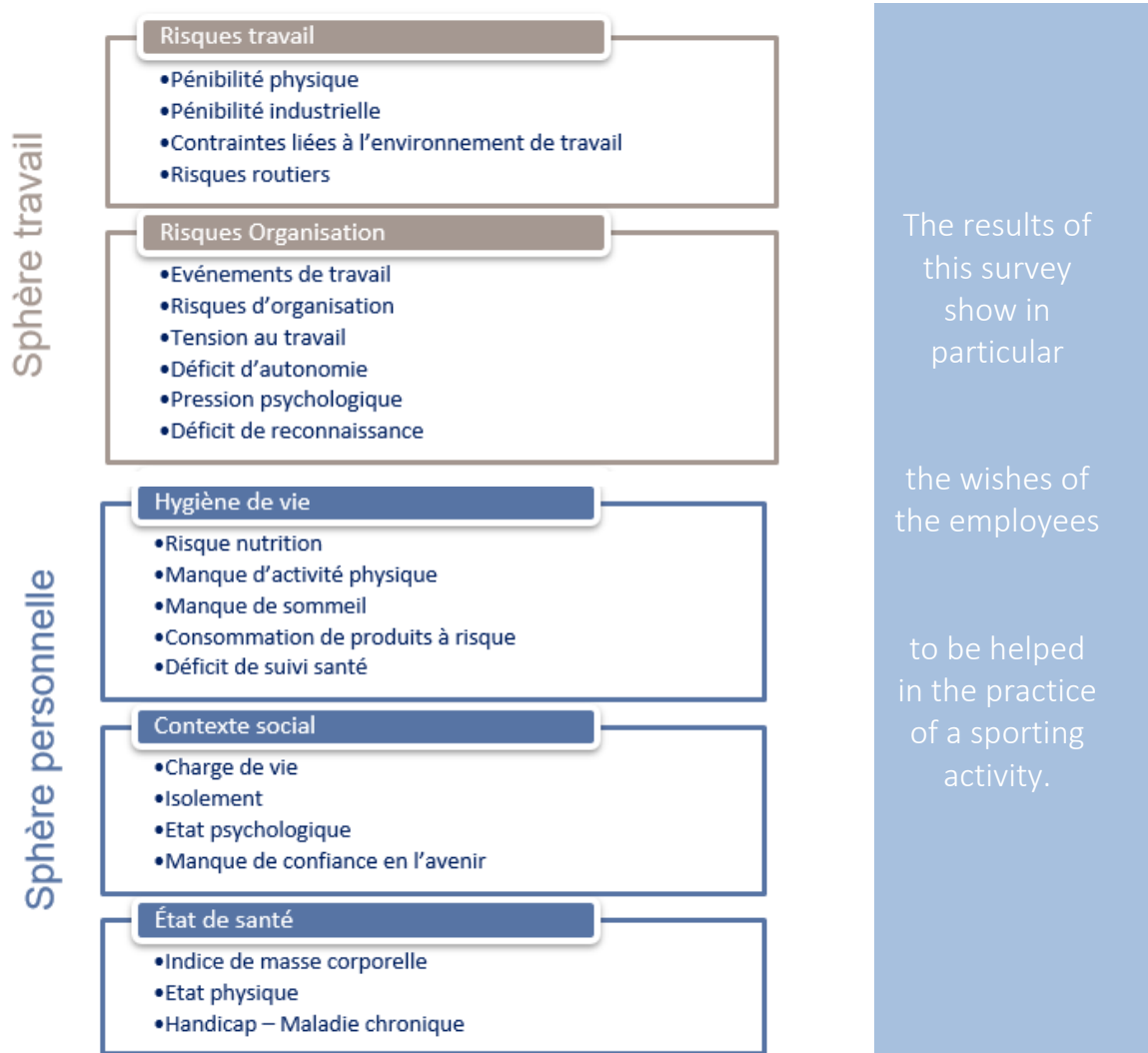
Finally, the 5th indicator measures parity between women and men among the 10 highest paid, up to 10 points.

Vignal Systems scored 68 points out of 100 and aims to achieve a score of 75 points over 3 years.



Vignal CEA site - Rancate (Switzerland)

- In 2019, a "health and well-being at work" survey was conducted at the Lyon-Corbas site. This covered issues from both professional and private fields.



Vignal supports its employees in all their physical activities because this is one of the pillars of health and well-being.

As such, Vignal Systems was given the opportunity to participate in a charitable sports event dedicated to women, organised by the "Run for Women" Association.

This 10th run in Lyon brought together more than 19,000 participants, including 46 women from Vignal Systems involved in the fight against women's cancers. The association's objective was to raise funds to support and assist women affected by the disease.



Départ marche 5 km



Arrivée course 5km et 10km

« Maintenant, j'ai envie de faire du sport, c'est une journée inoubliable ». Asmahane

« C'est un évènement qui rassemble, les gens sont impliqués dans la lutte contre le cancer ». Irène



« J'ai fait cette course pour aider les personnes qui souffrent ». Ajna

« J'ai vu des personnes handicapées et des enfants relever le défi. C'était touchant ». Thi Bich Ngoc



« Cela a été une vraie réussite et c'est grâce à votre participation, alors merci à vous et bravo à toutes d'être allées au bout !

Je pense que cela aura été un premier pas vers une nouvelle dynamique pour toutes les femmes de Vignal Systems.

Et il y en aura d'autres ... l'objectif étant de se sentir bien dans son corps et dans sa tête !

A très bientôt donc,

Sportivement »,

Nathalie Lachaud - DRH, Lyon-Corbas

CSR - Communication

Vignal employees are fully aware of their company's history.

In September 2019, a team consisting mainly of volunteers organised an open house to mark the 100th anniversary of Vignal.

Our employees were proud to present their company.

Additionally, the Group's in-house "Vignal News" newspaper publishes

portraits of some of the women and men in the group. It is a great way to get to know each other better and bring us together.



Respect for the environment

Vignal has implemented the ISO 14001 environmental management system at all its sites.

Vignal strives to take concrete action to protect the environment, fight climate change, preserve resources and dynamically and continuously improve the environment for the benefit of our clients, our employees and the entire community, by devoting the appropriate human and financial resources to the task.

Respect for the environment

is essential, and a lever for social and economic progress.



Since 2014, Vignal has been carrying out a complete carbon assessment, integrating the "Scope 1, 2 and 3" from the outset (internal impacts within the company, but also external impacts such as the use of Vignal products).

Don't forget that the heavy investments made to make our products, processes and organisation more efficient have reduced our carbon emission/turnover ratio by 41% between 2014 and 2018.

Introducing electric presses

50% of the machines in Lyon-Corbas and soon to launch at the Rancate site.

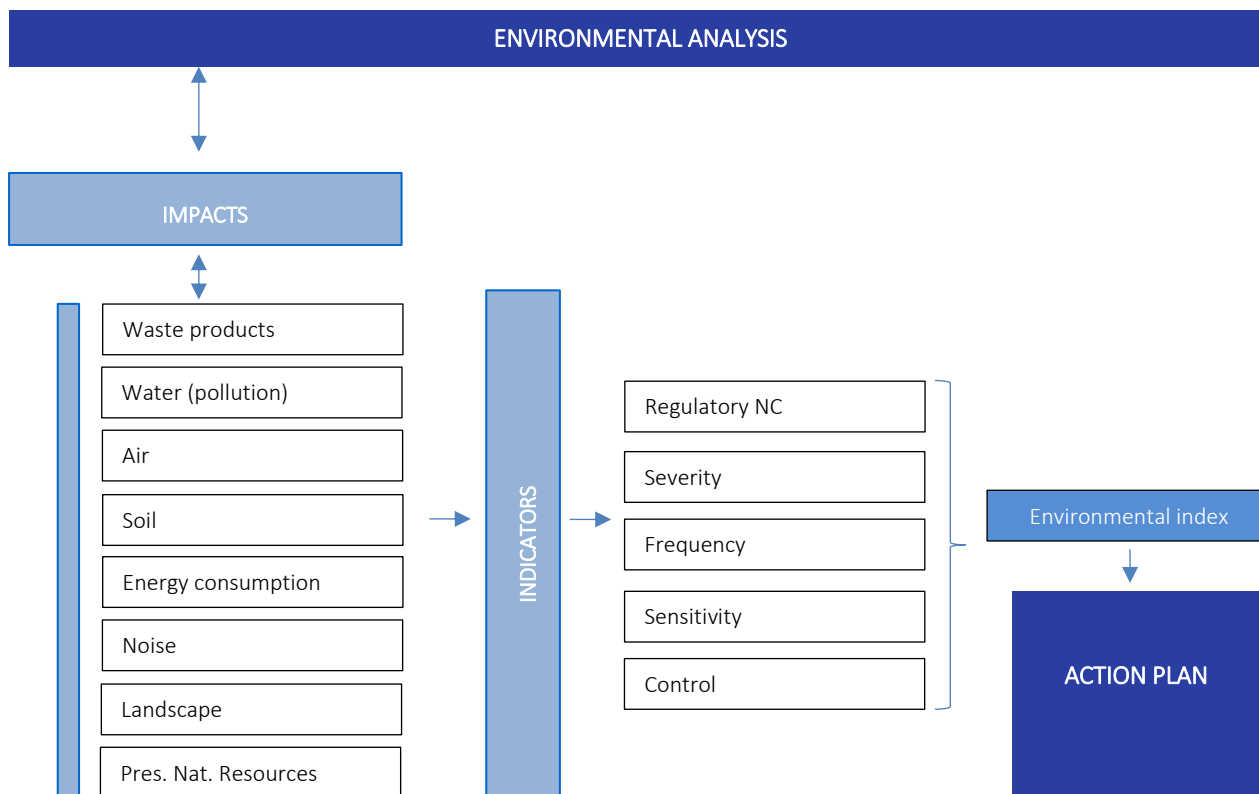
The objective: reducing electricity consumption by 60%.



Respect for the environment

A major project was carried out in 2019 to update our environmental analysis, ensuring it included all the environmental issues related to Vignal Systems' activities.

This analysis consists of more than 250 lines, associated with an ambitious environmental action plan.



In addition, other indicators are monitored as part of our processes:

- Power consumption KW / production turnover k€ / number of presses
- Gas consumption KW / production turnover k€
- Water consumption m³ / production turnover k€
- Ratio Quantity of waste (Kg) / Production turnover k€
- Ratio of quantity of waste recycled/recycled vs total quantity of waste
- Environmental incidents
- Progress of environmental actions in terms of deadlines
- Compliance with regulatory texts.

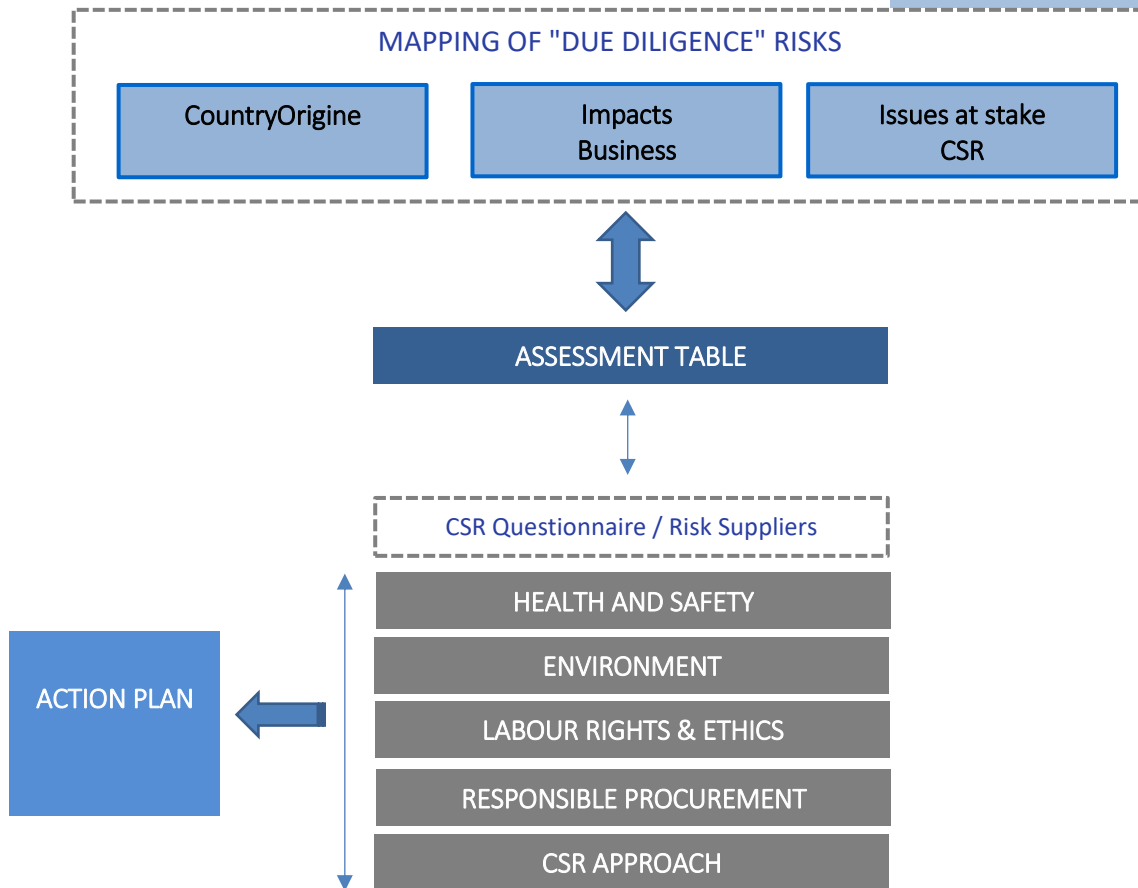
Responsible procurement

One of the pillars of the CSR policy is to control and improve the social and environmental impacts of the supply chain by:

- assessing the social, human and environmental risks of our suppliers;
- strengthening the supplier oversight and improvement process in high-risk countries, particularly in regard to our own due of vigilance;
- supporting local production chains;
- promoting suppliers' CSR approaches.

“Risk mapping work is reviewed annually to identify and prevent serious violations of human rights, the health and safety of people and the environment.”

Hervé Richonnier - Group Purchasing Director



The Group's objective is for 100% of suppliers identified as “at risk” to be set a questionnaire and a corrective action plan if necessary, which the factories agree to implement within a given period.

Vignal Lighting Group does its best to ensure that all its actions comply with the requirements set by the international regulations covering our supply chain.

In particular, this includes the international regulation from August 22, 2012, of the United States Securities and Exchange Commission, which specifies rules for the implementation of reporting and disclosure requirements related to the use of "Conflict Ores".



Also, Vignal regularly asks its suppliers who use these minerals to use the "Conflict Ores Report Template" developed by the CFSI (Conflict-Free Sourcing Initiative). This tool allows us to make informed decisions about "Conflict Ores" and improve our entire supply chain.

Certifications

The Vignal Group has a proactive certification policy for all its subsidiaries worldwide. In 2019, the Vignal Changzhou site in China obtained the ISO 14001 certification.



"It is a great pride for us in China to obtain the ISO 14001 certification,

This shows our ability to overcome human and environmental challenges.

Baoshan Zhang - CEO Vignal Changzhou

The 5 key pillars - commitment to excellence

Operational excellence is at the heart of what we do, and it's applied on a daily basis to all of our companies. There's just one goal: to satisfy our clients by meeting their needs in terms of quality, costs and deadlines. To achieve this goal, Vignal uses a methodology which is systematically applied by all its employees, known as "the 5 Pillars".

Personnel involvement

Involving personnel means recognising their skills and improving them through training, giving them the means to take responsibility, encouraging them to put forward ideas to improve and actively participate in the functioning of an autonomous production team.

Vignal Production System

The VPS is intended to improve the productivity and quality of products and systems. This involves: just in time systems, flexible production resources, the elimination of all unproductive operations and stopping production at the first defect.

Constant innovation

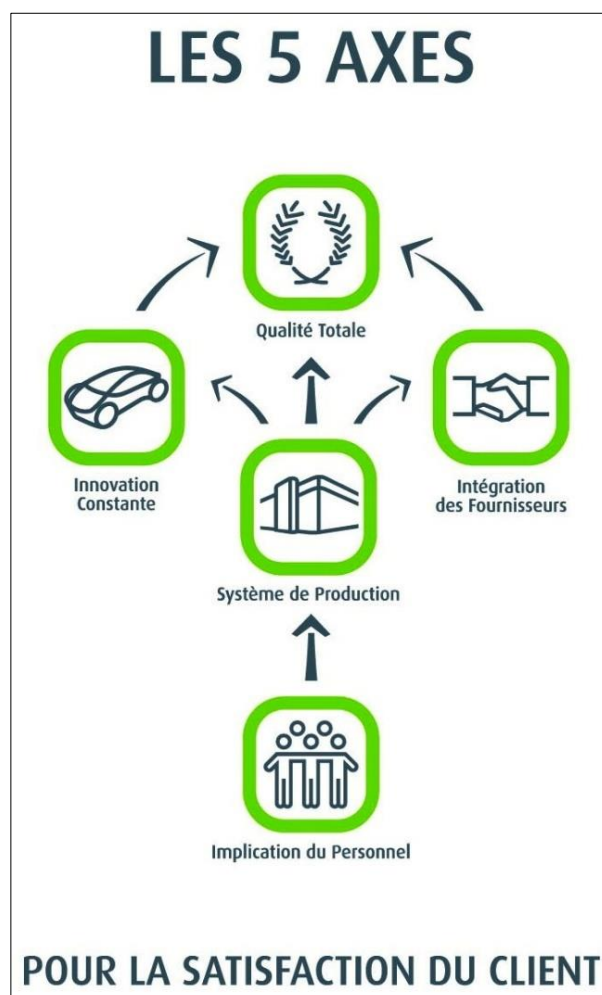
To design innovative, easy to manufacture, high quality and cost-effective products while reducing development times, Vignal Lighting Group spreads the work among Project Teams so we can simultaneously study products and processes.

Supplier integration

By integrating our suppliers, we can benefit from their capacity to innovate, develop productivity plans with them and improve quality. Vignal Lighting Group wants to establish and maintain close and profitable relationships with a limited number of suppliers chosen from the world's best, and work with them over the long term.

Total Quality

Total quality is about client satisfaction. To meet their expectations in terms of product and service quality, it requires the continuous and full application of all 5 pillars. It is implemented by all members of the company and our suppliers.



Fighting corruption

Vignal works hard to fight corruption and influence peddling in all its forms wherever it operates.

Any act that could be interpreted as an attempt to influence the decisions of clients, a government or an administration in an inappropriate manner and any attitude that would suggest any form of active, passive or influence peddling corruption is strictly prohibited.

Each employee agrees not to obtain an undue political or regulatory advantage from public authorities, and to demonstrate integrity in his relations with public representatives and bodies.

Each employee undertakes not to promise, grant or demand bribes or other improper benefits in order to obtain or maintain a contract or any other improper benefit as well as to extort funds, fraud and receive bribes.

In the course of their business relations, employees shall refrain from granting or accepting gifts, favours or pecuniary or other benefits. There is no promise or delivery of free gifts or services, except for acts of courtesy or hospitality.



**Each employee is a
Vignal ambassador**

and must, as such, be exemplary.

It is the adherence of everyone to our values that guarantees the group's future success.

A global design for local production

The Group is evolving.

The transformation of Vignal into a global company has been planned according to a road map.

Vignal Lighting Group wants to offer the best products and services to earn the trust of its clients.



We have eliminated intercontinental transport and ensured a strong industrial presence on the three continents where our main clients are located (America, Europe, Asia).

In this way, we reduce our environmental footprint, limit CO₂ emissions and offer the best flexibility and speed for our clients.

The Lyon-Corbas, Caen, Mosinee, Rancate and Changzhou sites:

- have a "Best in Class" industrial tool to guarantee the highest level of quality, allowing us to be competitive and responsive in every part of the world,
- are developing new product lines to reduce the energy consumption of our clients' vehicles,
- offer ambitious or even disruptive technological innovations are capable of arousing the interest of their own clients.

This objective has been attained by deploying an ambitious CSR policy.



Identical production standards throughout the world.



THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT**Human Rights**

Support and respect the protection of international human rights law within its sphere of influence.
Ensure that you are not complicit in violations of these rights.

Labour rights

Ensure respect for freedom of association and recognize the right to collective bargaining.
Eliminate all forms of forced or compulsory labour.
Ensure the effective abolition of child labour.
Eliminate discrimination in employment and occupation.

Environment

Support a preventive approach to environmental challenges.
Undertake initiatives to promote greater environmental responsibility.
Encourage the development and diffusion of environmentally friendly technologies.

Fight against corruption

Commit to fighting all forms of corruption within its sphere of influence, including extortion & bribery.

Communication on Progress
Industrial and CSR Department
Vignal Group - October 2019.

Head office:
Vignal Group
19 avenue du 24 Août 1944
69960 Corbas - France

Website:
www.vignal-group.com
