

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2019

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DEAR READERS,

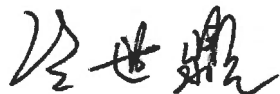
LEDVANCE, LLC pledges its continued support of the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption.

We are committed to making the UN Global Compact and its Principles part of the strategy, culture and day-to-day operations of our company, and to engage in collaborative projects that advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

This Communication on Progress describes the numerous efforts LEDVANCE undertook in 2019 to achieve this commitment.

Thank you,

Shi-Ting Chu
Managing Director



PRELIMINARY REMARKS

The UN Global Compact is an important alliance for responsible corporate governance worldwide. Voluntary adherence to its Ten Principles is intended to shift the protection of human rights, the maintenance of international labor standards, support for environmental protection and the fight against corruption worldwide to the center of commercial activity. By joining the Global Compact, we expressly support these Principles and annually report on our activities and achievements in a Communication on Progress (CoP).

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COMPANY PROFILE

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

Having emerged from the general lighting business of OSRAM, the company has been owned by Chinese lighting company MLS Co., Ltd. (MLS) since April 2018, with offices in more than 50 countries and business activities in more than 140 countries.

Based on an agreement with OSRAM, LEDVANCE will continue to use the trusted OSRAM brand (SYLVANIA for the USA and Canada) for many of its products including its entire LED and traditional lamps portfolio. For its range of professional LED luminaires marketed via electrical wholesale, LEDVANCE has started to incrementally introduce the LEDVANCE brand on a product level. LEDVANCE's operations report to the Head Office of LEDVANCE GmbH in Garching near Munich, Germany.

HUMAN RIGHTS PRINCIPLES

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

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

In signing the UN Global Compact (UNGC) in 2017, LEDVANCE has made an explicit public statement in support of the protection of human rights in our area of responsibility. This commitment is valid globally and includes our employees as well as every entity with whom we do business, specifically our supply chain. We regard the Universal Declaration of Human Rights, on which these two UNGC Principles are based, as an indispensable baseline to conduct business wherever we operate.

To protect human rights in our operations, we have established a number of pertinent corporate policies. These serve to eliminate risks and conduct business in an ethical and transparent manner:

- Our **Business Conduct Guidelines** (Code of Conduct) explain the manner in which we behave as an organization and how we expect our employees to act.
- Our **Recruitment Policy** includes conducting “eligibility to work” checks for all employees to safeguard against human trafficking or individuals being forced to work against their will.
- A **Whistleblowing Policy** ensures that all employees know they can raise concerns about practices within our business or supply chain without fear of reprisals.
- Our **Environment, Health & Safety (EHS) Guidelines** serve to protect the physical integrity of our employees with regard to workplace safety and the prevention of accidents.

- The **Code of Conduct for LEDVANCE Suppliers** commits our suppliers expressly to do everything in their power to ensure basic human rights for employees, and prevent forced, compulsory or child labor. It also contains a Conflict Minerals Supplement designed to preclude the use of certain minerals from regions prone to human rights violations.
- The **anti-slavery policy** is part of the Code of Conduct for LEDVANCE Suppliers, setting out our stance on modern slavery. It explains how our employees can identify relevant instances and where they can go for help. In connection with this Policy, we publish an **annual statement** of compliance with the UK Modern Slavery Act.

IMPLEMENTATION

As part of the onboarding process, the Business Conduct Guidelines are communicated to all new employees. In addition, every employee receives compliance training every three years. Every region of our operations has a compliance officer tasked with conducting relevant training for all employees and addressing and managing any potential issues or violations through the LEDVANCE Compliance Management System. LEDVANCE also has a complaint mechanism available to employees if there is a need to report any violation of the Business Conduct Guidelines.

We strive to offer our employees a safe and secure workplace with fair conditions. Our EHS management system continually monitors the degree of achievement of our objectives for health and safety. It operates according to the internationally recognized standard OHSAS 18001. Individual sites are certified externally.

LEDVANCE maintains a preferred supplier list. We conduct due diligence on all suppliers before allowing them to become preferred suppliers. This due diligence includes an online search to ensure that the particular organization has never been convicted of offenses related to modern slavery.

MEASUREMENT OF OUTCOMES

In 2019, zero incidents of violations of our policies were reported to our compliance structure. All were handled according to the LEDVANCE compliance response procedures, and none required extreme action.

With regard to workplace accidents, we are tracking all incidents on a local level, but currently don't have a global KPI for avoiding occupational accidents. A new target is keeping track of occupational accidents on a global level. This may result in an applicable KPI in the future. It currently serves internal management purposes only.

In addition to reports from within the organization, from the public or from law enforcement agencies, LEDVANCE occasionally conducts on-site audits of suppliers. These include a review of working conditions including labor contracts, working hours, and safety considerations.

LABOR PRINCIPLES

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

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

Principle 5: the effective abolition of child labor; and

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

For LEDVANCE, upholding human rights in the business sphere means ensuring that labor standards exclude forced and child labor. As for any company from an industrialized country, Principles 4 and 5 mainly extend to the supply chain. Principles 3 and 6 are included in the eight ILO Fundamental Conventions and are therefore also non-negotiable for LEDVANCE.

Adhering to these international labor standards and to fair working conditions is indispensable for the success of LEDVANCE as a global employer. LEDVANCE takes responsibility for upholding these standards and is explicitly against child labor and other unethical and unsocial business practices.

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

The following corporate policies aim to ensure that high labor standards are respected at LEDVANCE:

- Our **Business Conduct Guidelines** (Code of Conduct) contains a specific section headed “Mutual Respect, Honesty and Integrity”, which lays the foundation of a workplace environment free of any sort of discrimination both within the company and toward business partners.

- Our **Whistleblowing Policy** enables employees to raise concerns about potential violations of the Business Conduct Guidelines.
- The **Code of Conduct for LEDVANCE Suppliers** defines the basic requirements placed on suppliers of goods and services of LEDVANCE concerning their responsibilities for ensuring adherence to basic labor principles and safety for all employees.
- Our **anti-slavery policy** and its associated **annual statement** of compliance with the UK Modern Slavery Act expressly commit suppliers “to provide fair remuneration and to guarantee the applicable national statutory minimum wage”.

IMPLEMENTATION

Our employees have the right to freedom of organization and assembly throughout the world. In countries where employee representatives have been established, it is very important for us to work together with them as closely and constructively as possible.

LEDVANCE’s complaint mechanism is available to all employees and may be used to signal any potential action that runs contrary to this principle.

Regular training on our Business Conduct Guidelines makes and keeps employees familiar with our position on discrimination.

In attending to our list of preferred suppliers and undertaking relevant checks, we aim to identify any potential breaches of the Code of Conduct for LEDVANCE suppliers. Where appropriate, and as informed by our risk assessment, we will engage directly with suppliers in respect of our anti-slavery policy in order to gain a proper

understanding of the measures they have in place to ensure that modern slavery is not occurring within their own businesses or supply chains and, where appropriate, agree as to how such measures should be enhanced.

Our contractual documentation incorporates specific prohibition against slavery or servitude, the use of forced, compulsory or trafficked labor, and the use of child labor in line with our policies. We require our contracted suppliers to hold their own suppliers to the same standards. We also reserve the right to terminate any contractual arrangement if there is a breach of this policy. Incidents are reported via a tool; mitigation processes are handled locally.

While we regularly conduct training for our procurement teams so that they understand the signs of modern slavery and what to do if they suspect that it is taking place within our supply chain, the Compliance Team will ensure that all staff receive adequate training on this policy and any supporting processes applicable to their role. Such training forms part of our onboarding process. In addition, staff receive training on the broader issues of modern slavery so as to assist them in appreciating the extent of the challenges and to identify areas of business that may be at risk from practices of modern slavery.

MEASUREMENT OF OUTCOMES

In 2019, no reports were received from employees, the public, or law enforcement agencies to indicate that modern slavery practices were identified at LEDVANCE.

ENVIRONMENT PRINCIPLES

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

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

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

As a manufacturing company, LEDVANCE is aware of its impact on the environment, climate and nature, and on the availability of resources. We are committed to environmental management practices that conserve resources and to developing energy-efficient products.

LEDVANCE has set itself ambitious environmental targets for its global operations. Starting from the base year 2006, we want to reduce, by 2020, our CO₂ emissions, water consumption, and waste generation by 20% in each field.

With an annual reduction target for CO₂ emissions of 0.75% and an increase in energy efficiency of 1.3% (following the relevant German industry pact), LEDVANCE contributes to the United Nations Paris Agreement on combatting climate change. Similarly, we aim to reduce our water consumption and waste generation by 0.75% annually.

Specific policies with regard to Environment, Health and Safety (EHS) are designed to attain these targets:

- The LEDVANCE **EHS Policy** provides a framework for action and the setting of targets and programs for EHS topics. It reaffirms the commitment to comply with applicable legal and other requirements related to EHS aspects. The Policy is communicated to all employees and other people working for or on behalf of LEDVANCE.

- Three **EHS Guidelines** are derived from LEDVANCE's corporate values and give additional substance to the Business Conduct Guidelines. They define binding requirements and principles for the EHS management system and support all company units in complying with legal and other requirements. The Guidelines cover environmental management, energy management, and occupational health and safety respectively.

IMPLEMENTATION

LEDVANCE has a management system in place that covers the following standards: ISO 14001 (environmental management), ISO 50001 (energy management), OHSAS 18001 (occupational health and safety) and BSCI (Business Social Compliance Initiative). All our production locations have implemented this management system. There are local audits and corporate audits to evaluate the maturity.

However, not all locations are certified to these standards. Worldwide, all LEDVANCE plants are certified according to ISO 14001. All European production locations and warehouses additionally have an ISO 50001 certificate, and one location (Foshan, China) has an OHSAS 18001 certificate.

To measure progress and monitor changes in the implementation of the standards, we have employed a global EHS data management and reporting system, which also provides the data for our reports to the Carbon Disclosure Project (CDP). It covers all production sites, major offices, and distribution centers. To reach our energy-related goals, a cross-departmental team is responsible for the implementation of energy-saving measures in an initial batch of 20 plants throughout the company.

We also have processes in place for chemical management, in particular for the approval process for chemicals and the substitution of CMR substances (carcinogenic, mutagenic, or toxic for reproduction) according to European regulation. Legally required safety data sheets for critical substances are available for the purpose of proper storage and handling, according to legal requirements in the countries in which we operate.

When our products reach the end of their life cycle, we cooperate with a range of take-back organizations in full compliance with the European WEEE (Waste of Electrical and Electronic Equipment) Directive and in US states and Canadian provinces.

Our water management program serves to reduce our water consumption and to pre-clean wastewater emitted from our manufacturing plants. We use water circulation systems and operate wastewater treatment plants according to local legal requirements. The treatment depends on the type of pollutants. Usually we neutralize the wastewater by removing metals and properly disposing of them.

Employee support of our environmental policies begins with the onboarding of new colleagues and continues with annual safety trainings and monthly tips that provide information on how to save water and energy.

MEASUREMENT OF OUTCOMES

Certifications according to ISO 50001 and OHSAS 18001 date from previous years and are still valid.

In the United States, LEDVANCE participates in the US EPA's SmartWay Transport Partnership. This partnership provides tools and support to measure, benchmark and improve our logistics operations so we can reduce the transportation-related environmental footprint of our supply chain.

Since October 2015, LEDVANCE LLC has utilized the SmartWay Tool and carrier data to build and report our monthly carbon footprint. We tie the carrier output data to our CO₂ emissions/kg shipped for domestic transportation providers. By doing this, we have been able to focus our business to better utilize SmartWay Carriers, identify areas of improvement and achieve a lower carbon footprint. LEDVANCE has received a SmartWay Excellence Award from the US EPA for three years in a row.

ANTI-CORRUPTION PRINCIPLE

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

Doing business in an ethically responsible way is a precondition of working with and for LEDVANCE. We adhere to all relevant laws and regulations in all regions and jurisdictions in which we operate. We also support international legal frameworks such as the United Nations Convention against Corruption.

Compliance with these regulations is an integral part of our business processes. Our compliance system is based on three pillars: Prevent, Detect and Respond. Preventing corruption and other violations of fair competition takes the highest priority.

LEDVANCE pursues a zero-tolerance stance on matters concerning corruption in all its forms.

The anti-corruption strategy of LEDVANCE is based on the following policies:

- The **Business Conduct Guidelines** contain the basic principles and rules for the conduct of all LEDVANCE employees. They set out how we meet our ethical and legal responsibility as a company. They apply within the company as well as in relation to our external partners and the general public.
- The **Code of Conduct for LEDVANCE Suppliers** commits our business partners in the supply chain to the same high level of compliance with applicable laws that we follow ourselves.
- A **Whistleblowing Policy** ensures that all employees know they can raise concerns about practices within our business or supply chain without fear of reprisals.

IMPLEMENTATION

The LEDVANCE Compliance Management System is administered by a global team headed by the Chief Compliance Officer assisted by a Compliance Counsel and compliance experts in our key markets. Our Compliance Management System sets out how we meet our ethical and legal responsibility as a company and contains the basic principles and rules for the conduct of all employees.

Internal processes are established for areas with high vulnerability to corruption in order to avoid corruption in business relationships. They include a business partner due diligence tool, a compliance approval tool for gifts and hospitality, and a protected channel (anonymous if desired) known as the LEDVANCE Integrity Line (LILi) with corresponding processes and controls, guidelines, training measures, communication, compliance review boards, etc. LILi is available to all employees and external third parties for reporting potential compliance violations.

We regularly promote awareness of compliance issues in the form of internal and external communication, basic and refresher in-person training, web-based anti-corruption training, web-based antitrust training, and customized training for specific target groups (e.g. purchasing). In addition, there is also a yearly general process audit according to the quality management standard ISO 9001 aimed at preventing corruption and bribery in areas such as accounting and purchasing.

MEASUREMENT OF OUTCOMES

Any employee who commits a compliance violation can expect disciplinary consequences as a result of his or her failure to comply with labor contract obligations, irrespective of the sanctions imposed by law. To ensure that appropriate disciplinary consequences are applied, LEDVANCE has introduced a process which regulates the procedures following compliance violations.

Internal audits are conducted to review the implementation of our anti-corruption measures. They include annual random IT-generated requests for reviews of business partners and invoices.

In 2019 compliance training worldwide reached 2,078 employees.

IMPRINT

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