



Sustainability Report 2019
UN Global Compact Communication on Progress

LEONI

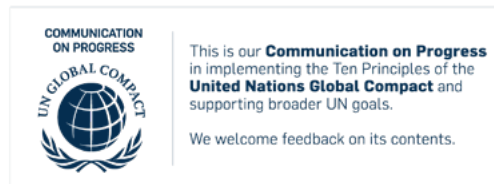
- 3 Foreword
- 5 The LEONI Group
- 7 Corporate sustainability at LEONI
- 10 Economic responsibility
- 14 Ecological responsibility
- 25 Social responsibility
- 32 UN Global Compact Index

About this report

This LEONI Sustainability Report is also our LEONI Global Compact Communication on Progress and therefore documents our key activities in support of the ten principles of the UN Global Compact during the period under review, providing a summary of the various measures and outcomes. An [index](#) at the end of this document provides references to the relevant text passages that report on our progress in implementing the guiding principles. Sections containing information on the UN Sustainable Development Goals (SDGs) are marked with the relevant UN symbols.

In addition to this detailed Sustainability Report, LEONI has submitted a Non-Financial Statement in accordance with Section 315b of the German Commercial Code (HGB) to meet the statutory requirements for CSR reporting. This is provided as part of the 2019 Group Management Report in the [» 2019 Annual Report](#), which can be accessed from our website.

We release our Sustainability Report exclusively in digital form. It is available as a PDF in German and in English. This screen-optimised version can be navigated via the right-hand navigation pane.



- » External reference
- > Internal reference
- ≡ Contents
- ⏪ Return to previous page
- ⏩ Page back
- » Page forward
- 👤 Contact information

Foreword

The past 2019 financial year was an exceptionally difficult one for LEONI. The Company had to confront huge challenges and concentrate hard on getting LEONI back on track, and some key milestones were reached in so doing: Sales and earnings were in line with the forecast and free cash flow was positive in the second half of the year. In a generally challenging financial year, significant progress was made in implementing the VALUE 21 performance and strategy programme, while an appraisal of restructuring at the beginning of March simultaneously confirmed LEONI's ability to restructure and its ongoing financing.

Particularly the stresses stemming from the complex ramp-up of a wiring systems project adversely affected the business situation. There was furthermore a downturn in demand for wiring systems and automotive cables for the car industry as well as for cable systems and special cables for other industrial sectors. The Board of Directors launched the VALUE 21 performance and strategy programme to counteract these developments and to stabilise the business.

The aim is to lastingly improve the Company's profitability and its cash flow as well as simultaneously to align the Company with new, viable areas of business. Key progress was already made during 2019 in implementing the programme. On the one hand, this weighed on the Company with higher costs. On the other hand, action like the significantly improved receivables and inventory management led to positive free cash flow in the second half of the year. We regret that some of the measures also entailed considerable job cuts. In agreement with our employee representatives, we made these cuts in a way that minimises social hardship and were able to largely avoid compulsory redundancies.

The programme also entailed changing the holding company's organisational structure, which led to complete realignment of our corporate governance functions. This also affected the function of Corporate Sustainability (cf. section headed [Corporate Sustainability at LEONI](#)).

However, the situation for LEONI has changed dramatically within just a few weeks since the confirmation given by the appraisal of our restructuring. Towards the end of March in the current financial year, the economic uncertainties related to spread of the coronavirus and the resulting challenges, especially for the automotive industry, aggravated further. The coronavirus' spread led to major carmakers temporarily stopping production, causing serious sales decline affecting many LEONI customers and products. We anticipate more heavy strain on our sales, earnings and liquidity. At the same time, we managed to protect the health of our staff and safeguard our business operation as a going concern with resolute and prompt action.



Foreword

Despite these tough underlying conditions, measures to ensure sustainable corporate governance were and will be continued. It remains our aspiration to always give sustainability appropriate weighting in our entrepreneurial conduct. To us, this also means to act on the ten key principles of the UN Global Compact and to continually improve with a view to driving forward the sustainable development goals of the UN Global Compact. In so doing, we aim to strike a balance between economic focus and social as well as ecological responsibility. In this Communication on Progress, we provide you in familiar fashion with a review of 2019 as well as a brief outlook on the further sustainability-related activity we have planned. The UN Global Compact remains our guiding principle and our guideline in this respect.

Nuremberg, July 2020
LEONI AG
The Board of Directors



Aldo Kamper
Chief Executive Officer



Ingrid Jägering
Chief Financial Officer



Hans-Joachim Ziems
Chief Restructuring Officer



The LEONI Group

LEONI is a global provider of products, solutions and services for energy and data management in the automotive sector and other industries.

Our portfolio includes wires, optical fibers, cables and cable systems as well as related components, connectors and services.

On these foundations, we are increasingly offering our customers intelligent energy and data management solutions for vehicles and industrial applications.

On 31 December 2019, our market-listed group of companies employed about 95,000 people in 31 countries and generated consolidated sales of EUR 4.8 billion in 2019.

LEONI's business is organised by two divisions (or segments), which are structured differently and operate in differing market environments.



The LEONI Group

The **Wiring Systems Division (WSD)** is one of the world's leading providers of complete wiring systems and customised cable harnesses for the motor vehicle industry. Its products and services comprise development and production of sophisticated cable harnesses through to integrated wiring systems, high-voltage (HV) wiring systems for hybrid and electric vehicles, energy distribution components and special connectors.

As systems providers, we cover the entire spectrum from design through to series production as well as complementary services. In so doing, we are increasingly positioning ourselves as a provider for in-vehicle data and energy management solutions to supply our customers with innovative products and services in line with the automotive megatrends of electromobility, connectivity and autonomous driving. We are also reinforcing our expertise in the fields of electronics and software to enhance our position as a systems supplier.

The **Wire & Cable Solutions Division (WCS)** is a leading manufacturer of wire and cable systems that, as part of its strategic transformation, is gradually developing into a provider of safe and intelligent energy transmission and data management system solutions. Its range of products and services encompasses wires, strands and optical fibers, standardised cables, special cables and fully assembled systems as well as related services for customers in the automotive, capital goods, medical devices, telecommunications, energy and infrastructure industries.

The focus is on technologically sophisticated products as well as customer-specific applications for niche markets. The portfolio is continually being expanded to include intelligent cables and cable systems, software solutions as well as smart services to take advantage of the opportunities for LEONI arising from digitalization and other global megatrends.

LEONI GROUP AND DIVISIONS 2019

LEONI Sales: € 4.8 billion; approx. 95,000 employees	
WIRING SYSTEMS Sales: € 3.0 billion; approx. 86,200 employees	WIRE & CABLE SOLUTIONS Sales: € 1.8 billion; approx. 8,500 employees



For detailed information about the structure, strategy and competitive situation of the LEONI Group and its two divisions, see the » 2019 Group Management Report.



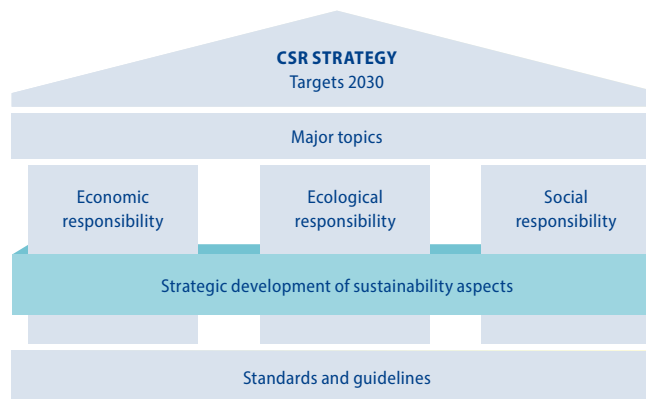
Corporate Sustainability at LEONI

Sustainability management

LEONI has had a Group-wide Corporate Sustainability Management system in place since 2016. This system provides uniform reporting for the Group and is responsible for the strategic development of all of the Group's sustainability aspects. We adopted our CSR Strategy in 2019; the targets through to 2030 contained therein apply unchanged. In the past year, we worked on sustainability-related matters on the three levels of the existing operational structure.

In 2020, we will be pooling our governance functions much more distinctly as part of reorganising our holding company structures. The issues of ethics, risk & compliance will be combined in one department. Sustainability management will be a key sub-section in this core function.

OUR SUSTAINABILITY MANAGEMENT APPROACH



ORGANISATION OF SUSTAINABILITY MANAGEMENT IN THE LEONI GROUP

STRATEGIC ORGANISATION	Sustainability Steering Committee
	Chairperson: Board
	Members: Members of senior management
	Tasks: Strategic orientation and decisions on long-term sustainability issues
	Sustainability Panel
	Chairperson: VP Corporate Sustainability
	Members: Heads of Compliance, Risk, Environmental and Communication Management
	Tasks: Prioritisation of sustainability issues and support for the decision-making process
OPERATIONAL ORGANISATION	Sustainability Working Groups
	Members: Specialists from various departments
	Tasks: Implementation of projects and processes to achieve sustainability goal



Corporate Sustainability at LEONI

Stakeholders and key aspects

LEONI's global activities impact on various external and internal stakeholder groups. In particular, these include our customers, employees, investors, suppliers and other business partners, as well as legislators and authorities in the countries in which we operate. The needs of these groups are accounted for by our sustainability strategy and form part of decision-making on the materiality of individual aspects.

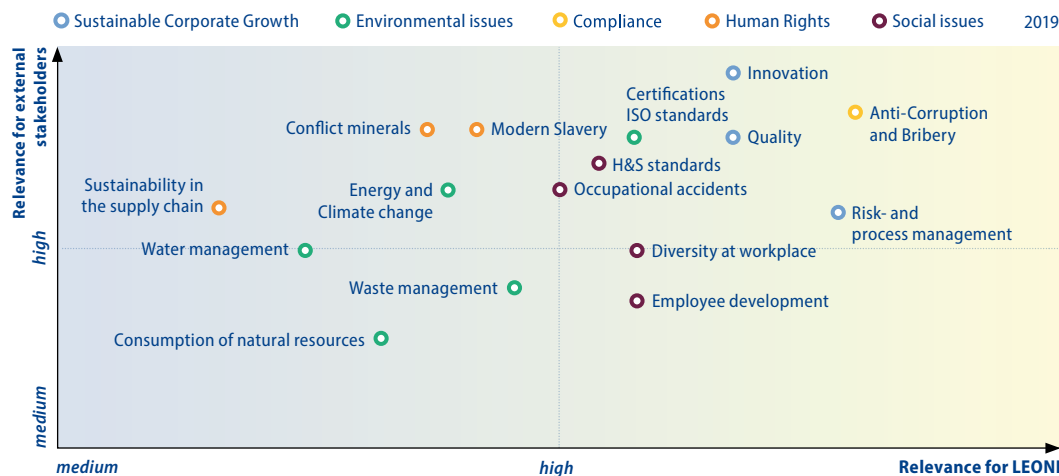
LEONI-STAKEHOLDER



In accordance with the requirements of the German Sustainability Code and based on the GRI standard, aspects key to LEONI are reviewed annually and new issues are determined as the case may be. In particular, a benchmark analysis, conversations with internal and external stakeholders as well as evaluation of sustainability questionnaires completed by our customers served as the basis for this review. Furthermore, we follow the ten UNGC Guiding Principles and the UN Strategic Development Goals with the aim of prioritising their relevance for and impact on our business activities (materiality analysis). In so doing, we consider two perspectives: the relevance of the aspects for LEONI as well as their relevance for our stakeholders.

Review of our materiality analysis did not yield any new findings in 2019. This report is therefore unchanged concerning our key aspects. The matrix below shows the findings of our materiality analysis.

MATERIALITY ANALYSIS



Corporate Sustainability at LEONI

Sustainability strategy

As a global provider of products, solutions and services for energy and data management to the automotive sector and other industries, sustainability is given high priority at LEONI. We understand this to mean long-term and profit-oriented business growth (economic component) as well as assumption of social and ecological responsibility. The objective is to reconcile the demands stemming from these three areas. In adopting this approach, we seek to ensure stability, secure the future of our Company, and contribute to the sustainable development of the economy and of society in general. This present report is also guided by these three pillars of our sustainability strategy.

THE THREE PILLARS OF SUSTAINABILITY AT LEONI

ECONOMIC RESPONSIBILITY

We have set ourselves the goal of ensuring our long-term market success, and thereby creating value for our shareholders and stakeholders. Our dedication and our adherence to stringent compliance standards enable us to maximise benefit for our customers by achieving excellence in quality and service. We develop and make well-engineered products and solutions that are increasingly deployed in environmentally friendly technologies.

ECOLOGICAL RESPONSIBILITY

We consider climate and environmental protection as constituting a key corporate goal and strive to keep the impact of our activities on the natural world to an absolute minimum. Our environmental initiatives work continuously to improve our handling of water, energy, natural resources and materials in our plants. Our production facilities are now increasingly certified to such internationally recognised standards as ISO 14001, EMAS and ISO 50001.

SOCIAL RESPONSIBILITY

We consider the following to be essential: diversity, employee satisfaction, equal opportunities and safe working conditions that are free of prejudice. In all of our activities worldwide, we comply in full with the requirements of the United Nations' International Labour Organisation (ILO), call on all of our business partners to uphold our social standards, and are committed to respecting and defending human rights. In addition, LEONI supports and promotes a range of community projects around the world.

CSR Strategy 2030

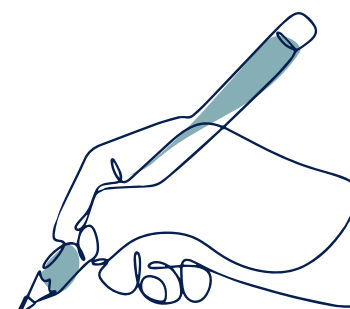
In 2018, our Corporate Sustainability department together with the responsible specialist departments prepared our CSR Strategy 2030 – a framework for comprehensive, structured and rigorous further development of the key non-financial aspects at LEONI through to the year 2030. This strategy defines targets, measures and key performance indicators (KPIs) in the areas of employee-related matters, environmental issues, upholding human rights and compliance. The Board of Directors approved the CSR Strategy 2030 in January 2019.

We intend to subject our concerns and the related objectives to an interim review in 2020 to adapt them to new global requirements as the case may be. Detail of the objectives is presented in the sections below.



Economic responsibility

Our Group-wide **risk management system** is set up to systematically identify risks at an early stage as well as to analyse and assess them with respect to probability of occurrence and impact. In so doing, we also consider material risks relating to sustainability. To make the assessment, the reported non-financial risks in operations are analysed together with the abstract risks as defined by a team of experts. The identified abstract risks will already have been recorded in our risk management system and integrated in the risk process. Based on our latest assessment, there are no such highly probable risks with seriously adverse consequences.



More information on our existing risk management system as well as reporting on all material risks is contained in the » **Risk and opportunity report** of the 2019 Group management report.

Economic responsibility

Compliance management and anti-corruption efforts

LEONI commits all its employees to responsible, honest and rule-compliant conduct with the intention of observing all laws and avoiding any cases of corruption. To ensure and control adherence, LEONI has a systematic compliance management system.

The compliance management system contains multiple policies designed to prevent corruption.

The following guidelines were revised during the period under report:

- Guideline on combating corruption and bribery
- Compliance guideline for business partners
- Compliance guideline for donations and sponsorship

A newly formulated compliance guideline for handling conflicts of interest complements the existing set of rules. Indications of possible infringements of internal anti-corruption guidelines or of laws are resolved and – so far as an indication is confirmed – penalised.

RISK OF CORRUPTION WITHIN THE COMPANY

Objectives	KPIs	Trend
e-Learning course on anti-corruption completed by more than 90 %	Ratio of completed training sessions to invited staff/year	86 % >
Living Code Quiz more than 90 % completed	Ratio of completed training sessions to invited staff/year	73 % >

The LEONI Code of Conduct, introduced in 2017, constitutes a fundamental part of the compliance system. This Code of Conduct replaced the LEONI Code of Ethics introduced in 2007 and additionally combines several rules adopted by our 2003 Social Charter. It defines responsible and lawful conduct at LEONI, building on the external legal as well as market and customer-specific requirements for correct conduct, which are expected of the Company and all employees. Our Code of Conduct is based on the guiding principle of integrity. It forms the foundation of value-oriented corporate governance and serves as a signpost, a behavioural standard and as a decision-making aid.

To enhance understanding of the values presented in the LEONI Code of Conduct, we established our Living Code in 2018: an internal, interactive information platform that simultaneously serves as a training platform for the LEONI Code of Conduct. This information platform conveys the most important compliance principles for staff using examples, explanatory videos, charts, check-lists and links etc. Among other subjects, the training course developed for the Living Code covers the subject of anti-corruption and is obligatory for any active employee with a Windows account, which equates to about 20 percent of our staff. In 2019, this training course could also be assigned to employees who do not have internet access, but who do have the required technical means. 73 percent of invited staff completed the course in 2019.



Economic responsibility

We introduced our Compliance Management Dashboard for staff in 2018 and expanded it further in 2019. It already provided, among other things, guidelines for information and confirmation; it distributed training materials, ran compliance checks of business partners as well as being used to document and approve gifts, invitations, donations and sponsorship. A module for conflicts of interest has now been added. Group-wide, staff can document conflicts of interest encompassing sideline work, shareholdings in LEONI business partners or competitors, shareholdings of related parties and personal relationships. The process provides that the manager checks the conflict of interest together with the local HR or Compliance department (depending on the matter) and decides how to deal with it; for example, by ordering risk-minimising measures.

As part of work on our CSR Strategy 2030, we resolved to further increase awareness of compliance both within the Company and among our suppliers. We thus developed and published our LEONI Code of Conduct for business partners in 2019. The business principles it contains will gradually be adopted in the business relationships with our business partners over the next few years.



Economic responsibility

Sustainable product development with electromobility as an example

With numerous products, system solutions and services, LEONI can operate with more energy efficiency and be easier on resources, reduce emissions and thereby reduce environmental pollution. Such solutions for drive concepts for the future as hybrid systems, electric motors and fuel cells form a key building block in this respect. As long as roughly a decade ago, LEONI pooled the development and distribution capacity for e-mobility in its operating divisions in combined units and now offers, as one of the market leaders in this field, integrated solutions for high-voltage wiring systems and the charging infrastructure they require for all forms of alternative drive systems – from the charging cable to high-voltage cables and through to complex wiring systems.

The significance that e-mobility has by now assumed for LEONI can be seen in the high proportion of cable harnesses for electric and hybrid vehicles on its order book. In LEONI's Wiring Systems Division, this was already as much as about 26 percent in 2019. Manufacture of wiring systems for Volkswagen's ID.3, which began in 2019, launched an important production run for a car designed as a purely electric vehicle. The project covers both high-voltage and low-voltage cable harnesses and thus the complete wiring systems.

They are made at three LEONI facilities – two new plants in Tunisia and on an existing production line in Romania. Also in that financial year, we expanded global capacity to produce high-voltage cables and charging cables for electric vehicles in Asia and the Americas. In Mexico, we began, among other things, extension work for production of high voltage and charging cables, which is to start production in 2020. Development of drive concepts for e-mobility is a key innovation area for intelligent energy and data solutions in tomorrow's cars and within our C.A.R.E.S strategy programme. Alongside electrified mobility, this includes (C)onnected mobility, (A)utonomous mobility, (R)evolutionizing productivity as well as (S)mart solutions & services. For example, one of the focal points of our R&D work involves the next development stages of 48-volt technology and comprehensive optimizations of HV systems. LEONI is furthermore working on design and production for energy and data transmission in HV batteries.

Based on its intelligent LEONiQ technology platform, LEONI is developing innovative solutions for energy and data transmission that can be deployed in the charging infrastructure and in electromobility just as they can in robotics, for example.

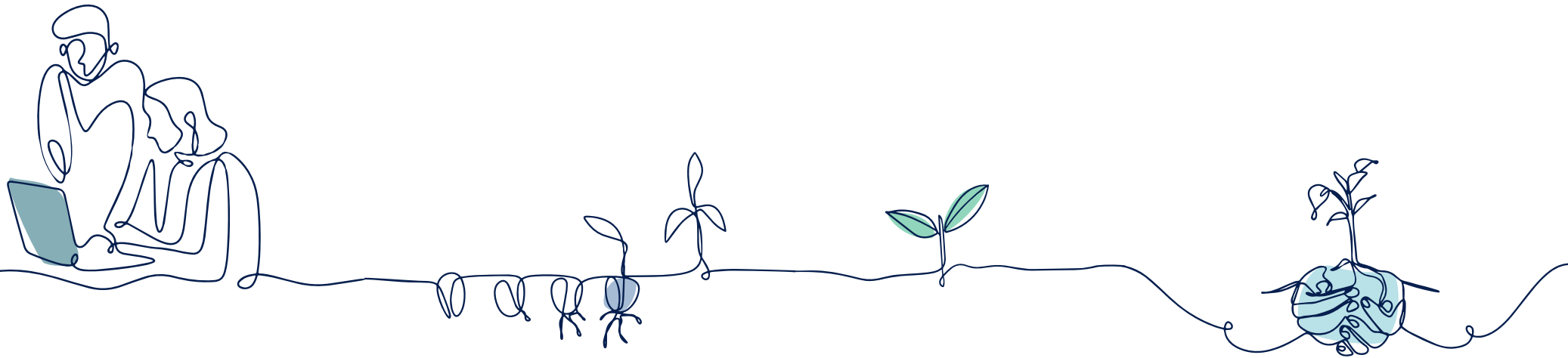
Thanks to LEONiQ, sensor and electronic elements, simulation and data analysis can ensure by digital means that pertinent information is continuously recorded during operation and evaluated almost in real time. In the future, this will facilitate such error sources as damage or overheating and possibly also adverse influence from connected systems being recognised or avoided at an early stage. Energy transmission, for instance the charging of a vehicle battery, will therefore be able to run more efficiently and safer.

From the charging cable to battery management and through to sophisticated wiring system architectures – forward-looking, high quality and environmentally friendly innovations for mobility of the future are a key foundation for LEONI's sustained growth. In both of our divisions, we therefore have an efficient innovation organisation with the aim of developing solutions that meet the demands of new, global trends as well as for use in sustainable, environmentally-friendly products and technologies.



Ecological responsibility

LEONI recognises its ecological responsibility and regards environmental protection as an important corporate objective. Our environmental management is geared to keeping the impact of all our processes on the ecosystem to an absolute minimum. In particular, we make every effort to reduce energy consumption and associated greenhouse gas emissions as our contribution to climate protection, with the aim of achieving optimum resource and material efficiency.



Ecological responsibility

We are running several initiatives to raise employees' awareness of their responsibility concerning ecological aspects. We furthermore aim to promote staff awareness of this issue with various measures at our facilities. Environmental protection at LEONI is to be underpinned by a preventive approach in line with the UN Global Compact. Environmental protection is embedded as a key corporate objective in our Code of Conduct.

In addition, there are the respective SHE policies of our two divisions, which contain the following principles for action on ecology:

- Ongoing improvement of measures relating to occupational safety, health and environmental protection.
- Reduction of the environmental impact of our products and processes within the confines of what is economically and technically feasible.
- Efficient use of environmental resources and energy.
- Avoidance of waste comes before waste separation and disposal.
- Adhering to all binding obligations concerning occupational safety, health and environmental protection (legal and other requirements). The applicable national standards are minimum requirements in this respect.

Goals and key performance indicators

In 2017, we defined immediate, location-related environmental objectives for all of the LEONI Group's plants, which are to be achieved by 2020 (baseline year is 2016 in each case):

- Reduction of energy consumption by 15 percent
- Reduction of relative waste volume by 2 percent

To achieve these targets, plants are free to define and complete one or more projects, so as to accommodate the differing strategies and infrastructural circumstances applicable to the various production facilities within the two divisions. We have been measuring target attainment levels internally since 2018.

We have extended our targets and key performance indicators for environmental protection since adopting our CSR Strategy 2030. LEONI has thus set targets for water and energy consumption as well as for greenhouse gas emissions¹.

The following targets are to be achieved by 2030:

- Certification of all production facilities to the ISO 14001 environmental standard
- Reduction of Scope 1 and Scope 2 CO₂-equivalents by 20 percent per € 1 million in sales
- Reduction of energy consumption by 15 percent per € 1 million in sales
- Reduction in freshwater use by 10 percent per € 1 million in sales



¹ Baseline year is 2016

Ecological responsibility

Certified management system

At most of our facilities, we run environmental management systems in line with such internationally recognised standards as ISO 14001, EMAS III and ISO 50001 to establish suitable foundations on which to realise these principles and to be able to monitor the ecological impact of our activity.

The Wiring Systems Division set itself the target of having all its operating units ISO 14001 certified by the end of 2019. In the wake of further integrating the management systems for quality and SHE, the certification process was reconstituted in 2019 and the impending matrix audit pursuant to ISO 14001 was postponed to the fourth quarter. This meant a three-month period without any valid certification but had no material impact on the effectiveness of the SHE management system because the operating processes continued to run concurrently. All operating units included in the certifiers' random sampling successfully passed the audit. The corresponding certificates were issued in January 2020.

ENVIRONMENTAL PROTECTION

Target	KPIs	Performance
All operating LEONI production facilities 100% ISO 14001 certified	% certified facilities	88% 

The intention in the WCS Division is also for all facilities to gradually be audited to the ISO 14001 standard. Our Group certification, which includes 30 facilities, was successfully completed during the year under report and the corresponding matrix certificate, which is valid until October 2022, was issued.

As part of our CSR Strategy 2030, 88 percent of our surveyed locations Group-wide passed ISO 14001 certification by the end of 2019. Furthermore, 6 percent of our surveyed facilities fulfil the ISO 50001 standard for energy management systems and 6 percent have subjected themselves to the EU's Eco-Management and Audit Scheme (EMAS III).



Ecological responsibility

Energy and power consumption

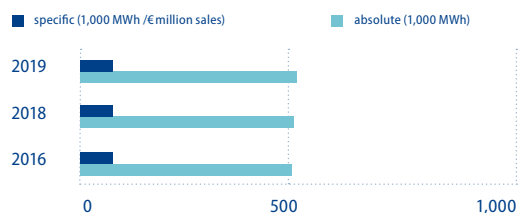
In addition to its manufacturing processes, LEONI also requires energy to power its heating, cooling, ventilation and compressed air systems, as well as electricity for its lighting. In 2019, we consumed 521,473 MWh² of energy, which corresponded to a slight, 2 percent year-on-year increase in absolute terms. Under our CSR Strategy, energy consumption dropped by 4.6 percent per € 1 million in sales compared with the 2016 baseline.

Having commissioned new production facilities, such as Merida 2 in Mexico and Menzel Hayet in Tunisia, and consequently recruited more production personnel as well as expanding the spaces and their air-conditioning or heating systems also increased our energy consumption. Despite this increase, we either applied or initiated numerous energy-efficient measures to lower our energy consumption. These included switching to LED technology at several locations, optimising generating and consumption of compressed air by means of modified, frequency-regulated control as well as ongoing training of staff on environmental matters. More activity is presented in the section headed [Climate and environmental protection projects](#).

ENVIRONMENTAL PROTECTION

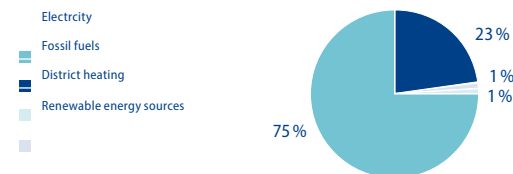
Target	KPIs	Trend
Reduction of energy consumption by per 15 % percent per € 1 million in sales (baseline year is 2016)	MWh/€1 million in sales	4.6 %

ENERGY AND POWER CONSUMPTION



We met energy needs with purchased electricity (75 per cent) and such fossil fuels as natural gas, heating oil and diesel (23 percent). District heating and renewable energy sources in the form of wood pellets, which are used at our plants in Serbia and Ukraine, provided the remaining 2 percent.

ENERGY SOURCES AT LEONI



² Energy consumption at the time our non-financial statement was reviewed stood at 502,574 MWh. There was no significant change to the situation, however.



Ecological responsibility

Greenhouse gas emissions (GHG)

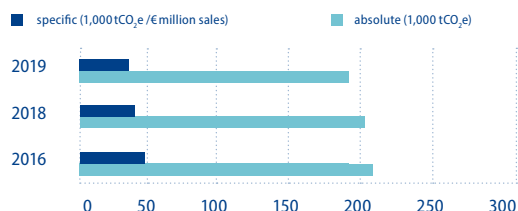
To measure³ our CO₂ equivalents (CO₂e), we take into account emissions from energy consumption in production processes, which emit greenhouse gas by heating, the supply of steam, surface treatment and cooling processes. We include direct (Scope 1) and indirect (Scope 2) emissions from 84 production facilities. This number includes all operating facilities as well as R&D and administrative locations employing more than 50 people.

In 2019, Scope 1 and Scope 2 emissions together accounted for 191,972 tonnes CO₂ equivalent. The switch to green electricity at our facilities in Jena, Berlin and Sonneberg, Germany reduced their energy consumption to zero⁴, which equated to a 6 percent year-on-year decrease. As part of our CSR Strategy, emissions (CO₂e) were down by 22 per € 1 million in sales compared with the 2016 baseline. In 2019, the emissions from burning wood pellets came to 50 tons of CO₂e⁵.

CLIMATE PROTECTION

Target	KPIs	Trend
Reduction of Scope 1 and Scope 2 emissions (CO ₂ e) by 20% per € 181 million in sales (baseline year is 2016)	t CO ₂ e / per € 1 million in sales	22%

GHG EMISSIONS (CO₂e)



We furthermore increased our Scope 3 emissions (CO₂e) in 2019. In addition to emissions due to business travel, we also, for the first time, calculated the emissions from acquired copper and PVC⁶ as well as the emissions from transmission loss while carrying and distributing purchased electricity. This totalled 644,486 tons of CO₂e in the year under report.

Emissions due to business travel were down by 43 percent year on year.

The table below shows the precise distribution of emissions:

Scope 3 – Categories	2018	2019
Purchased copper + PVC ⁶	NA	626,000 ⁷
Transmission and distribution of purchased electricity	NA	16,305 ⁸
Business travel	3,838	2,181 ⁹

³ Our GHG accounting is prepared according to the GHG Protocol Corporate Accounting and Reporting Standard.

⁴ The basis for calculating CO₂e is provided by the Global Warming Potentials (GWPs), which are in turn based on the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) over a period of 100 years.

⁵ Emission factor of Stadtwerke Energie Jena-Pößneck jenaturStrom: 0g/kWh. Emissions are, under the GHG Protocol, not included in Scope 1.

⁶ Mainly suspension PVC

⁷ Emission factor Idematapp LCA Database 2019

⁸ Emission factor IEA 2019

⁹ Emission factor DEFRA 2019. These emissions have been calculated without the Radiative Forcing (RF) factors (RF is a measure of the additional environmental impact of aviation. They include emissions of nitrous oxides and water vapour when emitted at high altitude).



Ecological responsibility

Water consumption

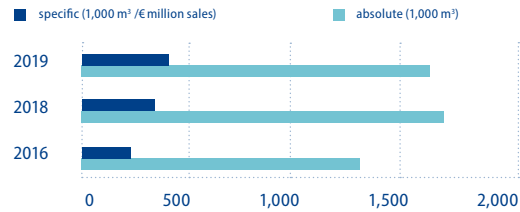
LEONI uses water for activities not related to production (e.g. drinking, sanitary purposes, catering), and for such production activities as cleaning, washing and cooling. The amount of water consumed in 2019 was 1,624,650 m³, which equated to a 2 percent year-on-year drop in absolute terms. Relative consumption per € 1 million in sales was up by 13 percent in the context of our CSR Strategy.

Various measures to reduce local water consumption were applied during the year, including maintenance work at several facilities to find or repair water leaks, training staff and installation of water meters to improve future control of consumption as well as the use of purified process water to cut consumption of fresh water, as was done at our facility in Monticelli d'Ongina, Italy. More activity is presented in the section headed [Climate and environmental protection projects](#).

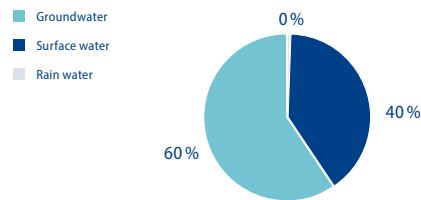
ENVIRONMENTAL PROTECTION

Target	KPIs	Trend
Fresh water saving of 10% percent per € 1 million in sales (baseline year is 2016)	m ³ /€ 1 million in sales	13%

WATER CONSUMPTION



WATER SOURCES AT LEONI



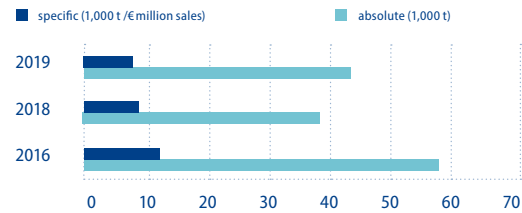
Ecological responsibility

Resource efficiency and waste generation

LEONI's operations require a lot of resources. A variety of materials are used for our products and solutions, especially so copper and polymers. In 2019, we purchased about 160,000 tons of copper and 25,000 tons of PVC⁶. Our » [2019 Annual Report](#) contains information on other significant commodities and materials used at LEONI.

Most of the waste that we generate is non-hazardous – such as is generated in cafeterias or offices. A proportion of our waste is also hazardous, and involves galvanisation process waste, oils and lubricants as well as coolants for wire-drawing machines, for example. In 2019, the total volume of waste (both non-hazardous and hazardous) was 43,605 tonnes, of which 31,311 tonnes (72 percent) was recovered or recycled. Compared with 2018, we therefore increased our total waste volume in absolute terms by 12 percent. The total amount of waste was up in 2019 because we commissioned new production plant and there was a related increase in production personnel, and because we expanded projects.

WASTE



Our facilities nevertheless took action to reduce their waste. For instance, new equipment to desalinate process water was commissioned at our plant in Monticelli d'Ongina, Italy to reduce the amount of water wasted, and waste separation was optimised at our facility in Itú, Brazil. Measures were also applied in offices; for example, introduction of recycling containers at our facility in Busan, South Korea, and distribution of cups and glass bottles to staff at our site in Cinderford, England to reduce the use of disposal cups made of paper and plastic.



Ecological responsibility

KEY ENVIRONMENTAL PROTECTION PERFORMANCE INDICATORS 2019 *absolute terms*

Facilities	Unit	2016 (Baseline year)	2018 (Previous year)	2019 (Reporting year)
Facilities included	number	84	84	84
Management systems				
Facilities ISO 14001 certified	%	71 %	70 %	88 %
Facilities with EMAS validation	%	7 %	6 %	6 %
Facilities ISO 5001 certified	%	6 %	6 %	6 %
Facilities OHSAS 18001 & ISO 45001 certified	%	12 %	13 %	32 %
Energy consumption				
Electricity	MWh	371,198	396,371	392,783
District heating	MWh	5,240	9,152	7,640
Fossil fuels	MWh	122,970	102,156	117,576
Renewable energy sources	MWh	3,099	3,691	3,474
absolute (1,000 MWh)	MWh	502,507	511,370	521,473
Greenhouse gas emissions				
Scope 1 CO ₂ e	t CO ₂ e	29,988	22,122	24,884
Scope 2 CO ₂ e	t CO ₂ e	182,970	181,815	167,087
absolute (1,000 t CO₂e)	t CO₂e	212,958	203,937	191,971
Water consumption				
Surface water	m ³	789,824	794,552	654,484
Groundwater	m ³	492,062	846,861	965,032
Rain water	m ³	21,758	25,302	5,134
absolute (1,000 m³)	m³	1,303,644	1,666,715	1,624,650
Total waste volume				
Non-hazardous waste	t	40,915	36,489	40,192
Recycled non-hazardous waste	t	28,884	35,774	31,311
Hazardous waste	t	16,763	2,529	3,413
Hazardous waste already disposed	t	16,372	3,125	2,250
absolute (1,000 t)	t	57,678	39,018	43,605



Ecological responsibility

KEY ENVIRONMENTAL PROTECTION PERFORMANCE INDICATORS 2019 *absolute terms*

Facilities	Unit	2016 (Baseline year)	2018 (Previous year)	2019 (Reporting year)
Facilities included	number	84	84	84
Energy consumption				
Electricity	MWh/€ million	83.8	77.7	80.4
Fossil fuels	MWh/€ million	27.8	20.0	24.1
Renewable energy sources	MWh/€ million	NA	0.74	1.6
District heating	MWh/€ million	NA	1.79	0.7
specific (1,000 MW /€ million sales)	MWh/€ million	112	100	107
Water consumption				
Surface water	m ³ /€ million	178.2	155.8	134.0
Groundwater	m ³ /€ million	111.0	166.0	197.6
Rain water	m ³ /€ million	4.9	5.0	1.1
specific (1,000 m³ /€ million sales)	m³/€ million	294	327	333
Greenhouse gas emissions				
Scope 1 CO ₂ e	t CO ₂ e/€ million	6.8	4.3	5.1
Scope 2 CO ₂ e	t CO ₂ e/€ million	41	35.6	34.2
specific (1,000 t CO₂e /€ million sales)	t CO₂e/€ million	48	40	38
Total waste volume				
Non-hazardous waste	t/€ million	9.2	7.2	8.2
Recycled non-hazardous waste	t/€ million	6.5	7.0	6.4
Hazardous waste	t/€ million	3.8	0.5	0.7
Hazardous waste already disposed	t/€ million	3.7	0.6	0.5
specific (1,000 t /€ million sales)	t/€ million	12	8	9



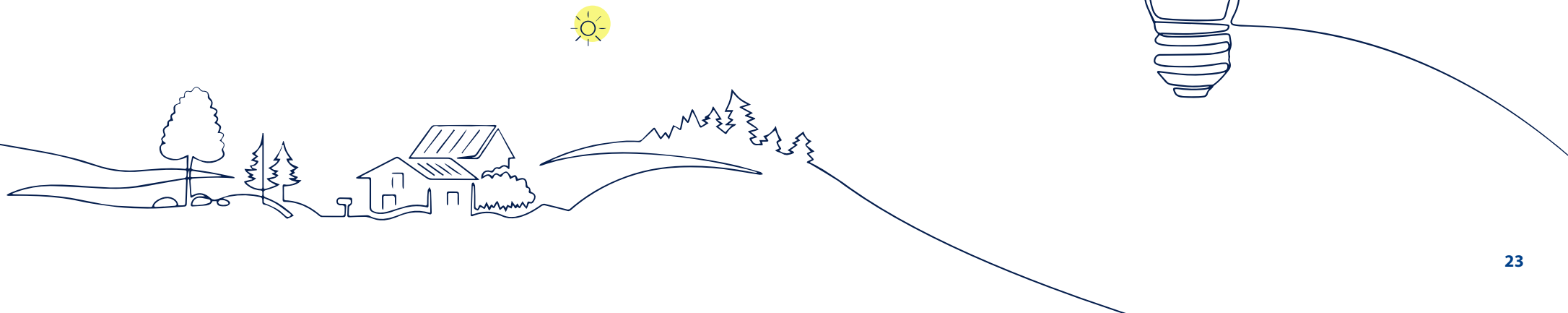
Ecological responsibility

Climate and environmental protection projects

In 2019, LEONI again launched a number of projects around the world with the aim of contributing to the conservation of natural resources and reducing greenhouse gas emissions. For instance, to cut energy consumption, there was an ongoing campaign at our facility in Hermosillo, Mexico to switch off unused devices and lighting in the production areas. Action to save energy was also taken at our plants in Jena, Germany. Above all, this focused on gradually converting the lighting to LED technology and on optimisation in the manufacture of certain preform types, which are the basis for making glass fibers.

We were unable to reduce water consumption in 2019 as compared with 2016 because we commissioned new facilities and recruited additional production staff, but several facilities carried out maintenance work, monitoring and checks with a view to significantly reducing their local water consumption in the future. Other reduction measures were applied at several facilities; for instance, replacing the irrigation equipment at our facility in Tieling, China, closing off unused valves at our site in Busan, South Korea and improving the monitoring of water consumption by installing water meters at our location in Cuauhtemoc, Mexico.

Despite the 2019 increase in total waste volume, our facilities took various measures to lower waste quantities and to further increase the proportion of waste that is recycled. For example, our facility in Itù, Brazil further improved optimisation of its waste collection and disposal system, while a work instruction to correctly separate and dispose of waste was drafted and introduced at our location in Jena, Germany.



Ecological responsibility

2019 ENVIRONMENTAL PROJECTS

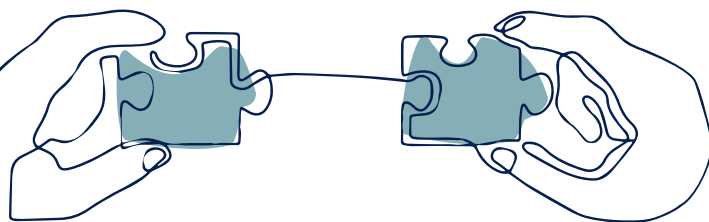
*Compared with 2016

Projects	Country	Description	Facility savings*
Energy savings	Brazil	Environmental training to make staff continuously aware of being sparing with energy resources	23 %
	South Korea	Energy optimisation project	55 %
	Morocco	Optimisation of production processes	54 %
	Mexico	Campaign to switch off unused devices and lighting	9 %
	Russia	Installation of 38 LED lights in offices and production areas	14 %
	Germany	Replacing lighting in the production shop with LEDs	13 %
		Process optimisation and lighting technology	35 %
	Hungary	Saving of natural gas consumption by using residual heat from compressors	39 %
	Poland	Changing the compressor operating sequence by reducing the pressure of the compressed air in the system	8 %
Water savings	Brazil	Environmental training to make staff continuously aware of being sparing with water resources	33 %
	China	Changing the irrigation equipment for a sprinkler system and monitoring the water used by all of the staff (e.g. installation of a water meter in the canteen)	46 %
	South Korea	Ongoing monitoring of water supplies and closing off unused water valves (e.g. showers)	63 %
	Morocco	Relative optimisation of water consumption	18 %
	Hungary	Replacing the water source for technological cooling	13 %
	Mexico	Ongoing monitoring of water pipes as well as installation of water meters	56 %
Renewable energy	Germany	Reduction of CO ₂ emissions by switching to green electricity in Jena, Berlin and Sonneberg	100 %
Waste management	Brazil	Optimisation of the waste collection and disposal system at the facility	78 %
	South Korea	Increase in recycling by placing recycling containers in the workplace	41 %
	Germany	Preparation and introduction of "Work instruction to correctly separate and dispose of waste" with a corresponding contract with Jena's municipal service	12 %



Social responsibility

LEONI endeavours to provide its employees with interesting jobs that involve a high degree of personal responsibility in a motivating, supportive and constructive work environment. The aim is, as an appealing employer, to find skilled and committed staff, and to gain their long-term loyalty to the Company. Diversity and employee satisfaction are key success factors for our Company's future viability. It is likewise our stated aim to fulfil high standards of occupational health and safety throughout the Group.



Significant restructuring and cost cutting measures in connection with our VALUE 21 performance and strategy programme characterised 2019. Alongside strategic realignment and measures to boost liquidity and profitability, the programme provides for cutting about 2,000 jobs worldwide by 2021, of which approximately 500 in high wage countries. The primary objective is to make these job cuts in a way that minimises social hardship. For instance, to avoid redundancies as far as possible, management and employee representatives reached an agreement in Germany to reduce paid working hours over a nine-month period; to convert standard bonuses into time off work as well as to postpone salary and wage increases. A severance arrangement was furthermore agreed that financially backs affected staff in re-orienting themselves on the job market. Nearly 100 employees (on a full-time basis) have made use of this programme. Together with natural fluctuation and phased retirement agreements, this reduced the number of jobs in Germany by 383 while avoiding compulsory redundancies almost entirely.



Social responsibility

Diversity

We regard diversity – with respect to gender, age, cultural background, ethnic as well as career backgrounds and mindset – as key to being able to master an increasingly complex set of tasks and challenges within heterogeneous teams. Our focus in this respect is on senior management and here especially on promoting women and their appropriate participation as well as on greater internationalisation and making it easier for employees to move between departments and job roles.

As part of our CSR Strategy 2030, we have set ourselves the goal of raising the proportion of women on the top two management tiers (Level 1 and Level 2) to about 20 percent by 2030 and to maintain the already existing, balanced ratio in the overall workforce. We also intend to significantly increase the proportion of non-German citizens in senior management.

DIVERSITY

Objectives	KPIs	Trend
Maintaining the proportion of women in the Group workforce with a deviation in absolute terms of $\pm 5\%$	(%) overall proportion of women	54% >
Tripling the proportion of women in senior management by 6.5% to about 20%	(%) proportion of women in senior management	6% >
Relative increase in the proportion of non-German citizens in senior management by 5%	(%) non-German citizens in senior management	22% >

To promote women in senior management, we continue to support those with potential by providing targeted training towards qualifications and with such mentoring as the development programme for female (junior) managers of the Bavarian Industry Association. Our recruitment consultants also remain called upon to identify and introduce female candidates for all of our vacancies. In 2019, women held about 6 percent of the senior management positions within the LEONI Group worldwide, as in the previous year. Since August 2019, LEONI's Board of Directors was 20 percent female. Since June 2020, this proportion has been up to one third. As in the previous year, about 54 percent of LEONI's total, worldwide workforce was female.

Further internationalisation of management was again supported in 2019 with international employee development talks and talent conferences as well as intercultural workshops and awareness training. The proportion of non-Germans in senior management currently stands at approx. 22 percent.

The corresponding measures were continued in 2019, but not stepped up any further because of the comprehensive cost cutting as part of our VALUE 21 programme.



Social responsibility

Employee satisfaction

LEONI strives to provide a working environment for all its employees worldwide that is free of discrimination in both recruitment and during employment, as well as intended to safeguard the freedom of association and the right to collective bargaining. A blanket ban on discrimination is therefore embedded in our Code of Conduct and in LEONI's Social Charter, among other places. The Social Charter furthermore prescribes support for employees in gaining qualifications and demands that, at a minimum, the respective national, legal requirements with respect to compensation and minimum wages, safety at work and health protection as well as working and holiday times are observed.

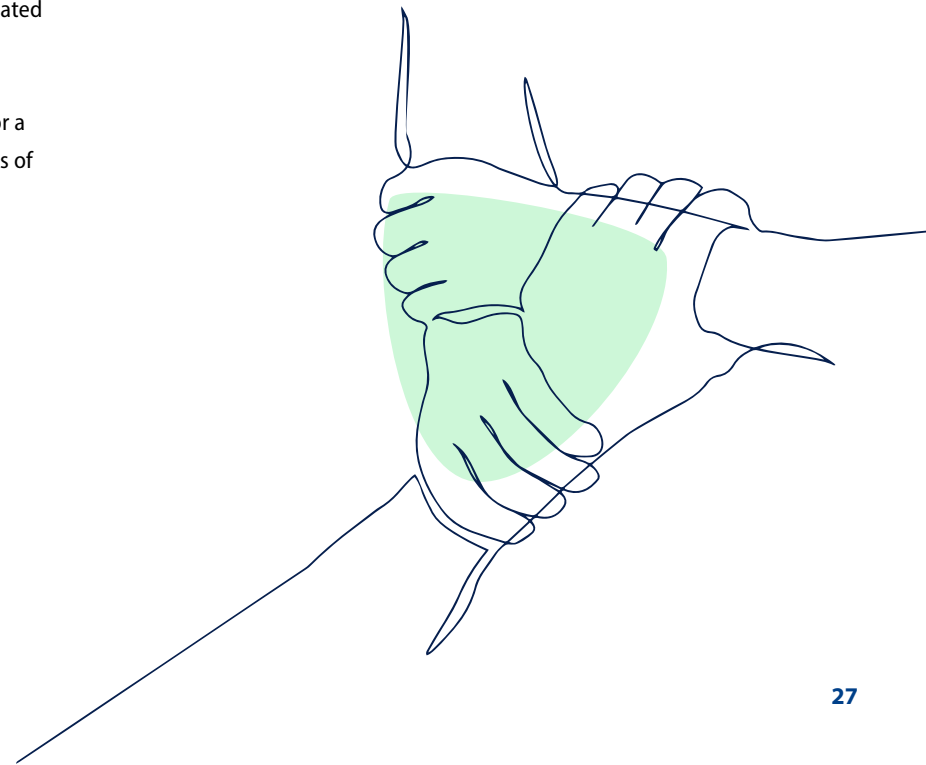
To enhance LEONI's appeal as an employer, we also offer our staff conditions that recognise different lifestyles, such as flexible working time, greater options for working part time or in a home office.

EMPLOYEE ENGAGEMENT*

*The next survey will probably be carried out in 2021.

Objectives	KPIs	Trend
Maintaining the willingness to participate of the 1st Group-wide staff survey at about 70 %	(%) response rate	70 % >
Slight increase in the employee engagement index from 76 points to about 80 points	Employee engagement index	76 points >

Due to our focus on the VALUE 21 programme, there were no global initiatives to promote employee satisfaction in 2019, but we did have local ones. The next global survey combined with extrapolation from the findings of specific measures aimed at raising employee satisfaction is planned for 2020/2021. The findings and especially also the roughly 950 change and promotional measures worldwide extrapolated from the last global staff survey (2017/2018) are still available to managers and the organisation via a platform. Where there is specific demand or a particular problem at a facility, the best practices of other locations can be examined and applied.






Social responsibility

Occupational health and safety

Promoting occupational health and safety as well as adhering to respective standards are key objectives of the respective SHE policy in both of our divisions. The specific principles for action contained therein concerning safety at work and health protection were updated in 2019 and are:

- Socially and ecologically responsible action is a core corporate objective.
- Occupational safety, health and environmental protection are part of any management responsibility.
- Providing safe and healthy places of work and working conditions to avoid work-related injuries and illnesses.
- Ongoing improvement of measures relating to occupational safety, health and environmental protection.
- Adhering to all binding obligations concerning occupational safety, health and environmental protection (legal and other requirements). The applicable national standards are minimum requirements in this respect.
- Establishing and promoting mutual trust through dialogue with all concerned interest groups; inside the Company especially with our employees and their representatives.

OCCUPATIONAL HEALTH AND SAFETY

Objectives	KPIs	Trend
100% AMS certification of WSD facilities to OHSAS 18001 or ISO 45001	(%) certified facilities	32% 
Maintaining the accident rate of 0.5	# number of accidents at work/100 employees	0.67% 
100% medical care at all LEONI facilities	(%) of facilities with medical care	78% 

Despite the plan under our VALUE 21 programme to separate our two segments into more distinct entities, they developed the operational principles of their respective SHE policies jointly. The content of the two divisions' SHE policies is identical.

Our pan-Group SHE approach and therefore also the work of our OneSHE network, which comprises those responsible for SHE regionally in both divisions and met once more during the year under report, was completed. The necessary work and environmental protection-related activity will be continued in the operating divisions.

We are increasingly applying internationally recognised standards to ensure the health and safety of our employees. In 2019, the Wiring Systems Division's OHSAS 18001 matrix was extended from 11 to 24 facilities. The widened OHSAS 18001 certificate was issued in the first quarter of 2020. In the Wire and Cable Solutions Division, three facilities are certified; one is OSHAS 18001 certified and two others were certified to the new ISO 45001 occupational health and

safety standard for the first time during the year under report. In total, 32 percent of all the facilities surveyed Group-wide had an OH&S management system. In the Group-wide areas of safety at work, health protection and emergency management, it has been our aim since 2018 to record both accidents at work as well as activity related to health and safety at work at the locations included in the survey (facilities with more than 50 employees). This target was met in 2019.

As part of our CSR Strategy 2030, a new target was set for maintaining the accident rate at the respect facilities as well as meeting an improved Group accident rate of 0.5 per 100 employees by 2030. Various related occupational health and safety initiatives again took place during the year under report. They ranged from safety training through to health screening, with each facility setting its particular emphases. The rate of work accidents remained¹⁰ unchanged at 0.67 per 100 employees in 2019. In addition, we stipulated cover of medical care at our facilities for the first time in 2019. It stood at 78 percent.

¹⁰ By international standard, accidents must be reported from the first day of incapacity



Social responsibility

Respect of human rights

The LEONI Group commits itself to upholding internationally recognised human rights. Management, all staff and our suppliers are called upon to prevent modern slavery and human trafficking in our business activities. Our Code of Conduct as well as the LEONI Social Charter stipulate that any forced or compulsory labour is prohibited at LEONI. In our statement on respecting human rights, we likewise explicitly declare that we do not tolerate any human rights abuses, with violations being unequivocally sanctioned.

We continued the activity as part of our Modern Slavery Prevention project as far as was economically feasible. In this regard, we complemented the already existing platform for submitting complaints to include such other issues as discrimination and illegal working conditions at the beginning of 2020.

LEONI requires its suppliers to act sustainably and, in particular, to uphold human rights at all times. We issued a corresponding Code of Conduct for business partners in 2019. Our standard terms and conditions require all our suppliers to observe our Social Charter and/or the principles of the UN Global Compact. For instance, a new supplier to either division will

be approved only if the supplier accepts either the guiding principles of the UN Global Compact or our Social Charter. LEONI is entitled to terminate the business relationship immediately when any serious and repeated breaches of the principles stipulated therein come to light. No material breaches were found in 2019.

LEONI furthermore strives to prevent the use of conflict minerals, which are mined with disregard for human rights, and requires suppliers not to supply any components with raw materials sourced from the Democratic Republic of the Congo or its neighbouring states. This is set out in a Group-wide guideline on conflict minerals, which is operationally applied in both divisions. Since 2014, we have voluntarily informed customers pursuant to the U.S. Dodd-Frank Wall Street and Consumer Protection Act on the extent to which our products contain such conflict minerals as gold, tantalum, tin or tungsten that stem from mines or smelting works in certain African countries. We ask our customers annually to furnish the necessary information in this regard. We thereby facilitate the traceability of these substances as well as the transparency of the supply chain and support our customers in fulfilling their corresponding requirements.

In addition, we participated in a customer project to increase the transparency in our supply chain. To this end, we scrutinised and analysed all stages in the copper supply chain by means of supply chain mapping.



Social responsibility

Community engagement

LEONI supports community projects with donations and sponsorship. We consider sustainability and local relevance to be important. Activities are coordinated on the one hand by a Group-wide sponsorship strategy as well as, on the other hand, by the individual facilities on a voluntary basis to ensure we meet the specific needs of each particular region. For instance, LEONI supports such projects as building nursery schools, improving educational infrastructure and environment-related activity in many of its facilities' local communities worldwide. We also maintain a range of partnerships with universities, technical colleges and research institutions. In developing and emerging economies in particular, LEONI's facilities make significant contributions in economic terms, thereby helping to combat poverty and supporting sustainable development in these countries. Given the Company's economic situation, the Board of Directors temporarily cut the funds made available for donations and sponsorship as of the second half of 2019.

Exertion of political influence

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

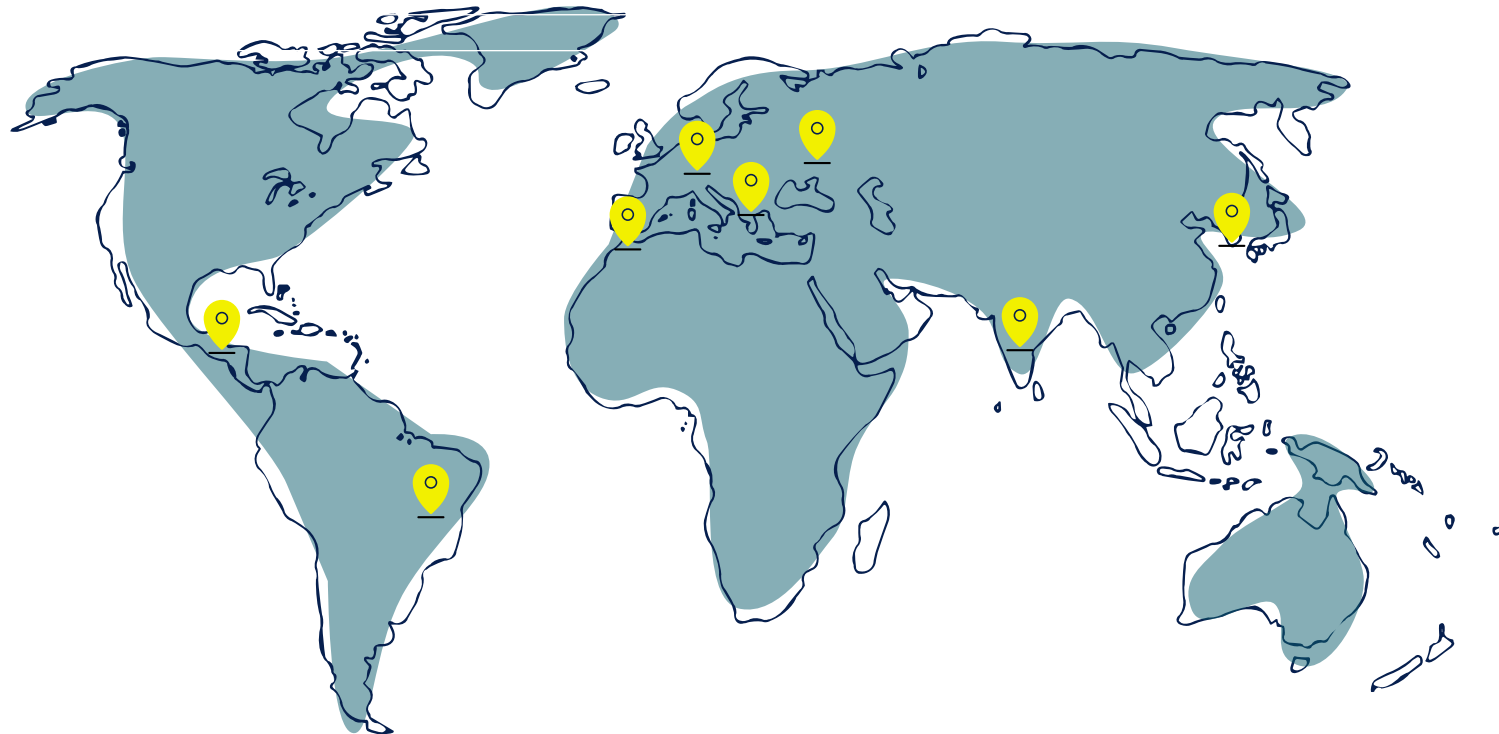


Social responsibility

2019 COMMUNITY PROJECTS

- Brazil** Support for foundations aiding handicapped people and community projects that help people in need
- India** Donation of clothing and essentials for flood victims
Support for tree-planting day
- South Korea** Support for low-income single parents
- Morocco** Donation of food and clothing for the local community in Bouskoura
- Mexico** Support for the local community's beach cleaning by collecting 140 kg of waste in Chicxulub
Donation to "ENLAC Institute" & CAM 4 for handicapped children
Support for the industrial estate's environmental work by planting 20 trees

- Serbia** Support for the science festival in Niš
Donations for nursery school, technical college and community centres
- Russia** Support for the local centre for handicapped children
Support for local athletes and excursions to the children's holiday camp for the children of employees.
- Germany** Support for the local green, tree-planting project
Support for local students in difficulties and for handicapped children
Support during the "Baby milk and sick children project" sponsorship run
Donation to a charity running a village for children and youth
Donation to a charity in Jena for children with cancer



UN Global Compact Index

UN Global Compact Principles	Implementation by LEONI AG	Information on guidelines, systems, results and key figures in this report
Human rights: Companies shall ...		
Principle 1 ... support and observe the protection of international human rights within their sphere of influence; and	LEONI Code of Conduct LEONI Social Charter	› Page 29
Principle 2 ... ensure that they are not complicit in human rights abuses.	Statement on upholding human rights Guideline on conflict materials	› Page 29
Labour standards: Businesses shall ...		
Principle 3 ... uphold the freedom of association and effective recognition of the right to collective bargaining, in addition to upholding the	LEONI Code of Conduct	› Page 25
Principle 4 ... elimination of all forms of forced labour,	LEONI Code of Conduct	› Page 29
Principle 5 ... the effective abolition of child labour and	LEONI Code of Conduct	› Page 29
Principle 6 ... the elimination of discrimination in recruitment and employment.	LEONI Code of Conduct	› Page 26
Environmental protection: Businesses shall ...		
Principle 7 ... support a pre-emptive approach in dealing with environmental problems,	ISO 14001, ISO 50001, EMAS certification SHE guidelines LEONI Code of Conduct	› Page 16 › Page 15 › Page 11
Principle 8 ... undertake initiatives to instil greater awareness of responsibility for the environment, and	Accounting for GHG emissions Projects aimed at conserving resources and reducing climate-related emissions LEONI Code of Conduct	› Page 18 › Page 21 › Page 11
Principle 9 ... encourage the development and diffusion of environmentally friendly technologies.	Sustainable product development	› Page 13
Anti-corruption: Businesses shall ...		
Principle 10 ... combat all forms of corruption, including extortion and bribery.	LEONI Code of Conduct	› Page 11





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