

LEM

Life Energy Motion



UN Global Compact Communication on Progress 2021



life

There is no doubt that over the past year, life as we had known it at LEM was disrupted by the pandemic. Many of us were affected personally by the virus, and all of us had to adjust to new ways of working. Our resilience was proven many times over. And we appreciated more than ever the human understanding and trust among our teams, customers and suppliers.

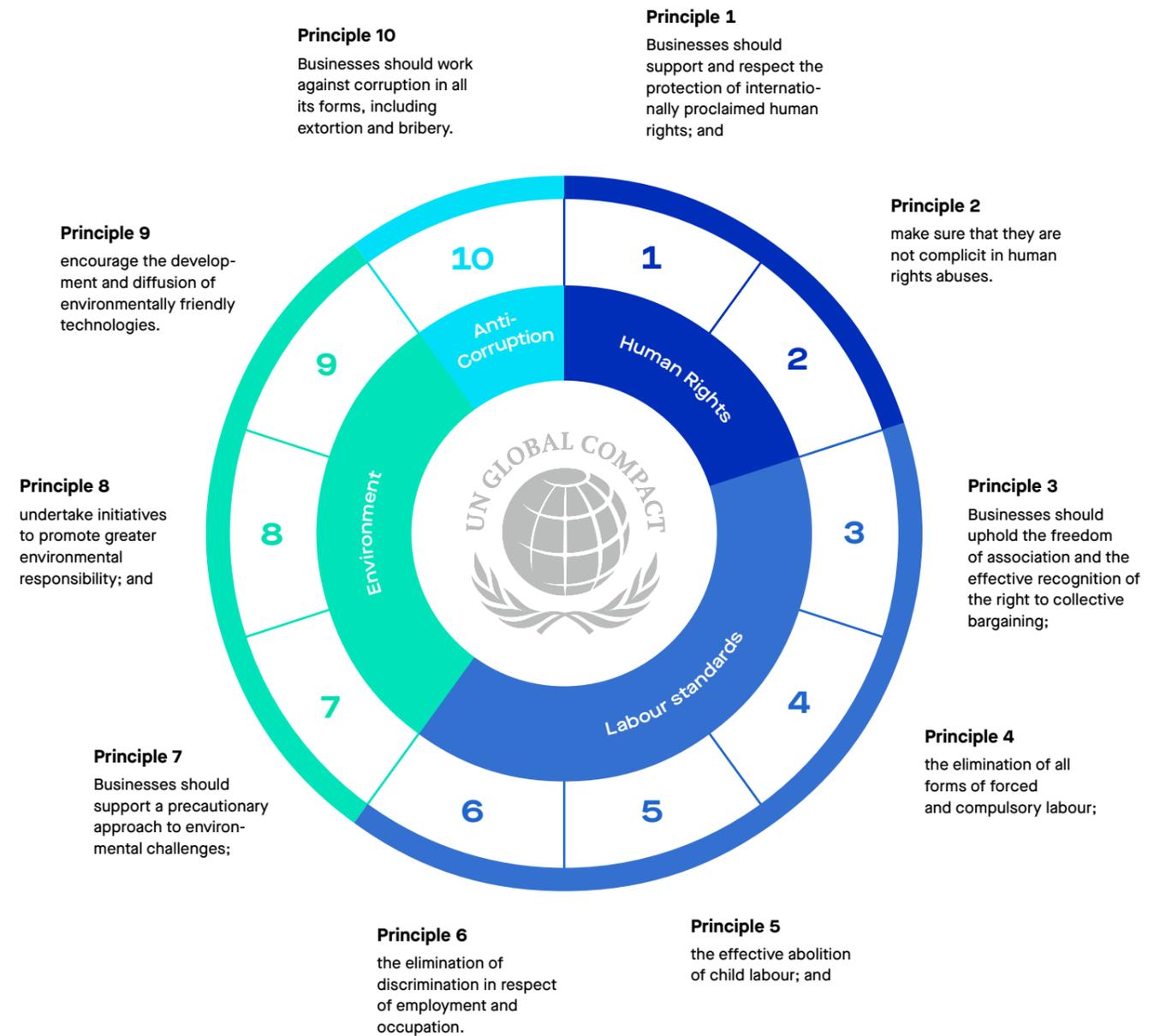
energy

We established virtual communication immediately, becoming more efficient and transparent. Around the world, LEM teams came together to ensure that our business partners' needs were met rapidly. We launched new smart solutions to optimize our customers' systems and continued to invest for the future.

motion

The extraordinary circumstances allowed us to identify future business opportunities. We used the challenges of COVID-19 to work smarter, adopt new ways of thinking and act quickly. This has set new processes into motion, many of which will benefit our stakeholders and the company for years ahead.

The Ten Principles of the UN Global Compact



Letter from the CEO

For 2022, we are pleased to reconfirm that LEM fully supports the Ten Principles of the United Nations Global Compact.

Sustainable development and environmental responsibility – as covered by UN Global Compact principles 7, 8, and 9 – are at the heart of our activity. At LEM, we strive to develop products that are key to reducing both energy consumption and CO₂ emissions. With our 1,500 employees across 15 countries, we work at the forefront of megatrends such as renewable energy, mobility, automation, and digitalization. We foster sustainable energy sources and responsible consumption. Together, we develop innovative solutions to help our customers and society accelerate the transition towards a more sustainable future.

In 2021, we decided to formally embark on our Carbon Neutral Journey. For our customers, employees, investors, and other stakeholders, we are fully committed to reducing the environmental footprint of our activities through ambitious measures. We are currently conducting a representative CO₂ baseline assessment across our group.

Using different methods to ensure strong reliability, we will be able to calculate the CO₂ emission values of our company as a whole. By early 2022, we will have extensive data about the status quo of CO₂ emissions produced by LEM.

This will allow us to derive key areas of focus and to set up company-wide initiatives in order to reduce emissions whenever possible and to offset the remaining emissions that cannot currently be avoided.

Alongside this important project, we continue to integrate sustainability in all our business segments.

As an example, our electric sensors are used in solar applications, windmills, trains, electric and hybrid vehicles. Our other applications help to control and reduce the amount of electric energy used. Moreover, we do our best to minimize the amount of raw material by reducing our products' size while further avoiding unnecessary emissions by moving LEM's factories closer to our final markets.

This sustainable vision is also reflected in our new global HQ, currently under construction in Geneva, Switzerland. We have set high environmental goals for the building, which we aim to reach by further reducing our footprint, including energy and water consumption, and waste production. We installed solar panels and charging stations for electric cars, to mention a few examples.

We continue to set clear ESG objectives for the group. Our ten KPIs cover themes such as Environment & Sustainability, Society, and Governance that can be found at the end of this report.

With regards to principles 1 to 5 and 10, LEM confirms that it adheres to best practice in all these areas, as enshrined in our Code of Conduct.

Concerning principle 6 of the UN Global Compact, we are committed to fostering a culture that encourages personal development, creativity, teamwork, and innovation. Diversity, inclusion, integrity, and equality are essential and shared values which are at the core of our business and come naturally to our people. This culture is incorporated into a set of behaviors (LEM Blue Behaviors) which have been formalized and are now being embedded into our global human resource processes.

At LEM, we share strong values and are committed to hiring people based on their talent. We support each of our employees in their professional development. We are also committed to increasing diversity amongst our ranks. We are proud to have several women and various nationalities represented amongst our managers and Executive Committee. We saw a rise of 6% of women in management positions between 2020 to 2021, increasing from 30% to 36%.

Some other examples to highlight from our global operations include our strong emphasis on improving the working conditions of our employees by investing in new facilities. For instance, in 2021, we renovated our canteen, meeting rooms and washrooms in China to ensure that our workforce could benefit from the best infrastructure possible.

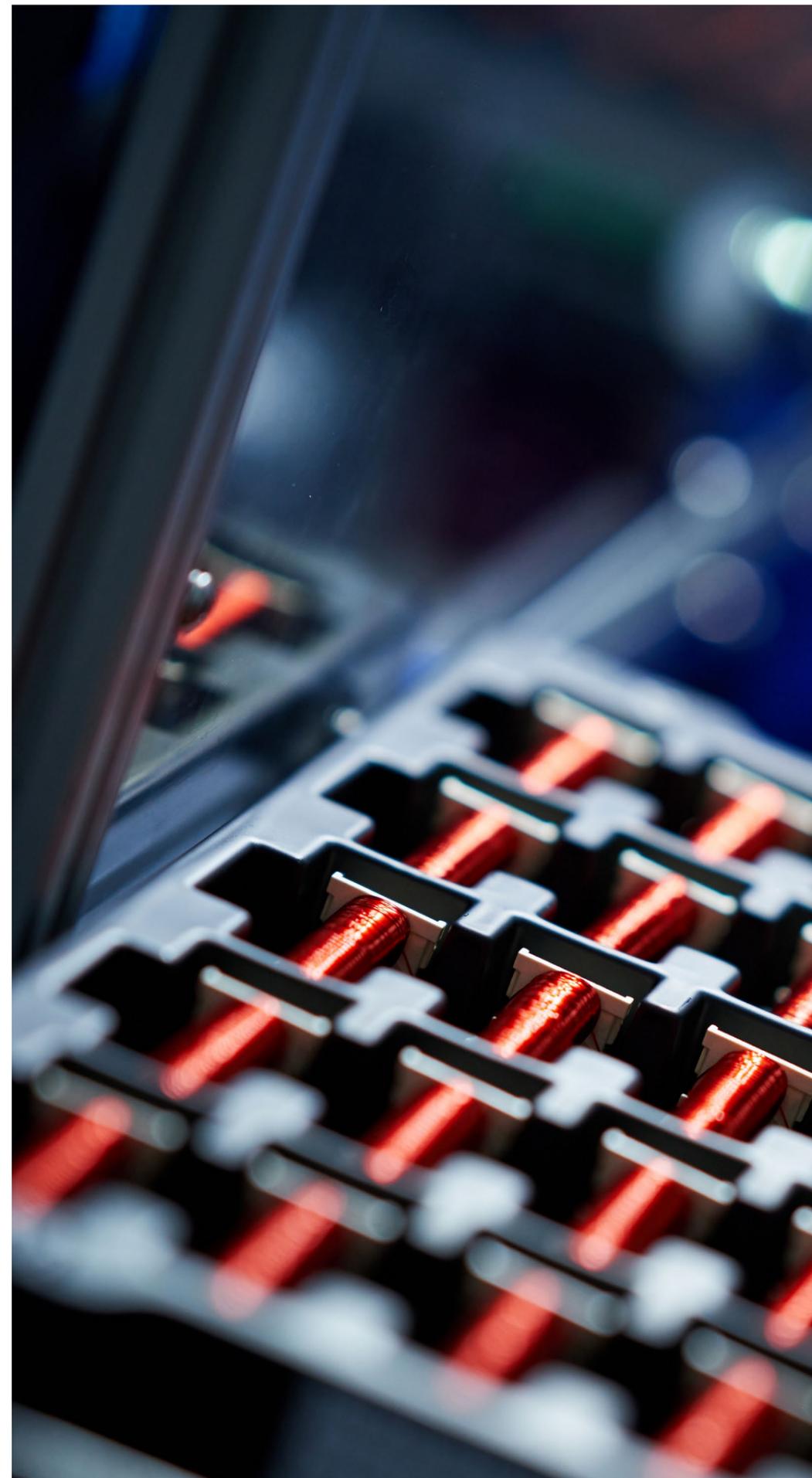
Moreover, in 2021, we continued to focus on protecting all our employees from COVID-19 and other health hazards by ensuring safe working conditions, offering flexible working options such as home-office or providing incentives such as days off to get vaccinated.

Consistent with our strong commitment towards a better and more sustainable future, we look forward to further reinforcing our adherence to the Ten Principles of the United Nations Global Compact in 2022.

Sincerely yours,



Frank Rehfeld
Chief Executive Officer,
December 2021



Responsibility

Our success stems from operating within a clear value system, following best practice principles and standards.

We believe that sustainable and ethical practices create long-term value for all key stakeholders in society and assure the longevity of businesses. Our success stems from operating within a clear value system, following best practice principles and standards, together with the close monitoring of environmental, social and governance (ESG) key performance indicators (KPI).

LEM Code of Conduct

The LEM Code of Conduct (CoC) is our key document. It reflects the United Nations Global Compact, global environmental standards and our core values. It is a binding document for employees and business partners, such as suppliers and consultants, whose compliance we regularly audit. Every LEM employee receives e-learning training on the CoC, including instructions and case studies, and signs it.

United Nations Global Compact

Since 2006 we adhere to the Ten Principles of the United Nations Global Compact (UNGC), which are driving global action to achieve the Sustainable Development Goals by 2030. These principles, which relate to human rights, labor, environment and anti-corruption, are embedded in every aspect of LEM, from our strategy to our actions. As we do every year, we provided an update on our progress to the United Nations which is available on LEM's and the UNGC's website. In addition, we follow the best practice policies of the Universal Declaration of Human Rights and the UK Bribery Act.

Environmental standards

The trends to sustainable energy sources and electromobility are two of LEM's key growth drivers. Our accurate sensing solutions give our customers a competitive edge in energy management solutions. For example, LEM sensors' high accuracy directly impacts the battery pack size of an electric or hybrid-electric car, and hence improves car weight and energy consumption.

All our production sites are ISO 14001:2015 certified, an environmental certification which we renew regularly. Our production activities are compliant with REACH (European Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals), RoHS (Restriction of Hazardous Substances) as well as conflict minerals reporting and obligations. LEM regularly publishes updates to its standards and reporting on our website. All LEM manufacturing sites apply waste sorting and treatment solutions. For each new product, we develop an environmental profile before launch, which includes recyclability rate and material saving compared to previous or equivalent models.

LEM Code of Conduct

Ethics **Human rights** **Business practices**

United Nations Global Compact

– UN Sustainable Development Goals

Environmental standards

- Preserving the environment
- Protecting human health
- Utilizing natural resources rationally

ESG performance

With our sensors for energy efficient applications, we contribute to a more sustainable and responsible world. Equally, we recognize the importance to make a meaningful contribution within our organization and to keep score of our environmental, social, and governance (ESG) performance. This is why we started collecting key performance indicator (KPI) data since 2015. Our ambition is to continually develop our internal capabilities and sustainability initiatives, and to report transparently on our progress.

Environmental

We measure our environmental footprint through the consumption of power, water, and fuel, the CO₂ emissions from air freight, continuous compliance with ISO 14001, and the number of supplier audits conducted.

Power, water, and fuel consumption are measured by the total numbers of sensors sold, as all of them are directly output related. Gasoline is used for our company cars globally, mainly by our sales teams, and also to back generators during power shortages in China. We disclose CO₂ emissions from air freight, as this is the main mode of transportation to get our products to our customers.

Our four production sites comply with the ISO 14001 standard. Every year, we audit suppliers based on their ESG performance and make sure that our ESG principles are well cascaded across our supply chain; this is our standard procedure before we accept a new supplier.

Since 2015, the KPIs for freight emissions as well as fuel and water consumption have shown a positive development and we maintain the ISO 14001 certification due to consistent processes. Globally, we reduced our water consumption in our production sites. The global COVID-19 pandemic reduced our fuel consumption, especially in China, and represented a challenge to our on-site supplier audits. We reduced freight emissions, as we are increasingly using transportation with a lower CO₂ footprint.

Social

It is our goal to foster a culture that encourages professional development, equal and fair treatment, and that nourishes and empowers every individual. We want to be a company where every employee can feel safe to be creative, innovative, and thrive with their personal talents.

We make sure that our employees are not subject to discrimination based on characteristics other than inherent factors required for the job. We reconfirm that our Geneva site was audited for its gender pay gap in 2019, demonstrating that women and men earn the same salary for equivalent positions (see chapter Culture, talent and values). To help our talent prosper, we encourage them to seek professional development. However, due to COVID-19, we had to reduce our on-site training days in 2020.

Governance

We want our employees to act based on our CoC to make sure that our values are well understood across all sites, cultures, and positions. This is why we ensure all employees sign the CoC upon their arrival and require them to take an e-learning. The test was launched in mid-2017, is based on 12 questions and has to be retaken every three years. For the year 2020, 77% of our employees with more than six months at LEM have taken this test. As a logical consequence of COVID-19, fewer training programs for CoC and other subjects were conducted on site.

We recognize the importance of making a meaningful contribution within our organization and to keep score of our environmental, social, and governance (ESG) performance.

ESG Key Performance Indicators

	2015	2016	2017	2018	2019	2020	2020 vs 2019
Environmental							
Power consumption (kWh)/total numbers of sensors sold	0.152	0.149	0.141	0.144	0.156	0.151	-4%
Water usage (L)/total numbers of sensors sold	0.65	0.72	0.63	0.49	0.51	0.38	-24%
Petrol usage (g)/total numbers of sensors sold	1.25	1.21	0.89	0.85	0.90	0.72	-20%
Freight emissions in tons of CO ₂	N/A	N/A	N/A	7'618	7'577	6'520	-14%
Production sites with ISO 14001	100%	100%	100%	100%	100%	100%	✓
Number of supplier audits	38	36	55	46	44	32	-27%
Social							
Discrepancy between salaries of men and women*	N/A	N/A	N/A	N/A	99.7%	99.7%	✓
Number of training days by external companies	287	410	571	366	908	420	-54%
Governance							
Code of Conduct signed by our employees	93%	89%	93%	96%	97%	97%	0%
% of employees trained on the Code of Conduct	N/A	N/A	N/A	63%	84%	77%	-8%

All years are 12 month calendar periods
 *100% = no discrepancy, Geneva site only

Leading the world in electrical measurement, LEM engineers the best solutions for energy and mobility, ensuring that our customers' systems are optimized, reliable and safe.

Code of Conduct

We are committed to aligning our operations and strategies with the universally accepted United Nations Global Compact principles in the areas of human rights, labor, environment and anti-corruption. By doing so, we can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

Scope: This code applies to all stakeholders of LEM: employees including temporary workers & managers; business partners, including suppliers, subcontractors, consultants, distributors, agents and other third parties associated with us.

Human rights

1. We support and respect the protection of internationally proclaimed human rights and make sure that we are not complicit in human rights abuses.*
2. We provide safe & healthy working conditions.*
3. We commit to protect our employees and colleagues against harassment in the workplace, in particular against any kind of sexual, physical or psychological abuse.*

Labor

4. We uphold the freedom of association and the effective recognition of the right to collective bargaining.*
5. We uphold the elimination of all forms of forced and compulsory labor and the effective abolition of child labor.*
6. We uphold the elimination of discrimination in respect of employment and occupation.*
7. We undertake not to work under the influence of any substance that could impair our judgment or interfere with our effective and responsible professional performance, in order to protect our own safety as well as that of our colleagues and communities.

Environment

8. We support a precautionary approach to environmental challenges, we undertake initiatives to promote greater environmental responsibility and we encourage the development and diffusion of environmentally friendly technologies. *

Business practices

9. We commit to be in compliance with all relevant laws and other applicable standards.
10. We work against corruption in all its forms, including extortion and bribery.*
We do not offer, promise, grant, accept, tolerate, knowingly benefit from or demand any bribes, gifts or other improper advantages which might be construed as influence enhancing. If it is customary in a cultural environment to exchange gifts, these shall be of a symbolic nature.

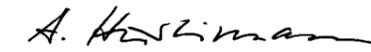
11. We disclose to LEM any situation that may appear as a conflict of interest and, when concerned, refrain from any intervention between LEM and concerned partners.
12. As a publicly listed company, LEM informs its employees, shareholders, the media and financial analysts as well as other target groups in a comprehensive and transparent manner and on the basis of the principle of equal treatment. We acknowledge that the Chairman of the Board, CEO and CFO are LEM's exclusive communication channel to the general public / financial community and will inform the CFO about any potentially price-sensitive fact in order for LEM to comply with its ad-hoc disclosure obligations.
13. We treat confidential information of all our stakeholders with the utmost care. We do not pass on any confidential information, even after having left the company. We protect our data and those of our stakeholders.
14. We must not benefit from, or enable others to benefit from, trading in securities or stocks based on material non-public information.

Application of this Code of Conduct **

- LEM and its employees use the following measures to apply this Code of Conduct, and we recommend our business partners to apply similar measures.
15. We foster a culture within the organization in which misconduct is never acceptable. All our employees, including our top-level management, are constantly committed to preventing any misconduct of our stakeholders.
 16. We assess the nature and extent of our exposure to potential external and internal risks. This assessment is periodic, informed and documented.
 17. We apply due diligence procedures, taking a proportionate and risk based approach in order to mitigate identified risks. We seek to ensure that our policies and procedures are embedded and understood throughout the organization through internal and external communication, including training. We count on you, our employees, to apply our principles.

18. Any queries concerning these principles, or reports on their violation, need to be addressed to line managers or the Human Resources department of your workplace or escalated to corporate via speakup@lem.com. Employees reporting a violation in good faith do not have to expect any negative consequences. Such reports shall be treated with the appropriate confidentiality and anonymity. We do not prohibit anonymous reports, but in order to guarantee adequate investigation, we clearly encourage identifiable reports.
19. We monitor and review procedures and make improvements where necessary.
20. Any employee who violates the law or any of the company's policies or this Code of Conduct is subject to disciplinary action including and up to termination of employment.

For the Board of Directors
Geneva,



Andreas Hürlimann
Chairman

* As defined in the UN Global Compact and specified in the UN Supplier Code of Conduct

** As defined by UK Bribery Act

