

GLOBAL COMPACT COMMUNICATION
ON PROGRESS 2019





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1. ABOUT THIS DOCUMENT

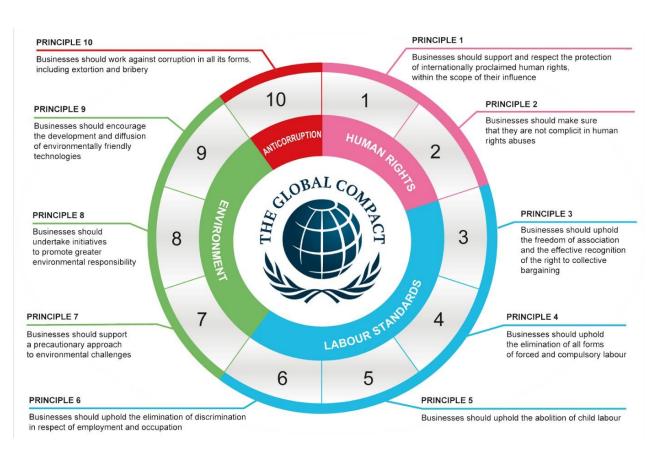
The United Nations Global Compact was launched in 2000 and is a call to companies to align strategies and operations with universal principles in the areas of human rights, labour, environment and anti-corruption and to undertake actions that advance societal goals.

With their membership, corporations express their commitment to align their operations and strategies with ten universally accepted principles of Responsible Business Conduct.

Linxens is taking part in the United Nations Global Compact (UNGC) initiative since August 2017.

Linxens is submitting its second Communication On Progress (COP) report to demonstrate the company's ongoing accountability to the UNGC's Ten Principles of Responsible Business Conduct.

United Nations Global Compact Principles





2. CEO'S STATEMENT OF CONTINUED SUPPORT FOR GLOBAL



As a member of the United Nations Global Compact since August 2017, Linxens has been and will continue to be fully committed to its Corporate Social Responsibility towards all the Group's stakeholders - customers, suppliers, employees, communities and institutions.

It is Linxens' commitment and Group policy to conduct its business in accordance with all applicable laws, rules and regulations of the jurisdictions in which it operates.

Taking our compliance with laws and regulations one step further, at the end of June 2018 Linxens has launched its Corporate Social Responsibility ("CSR") Program, which sets the highest standards in terms of ethics, business, integrity and sustainability.

Our CSR Program is part of our mission and values and is applied in our daily decision making activities. Linxens is committed to ensuring that its employees are treated with respect and dignity and that its manufacturing processes are environmentally responsible. Our CSR Program is designed in accordance with international standards and in particular with the OECD Principles of Corporate Governance.

In line with our UN Global Compact commitments, our CSR Program makes clear that we integrate human rights, anti-corruption and other ethical considerations into all aspects of our own risk management, and at every stage of our assignment. Our CSR Program also expresses the values and expectations of Linxens in its relationship with its stakeholders.

During 2019, our CSR Program has been successfully deployed throughout the Group, with workshops on all of our sites, including those acquired recently, as well as training sessions to support and reinforce its practical implementation.

I am pleased to reaffirm Linxens' continuing commitment to the Ten principles of the UN Global Compact.

In this annual Communication on Progress, we give details of our actions to continuously improve the integration of the Global Compact and its Ten principles into our business strategy, culture, and daily operations.

Thanks for helping me make Linxens a social responsible company. I hope you enjoy the read and will find inspiration reading it!

Yours sincerely,

Christophe Duverne CEO

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3. ABOUT LINXENS

Linxens is a leading technology company providing secure component-based solutions for security and identification.

A world-class specialist in the design and manufacture of Microconnectors for smart cards and RFID Antennas and Inlays, Linxens' portfolio also includes module packaging. With over 100 billion Microconnectors and 4 billion RFID Antennas supplied to date, Linxens is the preferred supplier of many of the world's technology pioneers shaping the markets of telecom, transport, hospitality, leisure & entertainment, financial services, eGovernment, access control, healthcare and Internet of Things (IoT).



With its leading edge, high speed, high reliability production capabilities, Linxens sets the standard in terms of production efficiency and cost optimization, while also providing a full spectrum of design, fast prototyping and technical support services to meet customer-specific needs.



Linxens Microconnectors are used in SIM cards, payment cards, multifunctional IDs and many other credentials by smart card manufacturers, chipmakers and module manufacturers to empower billions of people every day with the tools of the digital age. The same technology is also a key enabler of the next generation of secure cards integrating biometric sensors.



Billion RFID antennas

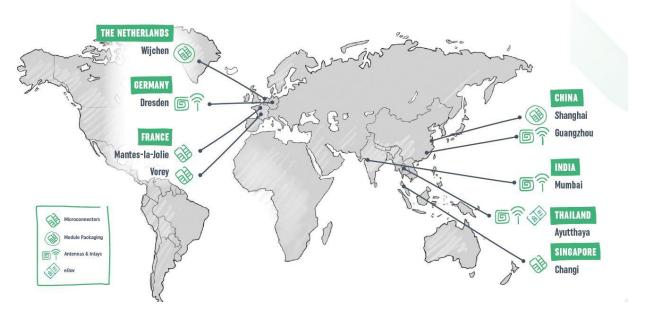
Linxens RFID Antennas and Inlays are used to empower any type of card, label, token, ticket, seal, wristband or wearable technology with contactless functionality. The product line encompasses LF, HF, UHF, contact/contactless and dual-frequency Inlays, as well as state-of-the-art prelaminates that are compliant with all relevant industry standards.

£430 Million turnover in 2018

This global footprint also means we can identify best practices from a broad palette of experience and apply them within each group entity.



Our manufacturing sites



Our management team



Amedeo d'Angelo Chairman of the Board



President and Chief Executive Officer



SVP Finance Transport Access (FTA)



Arnaud Brunetière





Cuong Duong Chief Financial Officer



Eric Eymard



Roland Guillemain VP R&D



SVP eGovernment



Christophe Duverne



Laurent Lafargue SVP Smart Connect Solutions (SCS)



Arnaud Lay General Counsel & CCO



Jean-Louis Potier VP Central Operations Services



Quentin Pretet VP Strategy



Benoit Ravier SVP Global Sales



Patrick Roux SVP Group HR & Comms







4. SOCIAL POLICY

At Linxens, we know that our people make the difference, this is why Linxens recognizes their engagement both during working hours and outside the workplace. As part of our #MoreThanAJob mindset, Linxens launched Linx'care program which gives our employees the possibility of sharing with us any voluntary work and apply for financial support to help the projects they are working on.

Our social policy has three ambitions

- shape a common culture and share values within the Group and improve employee engagement.
- defend and promote the human and labor rights.
- employee development and performance.

EMPLOYEE ENGAGEMENT

We know that our people are key to our success and that it is important to regularly inform our staff on the on goings of the company and its projects, and in particular of our transformation program, Linxens 3.0.

We also believe in providing a pleasant and healthy working environment, where collaboration leads to innovation, and we encourage team spirit through a range of sporting and Corporate Social Responsibility (CSR) initiatives.

Linxens 3.0

Linxens 3.0

- More than 300 people have contributed to building the transformation plan
- 150 people involved in Focus Groups
- 147 participants in 29 workshops
- Linxens 3.0 The Gallery on each site for two weeks: more than
 600 members of staff attended guided tours



What happened in 2019

- Regular updates from the Platform Coordinators on the progress of their respective projects.
- Rollout of our three Cultural Values to drive our transformation, part of the Leadership and Culture Platform.

Leadership and Culture Platform

Objective: to shape a common culture and share values within the group.

Values are the fundamental beliefs upon which a company and its behavior are based. They are the guiding principles that help to define how we should behave in our daily work with the objective of deploying a common culture within the group's various sites supporting the growth and transformation of Linxens.

Through workshops, questionnaires and interviews completed by more than 120 employees from all across our sites, we have identified Inspiration, Partnership and Agility as our 3 cultural values to drive our transformation.

They are closely related to our vision and strategy to reinforce our leadership on our core businesses.

Roll-out of our values throughout the group:

- Communication to the Managers throughout the group
- Local site meetings
- Communication tools Leaflet, Video, testimonies
- Focus Groups with the co-creation of values and behaviors books
- Integration into the appraisal and talent tools

Examples of our values in action:

Self-Managed Teams in China



At Linxens, as shown in our values, Partnership is key to best practice sharing and finding solutions. In Guangzhou this concept has been taken further with the creation of a Self-Managed Team comprised of groups of employees from different processes who gather once a month to find solutions to issues regarding production, engineering, quality, safety and cost saving.

The benefit of Self-Managed Teams is that the members own the tasks they are performing and are often the best people to make decisions to find solutions.



Collaborative Platform WIN, We Innovate Now

The Innovation Lab, together with the Linxens 3.0 innovation teams, have deployed WIN to enable all employees to participate in innovation campaigns and to become active members of Linxens' innovation community.

Employees will be regularly invited to participate in campaigns and submit your innovations or ideas to find solutions to the proposed challenges.

A jury made up of representatives from across the company will score all ideas and decide whether to proceed with the solution or not. The selection criteria are: Technology feasibility, Development time and Investment required.



Successful first WIN Campaign

Semi-Finished Product For Dual Interface Metal Card Manufacturing

The first WIN campaign on the theme of 'What semi-finished product could we propose to our customers who want to manufacture dual-interface metal cards?' closed in June.

The Innovation Lab, together with the Linxens 3.0 innovation teams, thank everyone for their participation in the campaign. Thanks to this collaborative, cross BU and crossfunction approach, new ideas were revealed, old ideas were challenged, commented on and improved, and even some of the "out-of-scope" ideas were kept for other campaigns.

Six ideas were selected via the WIN Platform for 'Linxens metal cards' and a steering team was created to evaluate them, prepare prototypes, check the Freedom To Operate versus current IP environment and also to assess if we can protect some of these ideas.

Special thanks to everyone who participated in the challenge, with a particular thank you to the following people, whose ideas are currently being prototyped:

- Benoît Lionet Heavy Card made with an Heavy CLAD Inlay
- Yean-Wei Yeap, Cindy Ng and Wen-Qiang Chin High Resistance Metal Frame Concept

This campaign has been a great example of partnership across the sites and BUs.

FTA and SCS teams from Dresden and Changi are working on fine-tuning the two prototypes, before launching a project to manufacture the cards in Ayutthaya.

In parallel, the IP teams are working on filing two patents.

First WIN Campaign, at a glance

- 127 visitors to the platform
- 38 ideas submitted
- 150 comments posted
- 6 ideas identified
- 2 prototypes

We look forward to seeing some innovative metal cards in Linxens very soon!







HUMAN RIGHTS AND LABOR RIGHTS

Linxens joined the United Nations Global Compact in August 2017 to defend and promote the values of the international community, following the international Labor Organization's Declaration of Fundamental Principles and Rights at work.

Linxens wants each of its employees to be treated equally and fairly in relation to all other employees, regardless of their location or position in the company's hierarchy. Every Linxens employee must feel safe in a caring atmosphere.

Once again this year, through concrete examples of the implementation of procedures or awareness campaigns, Linxens is addressing the themes that are key to its success for happy employees, such as gender equality, quality of life at work, work-life balance, etc.

Professional Equality

In accordance with the provisions of the Future Act of 05 September 2018, companies with more than 50 employees are invited for the first time to evaluate their performance in terms of professional equality and to publish their results in the "Gender Equality Index for Men".

This index consists of 5 quantified indicators:

- Pay gaps between women and men
- Increased proportions of women and men
- Proportions of women and men promoted
- The percentage of employees who have benefited from an increase in the year following their return from maternity leave
- The number of women and men among the company's 10 highest paid employees

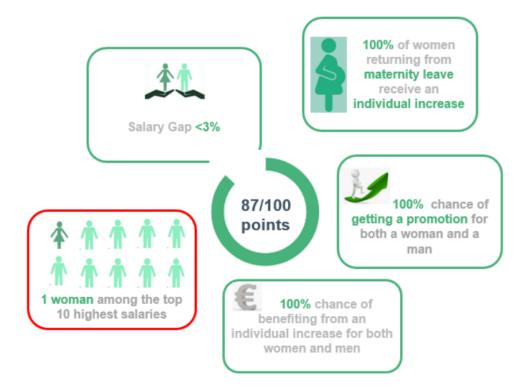
For this first financial year, which concerns the year 2018, Linxens France achieved an overall score of 87/100.

This very encouraging result, above the minimum set at 75 points, encourages us more than ever to develop new actions to attract more women to our technical professions, develop women's careers and allow them better access to positions of the highest responsibility.

The objective is to apply this study to other French sites in 2020 and then extend it to other countries in the coming years.



Professional equality index between women and men, results for Linxens France:



In order to make our managers impartial and neutral when recruiting, the HR department has set up a **Job interview assessment**. This online form directly accessible from the Linxens' intranet ensure the avoidance of any discrimination in the recruitment process. Several fields are evaluated allowing the manager to explain why a candidate is accepted or rejected. The job interview assessment form can be used by all interviewers to help them make their recruitment decision. For each criterion, the interviewer should check the appropriate option and provide a specific comment.

Harassment awareness in Vorey, France

- An awareness-raising meeting in the site of Vorey (France), on the moral and sexual harassment has been done to the work council and site management.
 - 2-hour meeting with many exchanges, participants sharing examples and positive feedback.
- A sexual Harassment committee has been set up in India to ensure that any complaints are taken into consideration and to establish a clear process for the entire procedure.



PEOPLE DEVELOPMENT

At Linxens, our employees' know-how is what makes it possible for us to continually reinvent ourselves as a company and satisfy our customers' needs. This means that our customers, in turn, can continue to move forward and evolve in their respective business domains, now and in the future. And this is why we invest so much energy in helping our employees hone and expand their skills.

Annual appraisal interviews for each Linxens employee worldwide. These meetings are the opportunities for employees and managers to exchange on the performance and development areas.

 In 2018, Linxens launched a digitalized appraisal tool for exempts of all sites. More than 450 appraisals were conducted with the support of this online form.

Performance and Development Reviews (PDR) are an important part of each exempt employee's journey at Linxens, to review the professional evolution over the last year and set performance and development objectives for the year ahead.

This year, the Human Resources revisited the tool with the aim to improve the user experience with more training material.

The interview is a dedicated time for formal discussions between Managers and Employees to reflect on Performance and Development. The 4 Objectives of the PDR:

- Manage Performance
- Develop a Feedback Culture
- Sustain Ownership and Leadership
- Ensure Employee Development and Engagement

Mid-Year Reviews (MYR)

At Linxens, we consider that giving and receiving regular feedback, exchanging and monitoring objectives and their progress is a proactive attitude to ensure:

- Open communication
- The employee's development and progress through a review of expectations, recognition of efforts and successes and advice to improve performance
- Close monitoring of the objectives defined at the beginning of the year
- An alignment between the employee and his or her manager on how to work together to ensure that common objectives are achieved.





The employee or manager can take the initiative to organize a mid-year interview.

Several training materials and booklets have been created by the HR team on the principles of a feedback culture and tips for giving feedback for managers and employees.

Talent Management

Each year, the Human Resources staff and managers are asked to assess the skills of their teams, identify talent, and specify support needs. In conjunction with this assessment, they evaluate the group's expected needs in the months and years to come.

This Talent Review, is currently in place for the management and executive population. The talent review helps identify the skillsets currently available to the Group's entities and those which merit special attention in the foreseeable future based on changes in both our markets and our customers' needs.

The results of these extensive assessments and forecasts are shared with the group's top management, leading to specific support that is monitored throughout the year by all the HR teams. This is what makes it possible for the company's human resources to grow as fast as Linxens itself. These sessions are also the opportunity to anticipate organizational needs with successions plans discussions, etc.

Training

Training is an essential part of any company's success. Linxens wishes to focus on the development of its employees by giving them access to a large number of training courses on both soft and hard skills.

In 2019, in addition to its traditional training courses, Linxens chose to focus on two areas. The first one is the development of our managers with the implementation of dedicated programs such as the Inspiring Leadership Program (ILP), Manager essential skills, etc.

The second area is the digital learning with the introduction of new training methods, accessible everywhere from all devices. This method allows employees to learn at their own pace and select training courses meeting their development needs.

In this sense, a first test was carried out this year with the deployment of a training course in the form of a video game in which the employee was the main character.



Highlight of the training courses that took place in 2019 for the entire group.

12ĸ 10ĸ 8к

Training Overview - Hours of training on Hard and Soft Skills

Hard Skills Soft Skills Sum of Value (nb) 6к 4ĸ January 2020 september 1019 August 2015 March 2019 October 2019 Date

Examples

- Since 2014, Linxens is recognized as a Certified On-the-Job Training Centre (COJTC) by the Singapore Institute of Technical Education (ITE). The COJTC status helps us institutionalize structured OJT systems and improve the quality of OJT practices. This recognition confirms Linxens' core aim of developing a quality workforce and sharpening our competitiveness at every opportunity.
- In Mantes la Jolie, France, we work in close collaboration with the local University Institute of Technology, welcoming apprentices who are specializing in mechatronics as part of their work/study program.



 In Guangzhou, China, Belbin Training was given to help managers build an effective team, improving self-awareness and Team Leadership



Guangzhou (China)

Ayutthaya, Thailand

TRAINING IN AYUTTHAYA



More than 662 people from Ayutthaya participated in the 5S training sessions that took place at the end of last year. The program focused on the 5S step preparation and implementation, follow-up, evaluation and reporting. 5S is a workplace organization method that uses a list of five Japanese words: seiri, seiton, seisō, seiketsu and shitsuke, which have been translated as "Sort", "Set In order", "Shine", "Standardize" and "Sustain".

COMMON CRITERIA EAL6 TRAINING & WORKSHOP

A total of 25 participants from across the functions attended a training course and workshop which focused on functional security components, security assurance components, terms and definitions, symbols and abbreviated terms. The Evaluation Assurance Level (EAL1 - EAL7) is a grade assigned following the completion of a Common Criteria security evaluation. It is an international standard in effect since 1999.



EHS MANAGEMENT SYSTEM

Over 180 employees from across the functions participated in EHS Management System training sessions, held in November and 2 December. The training was prepared by Somboon Kitwatthanaboon, Sr. Manager, Safety/Health & Environment and focused on the roles and responsibilities of everyone regarding EHS and workplace hazards and risk control.





Manager Training

WHY LEADERSHIP MATTERS AT LINXENS

Fostering leadership among teams enables them to develop sense of ownership, it gives a meaning to work, allows development and enhances commitment towards common goals. At Linxens, we believe all employees should be leaders at their own level!



Being a good manager requires acquiring key knowledge and skills to enable each employee to evolve under the best conditions.

The focus point this year is the competence of our managers, their role and the related expectations. To this end, Linxens is currently implementing a 3-year plan to train all our managers. The first step in this plan was to set up the Inspiring Leadership Program.

The Inspiring Leadership Program (ILP) was composed of 32 Leaders in the sales function and site management as well as the entire management team.

Inspiring Leadership Program

Started December 2018

- 44 participants from 6 countries
- 3 days of training
- 360° assessment
- Debriefing coaching interview
- HR Follow up 6 months after the program
- This program outlined the basics of management, with a focus on Leadership and its role models.
- In Changi, Singapore, Manager Essential Skills training is currently being deployed.
 This training course is composed of 4 modules:
 - Module 1 (Growth Development of Employee) 26 July 2019 (21 attended)
 - Module 2 (Attracting and Recruiting Talents) 16 August 2019 (20 attended)
 - Module 3 (Compensation and Benefit) 8 November 2019
 - Module 4 (Employee Relation and Engagement) To be scheduled



So far, the managers' feedbacks on the overall Satisfaction and relevance to work related activities is quite good with 85% above average:



- The 18th of February 2019, based on the Leadership Leaflet made by the Human Resource and Communication departments, translated into local languages, Guangzhou, China organized a conference on the Leadership Development, driven by the Plant Manager, providing tools and processes.
- In Vorey, France, Seven team leaders have recently completed the School of Management Cycle 1' training certificate with the French Union of Metallurgies Industries (UIMM). After more than 100 hours of theoretical work, a practical project and presentation to a jury, the training was completed on January 31st.



Digitalization of our training programs

Employees are increasingly demanding new ways of learning, more interactivity, more flexible, where they are more engaged and challenged.

In line with our objective of developing our people, Linxens aim to develop the blended learning approach by developing more e-Learning content. Blended learning is a system that combines two types of learning: e-Learning (online learning) and face-to-face (traditional training).

- Serious Game on Leadership and Team Management at Group level. An online video game course on leadership and team management was launch on 7 sites. The first pilot session was launch in June 2019 with 50 managers. The training was made of six modules to learn and apply strategies, techniques and tools to develop and improve leadership and team management skills.
- In this continuity and following the success of the first test on soft skills, in 2020, Linxens plans to give access to an online English training platform accessible by all sites. Studies and benchmarks are already underway by the HR teams worldwide.



OUR TARGET FOR THE COMING YEAR

- Implementation of a grading project to identify and weigh the company's positions and set up a coherent remuneration grid within the group
- Review of the salary policy for increases and bonuses
- Creation and implementation of a community of experts to enable the recognition of experts and their development with the retention of key skills
- Definition of the managerial role and develop an appropriate training program
- Project to set up a global change management program at group level
- Integrate #MoreThanAJob initiative into all new sites



5. HEALTH AND SAFETY

Linxens is committed to providing a secure work environment, where employees are not encumbered by concerns for their personal safety and security due to internal or external threats.

The health and safety of our employees is at the heart of our concerns and many local and global initiatives are taken in this direction every year. Several awareness-raising campaigns were launched throughout 2019, rewarded by a massive reduction in the number of workplace accidents.



Linxens encourages and values approaches for initiatives related to reducing and eliminating work-related injuries.

Linxens management is always making priority and commitment to provide employees with a safe working environment. Every month, the Management Team (MT) meeting gathers all the top management of Linxens.

Due to the strong involvement of the CEO, Christophe DUVERNE, in safety and security, **each MT meeting starts with a focus point on health and safety update** (eg. number of reported accidents per site, number of related days off, etc.) and required actions to reduce to zero the number of accidents.



Linxens operations sites are making proactive effort to prevent employees from getting harm through conducting Risk Assessment, implementing Hazards identification process.

Our sites are regularly recognized throughout the group for their safety efforts:

Examples:

Our site in Vorey, France celebrated 3 accident-free years









Our site in **Ayutthaya**, **Thailand** received an award from the Ministry of Labor. This award honours companies who have worked hard to **reduce work place accidents to zero** as well to promote plans for accident prevention by embedding the **safety-mind-set** into its work culture.





Our site in Changi, Singapore reaches 200 days without an accident



Our Changi site is committed to work safely and reached 200 days without accident on 2nd July 2019. A safety campaign was launched by the committee to create awareness via three engaging activities for staff of all levels.

Aligned with this commitment, Linxens organizes training courses to train first aiders on all site. These certifying training courses are recognized at national level.

Ensuring the safety of our employees is of utmost importance and we actively encourage our sites to carry-out local initiatives:

Driving simulator and reactions test in Dresden, Germany

At the beginning of May 2019, employees from Dresden had the chance to test their responsiveness in traffic, thanks to a driving simulator that was set up on the site for the #MoreThanAJob event in June. Open to all staff, it was also an opportunity for them to refresh their knowledge of the traffic laws, while a local team of a traffic safety personnel promoted the importance of traffic safety and good behavior on the road.

Dresden (Germany)

Many health and safety projects and programs have been implemented during this year across our sites.

Safety day to create EHS Awareness to employees in Mantes-La-Jolie, France





On June 25th, the Safety team in **Mantes la Jolie** (France) organized a training session for around 40 employees to learn what to do in the event of a fire, how to use a fire extinguisher, etc. Same initiatives have been duplicated worldwide.





GUANGZHOU / FIREFIGHTING

45 people, mainly from Production and Engineering, with all the office staff, participated in an annual firefighting workshop on our Guangzhou site. The trainer assigned respective jobs, explaining how to deal with the emergency



and showing how to escape from the fire spot, how to use the firefighting equipment, giving employees the possibility of practicing in a simulated field.



MANTES / SAFETY FIRST

CHANGI /

eEHS SYSTEM

Changi's EHS system has been updated and digitalized to become **eEHS**. Thanks to a QR code printed on their work badges, safety ambassadors (all managers, workshop supervisors and the WSH committee members) can scan the code and access the eEHS system in order to give recognition or report any unsafe acts using traffic light system:

GREEN

To recognize and encourage positive conduct;

NELL OW

To intervene on unsafe acts which breach safety rules;

RED
To stop serious unsafe acts.

With this new platform, we encourage staff to play their role and create a positive impact on the workplace safety, as there's this saying...



Safety is everybody's responsibility

4 ACTIONS FOR BUILDING A SAFETY CULTURE

Changi is actively cultivating a safety mindset for both on and off the site to ensure that its staff are always out of harms' way.

1. Plant safety KPI

We encourage staff to conduct hazard reporting in order to prevent unsafe situations.

2. Action pack safety toolbox

Supervisors and engineers conduct safety meetings in the workshop to go through all safety concerns.

3. Formation of workplace safety and health sub-comitee

Comprised of the site's engineers and workshop staff, this committee

- enables staff to:
 Cross examine safety concerns
 Share of best practices
- Share of best practicesWork together on safety improvements

4. Sharing EHS moments

Weekly team meetings to drive safety awareness. Topios include healthy living lifestyle, low sugar diet, maintaining correct sitting posture, fire extinguishing.

Changi site makes EHS reporting digital by introducing QR Code! At the same time building safety culture from more platform and involving more people!



6. ENVIRONMENT

OUR COMMITMENTS AND GUIDING PRINCIPLES

Linxens is engaged in optimizing the use of resources in its products and industrial processes, reducing the impacts on the environment and reinforcing its environmental management system, in order to contribute to a better future for next generations.

At every Linxens site, we are committed to conducting our business, in every possible way, to protect the environment, health, and safety of our employees, communities in which we operate and our customers. We integrate sound environmental, health, and safety practices into our business for continuous improvement in our management systems. We work towards building environmental quality into our products, processes, and services.

To keep us on track, our guiding principles include:

- meet or exceed all applicable Environmental, Health and Safety laws and regulations and other requirements impact to sites, communities we operating in and our products.
- report, investigate and analysis all incident with a focus on preventing reoccurrence.
- do our part in sustainable economic growth and protect the environment by managing our activities to prevent pollution, minimizing waste and efficient use of energy resources and materials throughout the product life cycle.
- communicate Environmental policies and programs to employees and other stakeholders, to create awareness and encouraging adoption of sound environmental principles and practices in our products, processes and services.
- measure progress of Environmental performance by setting sound objectives and targets. For continual improvement, review and verification are done through site audit and assessments with actionable planning and implementation of best practices.

OUR GOVERNANCE

Environmental, Health and Safety Policy and approach apply to all manufacturing sites around the globe. Local EHS contact collaborate closely with the Global EHS Director to implement key site EHS programs and procedures.

Weekly EHS networking meetings are organized by the Global EHS Director. These weekly meetings allow local EHS contact to share and learn from each other. In addition to the weekly networking meetings, monthly EHS Governance meetings are organized where the Site Operations leaders and the EHS team attend to review the performance and yearly targets, sharing best practices and on-going projects. The Governance meetings are carried out with the objective to ensure that EHS programs and their implementation are aligned with the operations activities for better risk management and management of change.



OUR KEY ENVIRONMENTAL PERFORMANCE INDICATORS

The site's operations teams keep track and report their electrical and water consumption and waste generation from the sites activities as their key environmental performance indicators, with an objective of reducing the impact to the environment. These are frequently transformed into actions through environmental projects that directly impact reduction to utilities resources improve rate of recycling and workplace/ process improvement to minimized pollution to the environment.

Water consumption performance indicator

The performance indicator for water usage here below shows the comparison over the past three reporting years in one of our business units. Thanks to the sites' efforts in water conservation program and in particular the water recycling project for waste water treatment process as detailed in "Go Green Effort, Water Conservation on site" section hereafter, the water usage for 2019 has been reduced by 9.1% (27,963 cubic metres) compared to same period in 2018.

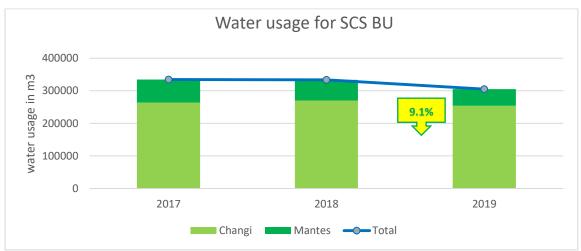


Chart 1 - Water Reduction for SCS

Energy consumption performance indicator

During this year, our major sites showed great efforts in energy savings. For example, and as shown in the below chart, our Changi site reduced its electrical consumption by 2,372,692 KWH (20.4%), compared to the same period in 2018.



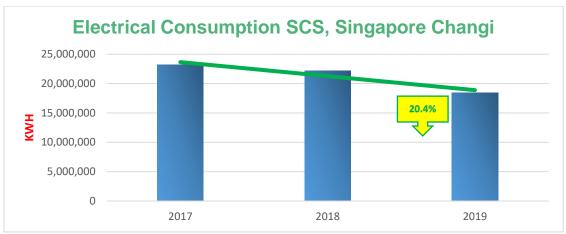


Chart 2 – Electrical Consumption for Singapore Changi

This electrical consumption reduction results from the use of higher energy-efficient equipment and the employees' day-to-day energy conservation efforts such as switching off lights and air-conditioning during meals and off-office periods.

The 3 key manufacturing sites in Ayutthaya had also shown some signicant improvement in efficiency in term of electrical consumption per kilo unit of production output(KWh/ Kpcs). In 2019 (Sept 2018 to Aug 2019), the average electrical consumption 38.4 KWh/ Kpcs, is a 14% improvement from 2018, 43.9 KWh/ Kpcs.

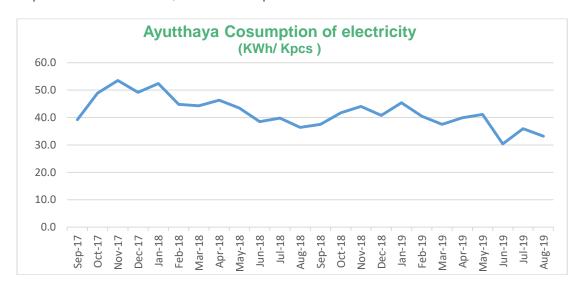


Chart 3 - Ayutthaya sites electrical consumption, 14% reduction period to period comparison in 2018 and 2019

These are efforts of improvement through the better utilization of machine/ equipment to reduce idling, reduce breakdown and tuning/ adjustment to optimize the machine/equipment performance.

The Ayutthaya site management is also in review to introduce greener and renewable energy sources to supplement part of the operations utilities.



Energy Saving Program Y2019

AY 1 : Energy Saving Program in Y2019 : AY 2 : Energy Saving Program in Y2019 : AY 3 : Energy Saving Program in Y2019 :

Energy saving project: Solar roof AY1, AY2, AY3

>>> We have selected the option of Power Purchase Agreement (PPA) with No Investment Capital require and No Operation cost during the contract 15 years

>>> There are 4 suppliers offer PPA solution and we are on processing to select the supplier.

- » K.Pornthip, K.Thanakrit, Hassan and K.Michael Procter have a meeting together on 16-Jul-2019, and re-calculate the energy saving.
- » On process to verify & validate the saving data with 4 vendors, Purchasing team K. Pornthip has completed the re-calculation the energy saving for one year and 25 years period and will be confirmed with K. Jean Louis for final validation on the calculation concept within this week.
- » Roughly calculation from K.Pornthip, we will save maximum 1.23 % for one year and 2.63 % for 25 years period.





Ayutthaya Solar Energy Project in preliminary stage of discussion

WASTE MANAGEMENT

In Waste Management, manufacturing sites set performance indicators and work on management programs based on the 3R principle - Reduce, Reuse and Recycle. This is evidence in our Ayutthaya sites where plastic waste generation are highest among this type of waste on sites, thus the site EMS team worked on a program to improve the recycling rate of these categories of waste.

They worked closely with the production to ensure correct waste separation was done and with the waste collecting vendor to improve the sorting process. With all these good processes in place, there is a significant increase in the % recycling of PVC in the last 2 years. From the chart, in the last 2 years, the amount of PVC recycled, increased from 26% in 2017, to 50% in 2018 and 55% in 2019. This amounts to 137.2 tonnes of recycled PVC.

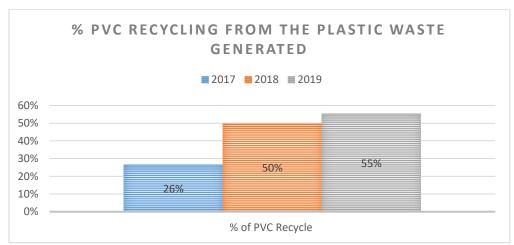


Chart 4 - Ayutthaya sites PVC recycling from plastic waste generated from manufacturing process.

(September to August period comparison for 3 years)



During the monthly governance meeting, sites also take the opportunity to share and discuss their environmental program, best practice and achievement.



Ayutthaya sites Energy Management System milestones...



Ayutthaya EMS team sharing progress of their Green House Gas Procedure



Singapore Changi team improvement to their Waste Water Treatment Plant with Supervisory Control And Data Acquisition (SCADA)

Environmental
Target: reducing the impacts on the environment

waste disposal / recycling area:

• reorganization of waste area to minimize environmental risk

• introduction and usage of recycling paper in office

New

New

CLD

CHARGE INSTANCES

Germany Dresden site share their improvement in waste storage

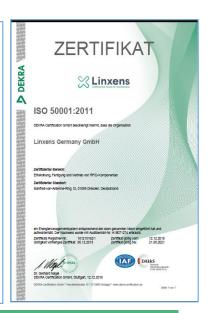


INTERNATIONALLY RECOGNISED MANAGEMENT SYSTEM

All our manufacturing sites hold ISO 14001 environmental certification and our manufacturing site in Dresden is ISO 50001 energy efficiency certified.







From Left to Right of the above: ISO 14001 Certificate Singapore Changi, ISO 14001 Certificate Thailand Ayutthaya and ISO 50001 Certificate Germany, Dresden.

With these certifications and the sites' environmental policies, manufacturing sites will always ensure to make sound environmental consideration in their manufacturing processes and set objectives and targets to improve environmental performance in the area of reduction in energy consumption, water consumption and waste management.

We scored 70 by Ecovadis for environmental performance.

OUR GO GREEN EFFORTS

In 2018 and 2019, many environmental projects and initiatives were completed with the aim to reduce environmental impact, pollution and energy conservation.

Reduce Electricity consumption and Carbon Emission

Electrical consumption is one of the key performance indicators for all manufacturing sites, and is the main contributor to carbon emission on our manufacturing sites, thus the site EHS team together with site facilities team have actively been putting effort in projects on how to reduce electrical consumption and using more energy-efficient utilities equipment. A few projects highlights here:



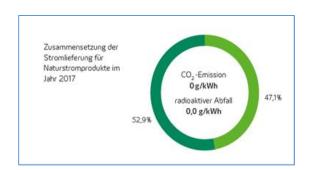
- Singapore Changi
 - Commissioned 2 x water-based chillers operation system to replace the air based chillers. Yearly saving approx. to about 2,500,000 kWh and cut down on carbon emission 1,000,000 kg CO2



 Deployment of Energy Efficiency Blower: Replace one blower with energy efficient type. Estimated savings per year 115,200 kWh. Cut down on carbon emission 48,000 kg CO2



 Dresden – Understanding that the major impact on the environment is the use of electricity for production activities, Dresden chooses to purchase electricity from 100% renewable energy sources with ZERO CO2 Emission.

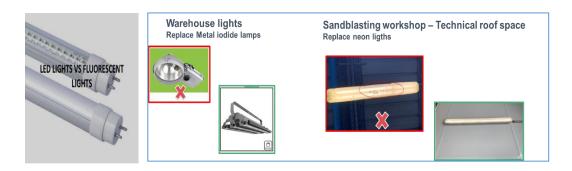




On top of purchase electricity with zero emission, the site work on energy saving projects such as reducing emissions from heating system where heating system (gas burner) was upgraded that meet the German legislation, more complete combustion thus producing less emissions.



- Ayutthaya The environmental team works closely with production and facilities to look into opportunities to reduce energy consumption. The effort covers the optimizing and replacement of more energy efficient equipment.
 - Reducing of air pressure of compressed dry air from surveying of data collected from various machines at the production line, the team was able to reduce the supply pressure of the dry air from 9 bar to 6,5 bar, thus a saving of 18,986 Kwh/month
 - Reduce leakage from compressed air by checking the leakage of compressed air in production equipment, the maintenance team traced and found 75 points of leakage and the remedy action taken by replacing air tube and connection. Resulting in energy saving of 201,124 kwh/ year
- Mantes, Changi Replacing of existing light with LED, both the sites had deployed the project and progressing well with Mantes completed 60% and Changi 70%. The project is on-going into 2021 for 100% completion.



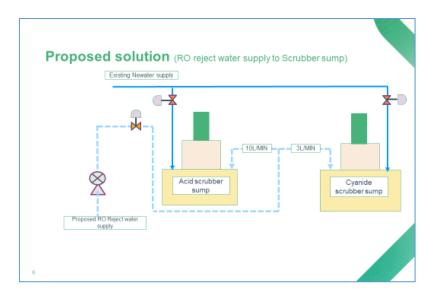
Water Conservation on site

The usage of water in manufacturing sites is one of the 3 environmental performance indicators for the manufacturing sites. To ensure employees are aligned with the goal, water conservation is part of the environmental awareness for employees such as putting up of posters in toilets and pantries to remind employees to reduce water usage and observe leakage in taps and toilet flushing systems.

For sites with wet processes such as etching, plating and with waste water treatment plant, water usage is one of the greatest concerns. Projects relating to reducing/reusing processed water is a priority for sites to set as environmental improvement.

For instance, in our Changi, Singapore site, at waste water treatment plant, projects are done to recycle RO reject water back to scrubber sump and raw water tank instead of draining as waste water, thus saving of 18,000 m3 of RO raw water and 6000 m3 of new water per year.





Improve Workplace and Process to Reduce Environmental Pollution

Mantes – Due to the wet processes such as etching and plating and the on-site waste water treatment plant, the highest priority is to ensure that the day-to-day operations will not cause any pollution and contamination to the environment. Some of the key efforts and projects are highlighted.

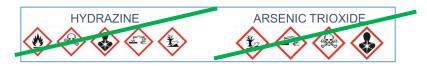
i. Annual Maintenance to improve of impermeability of floors to fluids —plating workshop, solvent storage area and chemical unloading area. Objective is to reduce the risk of ground pollution in case of spillage or overflowing from the plating bath.



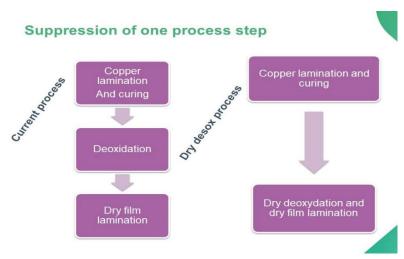




ii. Replace Hazardous Substances in our processes - After reviewing that 2 "blacklisted" SVHC substances, Arsenic Trioxide and Hydrazine under the REACH Compliance were found in the gold bath of the plating process, the site start working on project to substitute the existing gold bath with a new gold bath without these substances. To date, 100% of the gold baths in the process replaced and 99% of the finish product tested and qualified. The 1% balance of product will continue on and need to complete by 2021.



- iii. Reduce Process Step to reduce environmental impact, by introduction of dry desox process, to gain these **Environmental benefits**
 - ✓ Less chemical used in the workshops
 - ✓ Reducing 40% of the COD pollution (untreated) measured in the WWTS outflow, when de-oxidation step is eliminated
 - √ 10% of the WWTS effluent to be treated will be reduced, when deoxidation step is eliminated





- Waste Management –Improve Waste Segregation and Recycling, Employees Awareness and Waste Vendors Audit.
 - To create environmental awareness and encourage participation of employees, many sites had created clear instruction and communication tools to help employees to properly disposing of their trash and industrial waste.



Mantes - Posters with exact photos of waste type



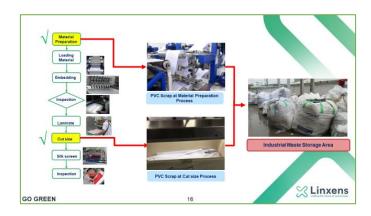
Ayutthaya - Waste Segregation Project in Canteen

Projects to improve waste recycling are an annual effort of the manufacturing sites, in many cases this helps to ensure that these industrial wastes are able to be collected by waste vendors for recycling rather than landfill. For example in Mantes, Corundum sand recovery is recycled for usage as construction material for road works. In our Changi site, recovery of copper (as copper oxide) from C4 treatment instead of sending out for external recovery.

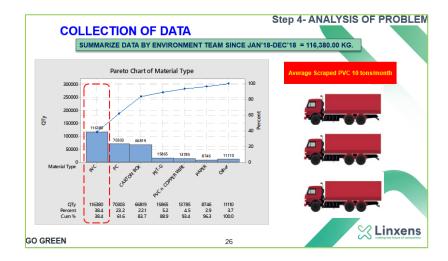


Mantes - Corundum sand recovery unit – 17 tons/ year of corundum sand recycled for road work

 In Ayutthaya, PVC scrap counts for the highest amount of their industrial waste - approximately 10 tonnes are generated every month, which is sold to waste vendors for partial recycling and for Refuse Derived Fuel to generate electricity in power plant. There is no landfill for the PVC waste.







The manufacturing sites work with licensed and authorized waste disposal companies and conduct site audits at the vendor premises to ensure their compliance with requirements, such as safe working process and environment, valid permits, proper storage, handling and treatment of the waste. For example our Changi, Singapore site conducted 4 sites audits at waste vendors' premises that handle our sludge waste chemical and precious metal.

Ayutthaya also conducted 3 sites audits at their waste vendors' premises this year.



Ayutthaya EMS Team and Procurement joint audit at waste disposal vendor place for July and Aug this year

OUR TARGET FOR THE COMING YEAR

- Track and Report of Green House Gas (Carbon reporting) by key manufacturing sites
- Establish Corporate Environmental, Health and Safety Policies
- Continual effort for Energy Conservation and reviewing of renewable energy source such as solar energy
- Increase waste recycling rate and reducing hazardous waste
- Continual effort to raise employee environmental awareness



7. ETHICS AND COMPLIANCE

Linxens is a company with a strong commitment to Corporate Social Responsibility. Beyond the expected compliance with local legislation and regulations, Linxens strongly believes that setting the highest standards in terms of ethics, business integrity and sustainability is its responsibility. It is part of its values and missions, it is part of its DNA.

OUR CORPORATE SOCIAL RESPONSIBILITY PROGRAM

In 2018, Linxens refreshed its Business Code of Conduct and established a Corporate Social Responsibility ("CSR") Program to guide the company in its day-to-day operations and express its values and expectations in its relationship with its stakeholders.





Essential topics and issues are covered by the Linxens CSR Program and Policies, including but not limited to equal employment opportunity, diversity, prohibition of forced and child labor, wages and hours, working conditions, freedom of association, avoidance of conflicts of interest, environment, health and security, conflict minerals, data protection, fair competition, export control regulations, business integrity and corruption prevention.



All employees are expected to adhere to the Linxens CSR Policies and act in an ethical manner in their day-to-day activities.

All employees are required to avoid any activities that might lead to, or suggest, a conflict of interest with the business of the Company.

The Linxens CSR Program and its implementation within the Group are under the responsibility of a Chief Compliance Officer and a Deputy Chief Compliance Officer.

Throughout the year 2019, with the support of the CEO and the Executive Committee of the Group, the whole CSR Program has been presented in detail, by regions and sites, to the top level management and managers of the Group.





ON-SITE CSR TRAINING

Arnaud Lay, General Counsel and Chief Compliance Officer and Cécile Persico, Legal Director have organized CSR Awareness Sessions across most of our sites to explain to the managers the content of the Linxens CSR program and the implementation of the Ethics Line. More than 200 managers have been trained during these sessions.



During the CSR Awareness sessions, 274 managers have been able to fully understand and take ownership of Linxens CSR Policies to be **aware and committed**.

301 employees have signed a CSR Compliance Declaration confirming that they have received and read carefully the content of the Linxens CSR Code of Conduct, the Anti-Bribery Policy, the Competition Laws Code of Conduct, the Export Control Policy and the Whistleblowing Policy and committing to complying with the principles and requirements set out in the Linxens CSR Code of Conduct.

173 employees have been invited to sign a Conflict of Interests Disclosure Declaration and signed it.



Different tools (posters, leaflets, ethics cards) have been used on sites to communicate on the importance of the integrity and ethical business.





Short CSR videos are in progress to roll-out the CSR awareness within the whole Group.

In 2019, Linxens' global CSR performance was assessed by the CSR platform Ecovadis and Linxens was awarded a Silver certification.

With an overall score of 61/100 Linxens is in the top 12% of companies assessed by EcoVadis in the manufacture of electronic components and boards industry.





ZERO TOLERANCE FOR CORRUPTION AND STRICT COMPLIANCE WITH COMPETITION LAWS

Linxens has **zero tolerance** for all forms of bribery and corruption, including active and passive corruption as well as direct and indirect bribery, involving both public officials and private parties.

In this respect, the Linxens **Anti-Bribery Policy** defines the **minimum standards** that each Linxens employee must observe in the course of its business and the various **types of behavior to be prohibited**.

Each Linxens employee shall only conduct business in compliance with the applicable laws and the Anti-Bribery Policy.

The Anti-Bribery Policy, after consultation with employee representatives, has been integrated into each site internal rules and procedures (when applicable).

To help managers and employees gain the best possible understanding of certain legal principles and learn how to deal with some possible problematic situations, 328 employees have received online training in corruption prevention and in competition laws.

A system for evaluating third parties (mainly customers, suppliers, subcontractors and partners) is under implementation.

Accounting audits are integrated into the Group's internal control rules to prevent and detect acts of corruption and fraud.

REPORTING

As part of its commitment to uncompromising integrity, Linxens has set up a professional reporting system accessible by phone or online (the "Ethics Line") which allows all Linxens' employees, customers and other stakeholders to report any concerns they may have with regard to compliance with the Linxens CSR Code of Conduct, or the laws and regulations applicable to Linxens in connection with its business.

The Ethics Line is **available via this address www.linxens.ethicspoint.com** or via a local telephone number.

Telephone numbers

France 0800-91-0066
Germany 0800 071 3512
United States 844-893-1073
China 4006000336
Singapore 800-110-2340
Thailand 1800-011-795
India 000-117 844-893-1073



The Ethics Line is accessible in five key languages of Linxens: French, English, German, Chinese and Thai.

A Whistleblowing Policy defines the rules encouraging the communication about situations which could be in contradiction with Linxens CSR Policies and Values and protect the persons disclosing them.

The Ethics Line is assigned to the Chief Compliance Officer and a dedicated team specially trained for this purpose.

Important measures have been implemented to ensure anonymity, data security and confidentiality.

In 2019, the Whistleblowing Policy has been explained in detail to the managers during CSR awareness sessions with a full demonstration of the Ethics Line.

Misconduct Reporting

Two incident (potential harassment) were reported during 2019.

The cases have been treated and successfully closed.

CORPORATE SOCIAL RESPONSIBILITY AND BUSINESS PARTNERS

In order to expand its commitment to ethics and business integrity, Linxens has included in its CSR Program its Business Partners as well.

In this respect, Linxens encourages suppliers, consultants and other business partners within its sphere of influence to follow its CSR Program and its standards for Corporate Social Responsibility, health and safety, the environment, quality assurance and training and competence.

In 2019, Linxens' purchasing department requested all its strategic suppliers to adhere to and comply with the principles and requirements set out in the Linxens Corporate Social Responsibility Code of Conduct and the corresponding policies by the signature of CSR Compliance Declaration.

To date, 70 % of our strategic suppliers have signed the CSR Compliance Declaration.

Customers will also be encouraged soon to sign our CSR Compliance Declaration.



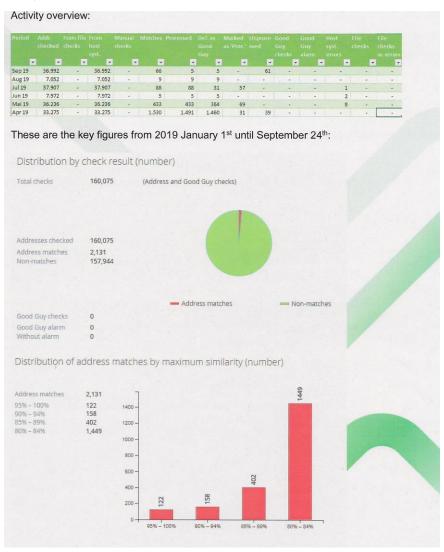
EXPORT CONTROL

Linxens operates worldwide and imports and exports different categories of goods. A significant portion of the Group's products relies on items that are purchased from external suppliers.

Compliance with rules on import and export control is essential for Linxens and each Linxens entity is requested to conduct business in compliance with all applicable regulations governing dual-use export and import operations.

Linxens has implemented an Export Control and Fund Freezing Policy that gives each of our employee an overview of the basic rules applicable to export control and fund freezing, to be in a position to export/import products in a safe manner.

In addition to the Export Control and Fund Freezing Policy, IT solution for Business Partners screening and an Export Control Management System have been implemented this year in Germany and will be soon roll out in all sites. Manual checks are also in place.





OUR TARGET FOR THE COMING YEAR

- Implementing the Linxens Group CSR organization
- Downstreaming the CSR awareness within the whole Group (in particular through short videos)
- Implementing local export control management system and training sessions;
- Finalizing standard and processes (third parties' due diligence, screening...)
- Requesting all our suppliers and customers to adhere to and comply with the principles and requirements set out in our CSR Code of Conduct
- Increasing Linxens EcoVadis performance to be awarded a gold certification level





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