

# **Sustainability Report 2017**

## UN Global Compact Communication on Progress



**The Quality Connection**

**LEONI**

» Content

The LEONI Group	5
Corporate sustainability at LEONI	7
Sustainable corporate growth	11
Ecological responsibility	17
Social responsibility	25
Sustainability in the supply chain	33
UN Global Compact Index	34



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.



**About this report**

This LEONI Sustainability Report is also our LEONI Global Compact Communication on Progress and therefore documents LEONI's 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. Chapters 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 Paragraph 315b HGB (German Commercial Code) to meet the new statutory requirements on CSR reporting. It is printed as part of the 2017 Group Management Report in the 2017 Annual Report which can be accessed on our website.

# Foreword

In 2017, LEONI strategically repositioned itself as a global solution provider for power and data management in the automotive sector and other industries. Sustainability aspects had a key role to play in this process. For the first time we established not just financial principles but also non-financial guidelines for future corporate development. These include the generic issues of customer satisfaction, employee commitment, diversity and transformation progress. Implementation of the repositioning is supported by a culture of excellence, agility, customer focus and trust. This also involves enhanced perception of the issues of compliance and governance as well as a fundamentally broad-based social and ecological responsibility in all directions. For us these are essential, indispensable cornerstones of a coherent, sustainable approach and a reflection of our values.

What is more, we achieved significant progress last year in implementing our sustainability concept. The Corporate Sustainability unit founded in 2016 has formulated a safety, health and environment policy (SHE) that applies throughout the Group, and in collaboration with those holding operational responsibility, the first Group-wide targets were defined related to key SHE factors, determined by means of a new standardised reporting system. Numerous individual measures at our sites worldwide have contributed to reducing our carbon footprint as well as further enhancing safety and health of our employees. Our new LEONI Code of Conduct sets down binding rules for the actions of all employees, clearly prohibiting any form of corruption and discrimination in particular. With a statement on the UK Modern Slavery Act we have once again publicly committed to zero tolerance of human rights violations. You will find details of this and many other measures in this Sustainability Report. Our corporate sustainability activities are being further extended and intensified in 2018.

Nuremberg, June 2018

LEONI AG



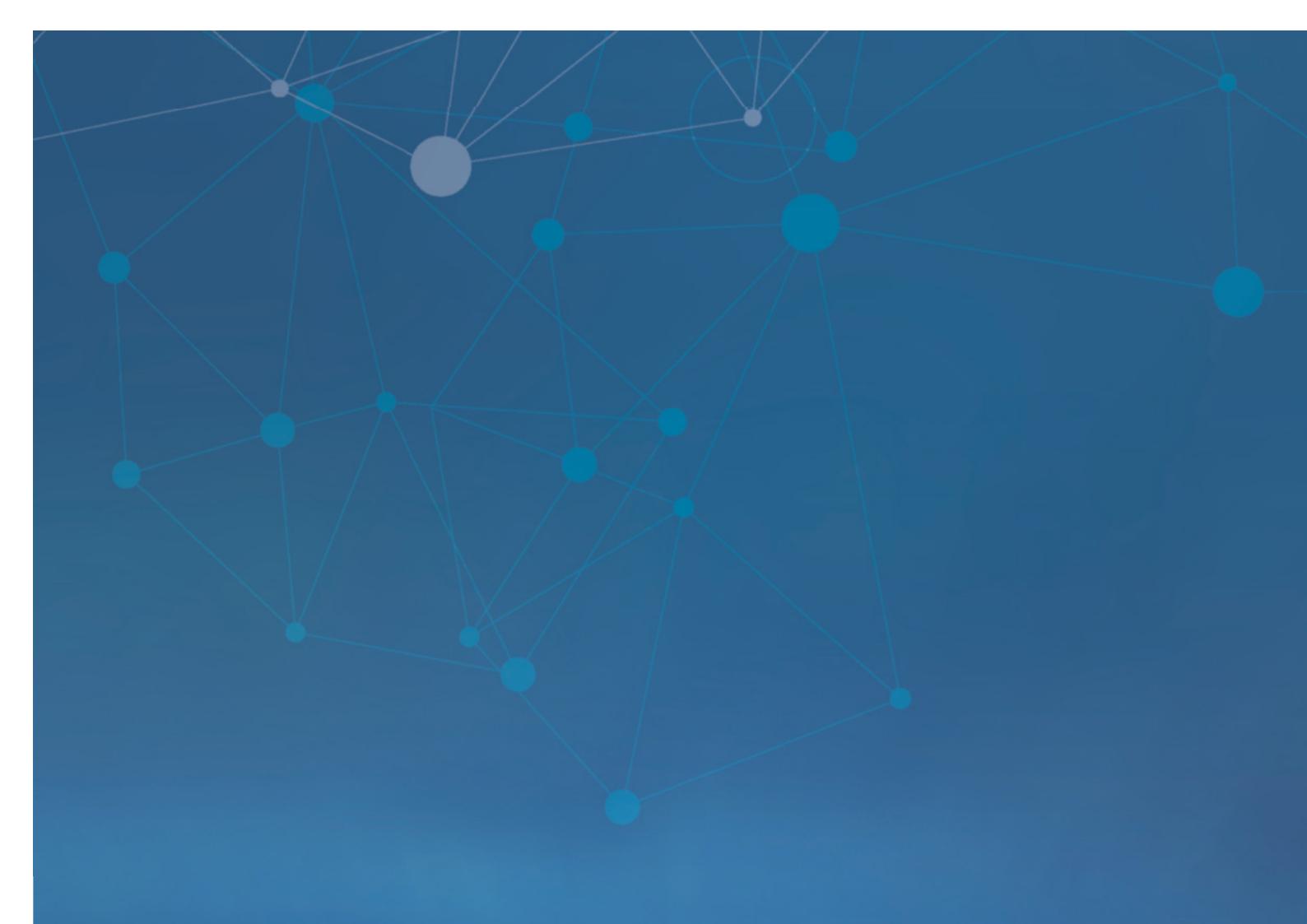
Bruno Fankhauser  
Member of the  
Board of Directors



Karl Gadesmann  
Member of the  
Board of Directors  
(CFO)



Martin Stüttem  
Member of the  
Board of Directors



A large, abstract network graph is positioned at the top of the image. It consists of numerous small, light-blue circular nodes connected by thin, light-blue lines forming a complex web. A few larger, darker blue circles are also present, one near the top center and another on the right side.

THIRD LEONI SITE IN SERBIA.  
THE PLANT IN NIŠ IS TO EMPLOY  
ADDITIONAL STAFF, THEREBY  
CONTRIBUTING TO REDUCING  
UNEMPLOYMENT IN THE SOUTH  
OF THE COUNTRY.



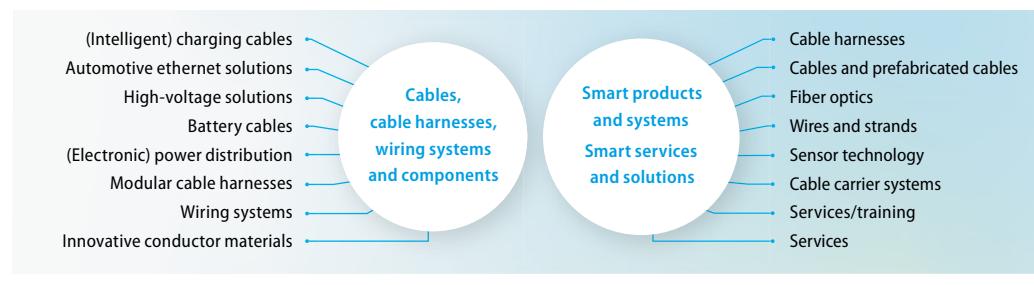
A wide-angle photograph of a modern industrial or office building at night. The building has a curved, multi-story facade with large glass windows and doors. The exterior is illuminated from within, showing various rooms and workstations. In the foreground, there is a road with blurred lights from passing vehicles, creating a sense of motion. A single tree stands in front of the building's entrance.

**LEONI**

# The LEONI Group

LEONI is a global solution provider for power and data management in the automotive sector and other industries. Listed on the German MDAX, the group of companies employed a workforce of more than 86,000 at 31 sites worldwide and generated consolidated sales of approximately EUR 4.9 billion in 2017. Our portfolio includes wires and optical fibers, cables and cable systems as well as the necessary components, connectors and services. On this basis we offer our customers increasingly smart power and data management solutions for vehicles and industrial applications.

## Range of products and services



LEONI's business falls into two divisions or segments.

The **Wiring Systems** Division (WSD) is one of the world's biggest providers of complete wiring systems and customer-specific cable harnesses for the automotive industry. The range of services includes development and manufacture of sophisticated cable harnesses including integrated wiring systems, high-voltage wiring systems for hybrid and electric vehicles, power distribution components and special connectors. As a system supplier we cover the entire spectrum from conception through to serial production as well as supplementary services. In future we aim to position ourselves even more clearly as a solution provider for data and power management in the vehicle. The goal is to supply our customers with innovative products and services in line with the automotive megatrends of electromobility, connectivity and autonomous driving. In order to expand our position as a system supplier, we are also strengthening our expertise in the areas of electronics and software.

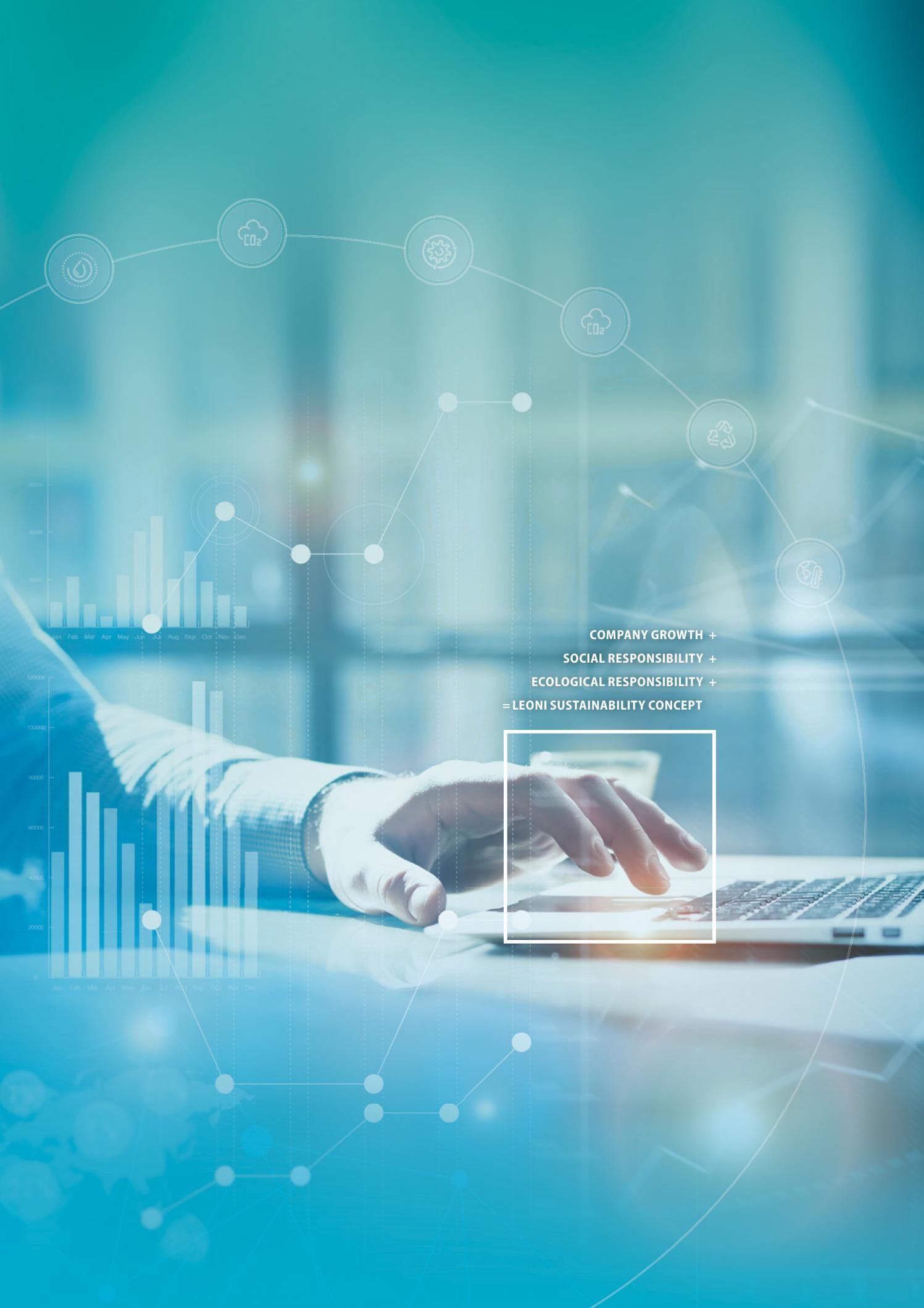
The **Wire & Cable Solutions Division** (WCS) is a leading manufacturer of wire and cable systems that is undergoing a digital transformation to successively become a solution provider for safe and intelligent power transmission and data management systems. The range includes wires, strands and optical fibers, standardised lines, special cables and assembled systems as well as related services for customers in the areas of automotive, capital goods, telecommunications, power and infrastructure. The focus in this division is already on technologically sophisticated products and customer-specific applications for niche markets, and the portfolio is being continuously expanded to include smart cables and cable systems, software solutions and smart services so as to enable LEONI to make the most of digitalisation and other key global megatrends.

## LEONI Group and divisions

<b>LEONI</b>	<b>Wiring Systems</b>	Turnover: EUR 3.1 billion Employees: 77,900
Turnover 2017: EUR 4.9 billion Employees: approx. 86,000	<b>Wire &amp; Cable Solutions</b>	Turnover: EUR 1.8 billion Employees: 8,100

For detailed information on the structure, strategy and competitive situation of the LEONI Group and its two divisions, please refer to the 2017 Group Management Report.

» 2017 Annual Report  
page 41 ff



**COMPANY GROWTH +  
SOCIAL RESPONSIBILITY +  
ECOLOGICAL RESPONSIBILITY +**  
**= LEONI SUSTAINABILITY CONCEPT**



# Corporate sustainability at LEONI

## Sustainability strategy

In view of our new strategic orientation as a global solution provider for power and data management in the automotive sector and other industries, corporate sustainability is becoming increasingly important to LEONI. We understand this to mean creating and maintaining a balance between the growth of our company on the one hand and our social and ecological responsibility on the other. It is our aim to reconcile the requirements arising in these three areas. In this way we seek to secure the future of our company as well as contributing to the sustainable development of the economy and of society at large. Our reporting is also geared towards the three pillars of our sustainability concept.

## The three pillars of sustainability at LEONI:

Sustainable corporate growth	Social responsibility	Ecological responsibility
We have set ourselves the goal of adding value for our shareholders by increasing the value of our company. In order to do so, we set high standards in corporate governance and maximise the benefit to our customers by ensuring first-class performance in quality and service. We develop and manufacture technically sophisticated products and solutions which increasingly find use in environment-friendly technologies.	We regard the following as essential: successful recruitment, professional development, equality of opportunity and secure employment conditions that are free of prejudice. In all our activities worldwide, we comply with the requirements of the United Nations International Labour Organisation (ILO) and call on all our business partners to uphold our social standards. LEONI is involved in a range of community projects around the world, supporting them donations and grants.	With initiatives for energy efficiency and waste reduction in place at our sites, we aim to minimise our impact on the environment. Our great commitment in this area is reflected by the fact that an increasing number of our worldwide production sites are audited and certified under ISO 14001, ISO 50001 and the eco-audit system EMAS.

## Sustainability management

LEONI operates a Group-wide system of sustainability management in order to implement its corporate sustainability strategy. This was established based on the organisational structures of the two divisions for safety, health and the environment (SHE) and built up during the year under review. LEONI's Corporate Sustainability Management operates at three levels:

### **Organisation of sustainability management in the LEONI Group**



## Standards and guidelines

» [www.leoni.com/  
company/sustainability/](http://www.leoni.com/company/sustainability/)

Our Corporate Sustainability Management is geared towards various rules and regulations which can be accessed in a newly created Sustainability section on our website. The external framework for the international nature of our social and ecological responsibility is provided by the guiding principles of the UN Global Compact (UNGCG), a worldwide UN initiative for responsible corporate governance and global justice. LEONI has been one of the signatories of the UNGC since 2011, committing to these guiding principles and undertaking to report on progress in these areas on a yearly basis. We also gear our actions towards other international agreements such as the results of the UN Climate Change Conferences and the UN Sustainable Development Goals (SDGs), insofar as they are clearly relevant to our company. LEONI currently contributes to 11 out of a total of 17 SDGs.

» New SHE policy  
page 17

» LEONI Code of Conduct  
and Integrity Platform  
page 12

» Labour standards  
page 25

In addition there are internal regulations, in particular the Group-wide provisions of our SHE policy and the LEONI Code of Conduct, which were reformulated in 2017, and the LEONI Social Charter. Both divisions also operate environmental protection and SHE management systems geared towards the following standards: ISO 14001 (environmental protection), ISO 50001 (energy management) and BS OHSAS 18001 (occupational health and safety).

## Stakeholders and key sustainability factors

LEONI's global activities impact on various external and internal stakeholder groups. These particularly include our customers, employees, investors, suppliers and other business partners as well as legislators and authorities in the countries in which we operate. Their interests have been taken into account in determining the key sustainability factors for LEONI. LEONI carried out the relevant materiality analysis in 2016 based on the requirements of the German Sustainability Code. This involved a benchmark analysis, talks with internal and external stakeholders and an analysis of sustainability questionnaires completed by our customers. Prior to publication of the legally required 2017 Non-Financial Statement, this analysis was reviewed and updated once again in order to identify important non-financial aspects in both our own business processes and our supply chain. In doing this we were guided by the ten UNGC principles and the UN SDGs so as to prioritise relevance and impact on our business activities. The following matrix shows the results of our materiality analysis.

### Results of the materiality analysis

2017

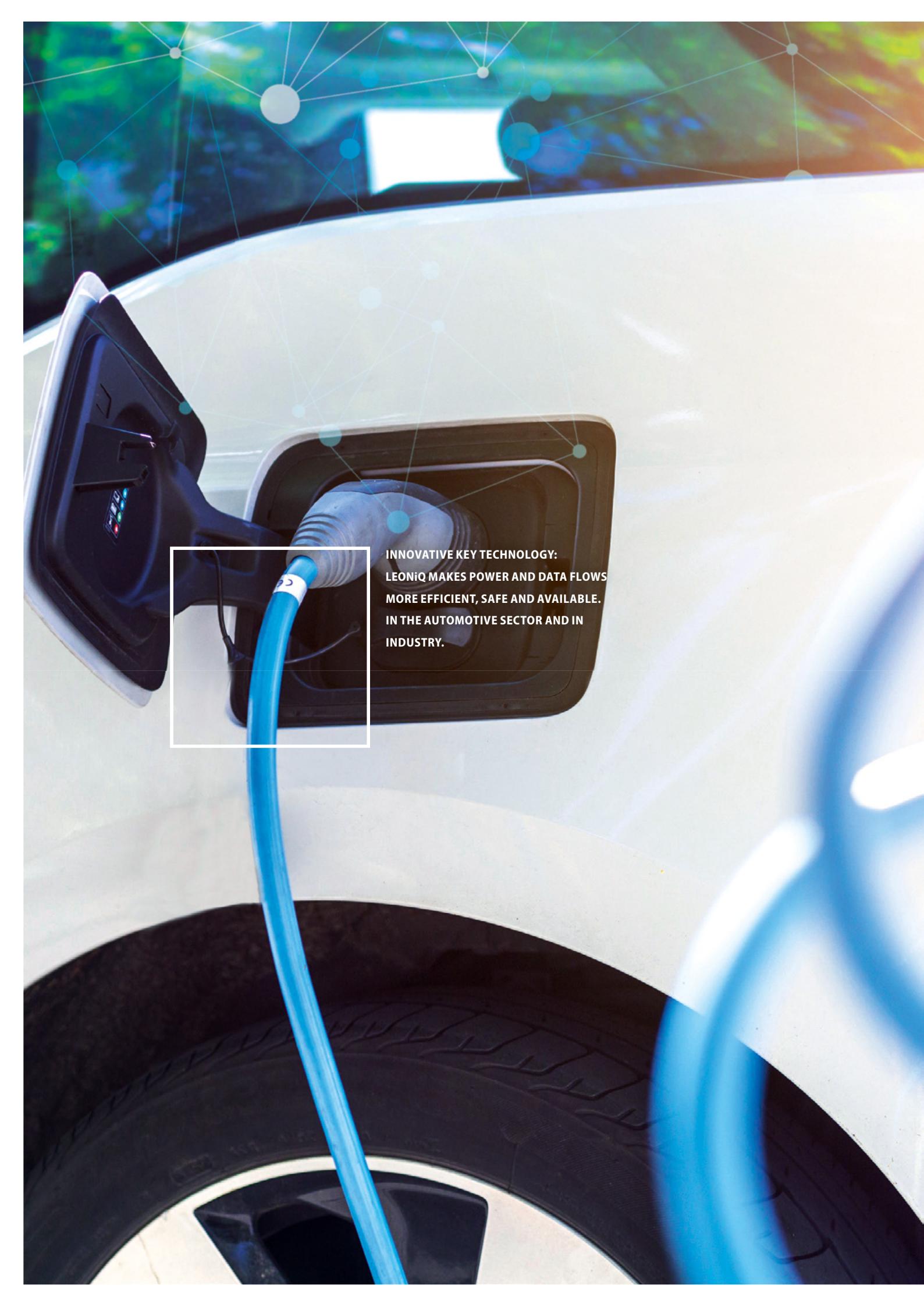


## Standardised reporting

One focus area of activities in the area of Corporate Sustainability in 2017 was to set up a standardised Group-wide system of reporting on key sustainability factors. In August 2017, an interdisciplinary project team developed a method for collecting environmental, social and other relevant information from our production sites at Group level so as to be able centralise this information and use it for the purpose of sustainability reporting. In order to improve data traceability, it is collected via the GRC module (Governance, Risk Management, Compliance) of our ERP system.

To collect the data we created several questionnaires on the topics of social responsibility, occupational safety, environmental responsibility and sustainability measures and integrated these in existing Control Self-Assessments (CSAs) for managers. Using the GRC module, the CSAs were assigned to the process coordinators at the various sites who are responsible for coordinating data collection and ensuring timely feedback to the Corporate Sustainability unit.

The system was introduced at all sites in November 2017. In order to facilitate the launch of the data collection process, we provided a helpdesk, various GRC training courses and step-by-step instructions. As of 2018 we are collecting the relevant data on a quarterly basis via the ERP system.



**INNOVATIVE KEY TECHNOLOGY:**  
LEONiQ MAKES POWER AND DATA FLOWS  
MORE EFFICIENT, SAFE AND AVAILABLE.  
IN THE AUTOMOTIVE SECTOR AND IN  
INDUSTRY.

# Sustainable corporate growth



For LEONI, sustainable growth means increasing the value of the company in the interests of shareholders, observing high standards in governance and compliance and generating the greatest possible customer benefit based on sustainable and high-quality products, solutions and services. The basis for increasing company value is the company's positive economic development. We made significant progress in this area in 2017: LEONI Group sales increased by some 11 per cent to EUR 4.9 billion and the Group earnings before interest and tax increased significantly by EUR 79.2 million to EUR 225.3 million. For details of LEONI's economic development, see the 2017 Group Management Report.

[» 2017 Annual Report  
page 62 ff](#)

## Compliance management and anti-corruption efforts

LEONI requires all employees to behave with responsibility and integrity. It is our aim to observe all laws and ensure that cases of corruption do not occur. Our employees must always act in compliance with internal regulations and statutory requirements.

LEONI operates a system of compliance management in order to ensure and review responsible and compliant behaviour. In the period under review, the revision of the relevant structures started in 2016 was completed. In addition to the Corporate Compliance department at the level of the parent company, we have also installed Compliance Officers in the regions Germany/Switzerland, EMEA, America and Asia. In addition, Compliance Coordinators have been appointed in the individual companies, sites or countries in which LEONI operates in order to supplement the global network. The section on the Compliance Management System in the Group Management Report contains further information on compliance management.

[» 2017 Annual Report  
page 100 f](#)

The Compliance Management System includes a number of guidelines on corruption prevention which are put into practice via the introduction of processes; the relevant employees are provided with training in risk-sensitive areas by means of e-learning and face-to-face programmes. The Compliance Basic training course, which also covers the issue of corruption, is compulsory for all employees within their own PC access. All top-level managers and other relevant employee groups (e.g. in purchasing and sales) also take a special e-learning training programme in anti-corruption. This programme was updated in 2016 and has now been completed by some 5,600 employees, in other words 90 per cent of the employees identified. Employees are required to take the online courses every two to three years. We have also provided information and training for managers and employees in risk-related areas by means of face-to-face training programmes dealing with the tasks and goals of CMS as well as the correct behaviour expected by company management.

### **LEONI Code of Conduct and Integrity Platform**

The introduction of a new code of conduct was a major project to improve the perception of compliance in 2017. This LEONI Code of Conduct replaces the LEONI Code of Ethics introduced in 2007 and also extends certain regulations from the 2003 social charter. It describes responsible, legally compliant behaviour at LEONI, building on the external requirements of the company and all employees as defined externally by law as well as by market and customer demands. The Code of Conduct is based on the guiding principle of integrity. Integrity forms the underlying basis of value-oriented corporate governance and serves as a guide and behavioural standard, as well as assisting us in our decision-making.

To enable early detection of misconduct, LEONI also introduced a digital whistleblower system on a Group-wide basis in 2017 (LEONI Integrity Platform) which gives both employees and external individuals the opportunity to flag potential compliance violations. This means that any undesirable developments can be countered early on. Additional information on the LEONI Code of Conduct and the Integrity Platform is to be found on the LEONI website.

» [www.leoni.com](http://www.leoni.com)

» [2017 Annual Report](#)  
page 107 ff

Information on potential violation of anti-corruption guidelines or laws is consistently pursued and investigated; if such information proves correct, the violation is penalised. Reporting on major corruption incidents is provided in the section on compliance/risks arising from corruption in the Group Management Report.

### **Risk Management System**

We regularly examine risks arising from sustainability factors as part of our Group-side system of risk management. In 2017, a risk assessment was also carried out for all key issues not reported on in the Non-Financial Statement. Here we examine whether major risks derive from our business activities or in connection with our business relations, products and services. According to our current assessment, no highly probable risks exist that would potentially have a severe impact in this regard.

Further information on the Risk Management System and reporting on all major risks is summarised in the 'Risks and Opportunities' section of the 2017 Group Management Report.

» [2017 Annual Report](#)  
page 95 ff

## Sustainable product development

Future-oriented, environmentally compatible innovations are a vital factor in LEONI's sustainable growth. Innovation is therefore organised highly efficiently in both divisions. The aim is to develop needs-oriented solutions for new global trends as well as sustainable, environment-friendly products and technologies. The Group Management Report contains further information on research and development at LEONI.

» **Green Technology Concept**  
page 15

**C.A.R.E.S. STRATEGY PROGRAMME** As a global solution provider for power and data management in the automotive sector and other industries, we focus our innovative expertise on technological trends that have a major impact on our markets – both today and in the future. We have defined central fields of innovation for intelligent power and data solutions in the cars of the future in our strategy programme C.A.R.E.S.: these mainly include connectivity (Connected mobility), autonomous driving (Autonomous mobility), automated production (Revolutionizing productivity), electromobility (Electrified mobility) and smarts products and services (Solutions & services). Development activities pursued by the Wiring Systems Division thus focus on projects to implement autonomous driving, for example, and the low-cost realisation of electromobility. In addition we are looking to pool various areas of expertise and apply these at the system level – analysis and optimisation of wiring system architectures, for example – as well as simulation issues and production automation.

» **2017 Annual Report**  
page 82 ff





## LEONiQ

Facing the challenges  
of the digital age

**INNOVATIVE KEY TECHNOLOGY: LEONiQ** In 2017 we developed LEONiQ in the Wire & Cable Solutions division – a key technology for smart cable solutions that can be used in the automotive sector and in other industries and was first presented to the market in 2018. LEONiQ is capable of recording and analysing various parameters such as temperature and mechanical load along any cable system, thereby allowing conclusions to be drawn as to the condition of the entire cable system and its control. In this way, the network becomes as intelligent as the things it is networking. This innovative cable technology, which is 100 times as inexpensive and 100 times as small as comparable solutions, makes power and data flows more efficient, safe and available.

One interesting application example is the charging infrastructure for electrical and plug-in hybrid vehicles, since high-performance charge cycles can be monitored and optimised using LEONiQ. The maximum possible output can be gained from each charging process based on sensor data from the charging station, vehicle battery and cable. As a result, the vehicle can be charged more reliably and quickly and potential errors are detected early on.

## Green Technology Concept

LEONI defines Green Technology to mean all products, system solutions and services that improve energy and resource efficiency and reduce emissions, thereby reducing the impact on the environment. In response to the growing global market for environmental technologies, we are continuously expanding our share of energy-saving, environment-friendly products and solutions. In this way, we are doing our part to reduce the huge stresses placed on our environment by climate change and CO<sub>2</sub> emissions, for example.

We have been intensively involved in the weight optimisation of cables and wiring systems for the automotive industry for many years with the aim of reducing CO<sub>2</sub> emissions in vehicles. Here we use innovative conductive materials which allow reduced cable cross-sections as well as applying simulation systems to optimise cross-sections and harness architecture. In addition, LEONI already serves all the key environmental technology markets as defined by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and is very well positioned in many of these sectors. The following table summarises the fields of application for Green Technology:

Market segment	Example applications for LEONI projects
Environmentally-friendly power generation and storage	<ul style="list-style-type: none"> <li>■ Solar energy (e.g. photovoltaic systems and solar thermal energy plants)</li> <li>■ Bioenergy (e.g. biogas and biomass plants)</li> <li>■ Hydroelectric power (e.g. tidal and pumped-storage power plants)</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>■ Measurement and control technology to reduce energy consumption</li> <li>■ Energy-efficient automation and drive technology</li> </ul>
Raw materials and materials efficiency	<ul style="list-style-type: none"> <li>■ Measurement and control technology to reduce the reject rate</li> <li>■ Lightweight materials and components</li> </ul>
Circular economy	<ul style="list-style-type: none"> <li>■ Waste separation and disposal plants</li> <li>■ Recycling (plastics recycling plants)</li> </ul>
Sustainable water management	<ul style="list-style-type: none"> <li>■ Water treatment, distribution, supply and purification plants</li> <li>■ Household appliances with high water consumption efficiency</li> </ul>
Sustainable mobility	<ul style="list-style-type: none"> <li>■ Vehicles with hybrid, electric and fuel cell drive systems</li> <li>■ Charging cables and infrastructure</li> <li>■ Rolling stock engineering</li> </ul>

Core markets



THE NEW PLANT IN MÉRIDA / MEXICO  
WAS FITTED WITH A PHOTOVOLTAIC  
FACILITY THAT COVERS ABOUT A  
THIRD OF TOTAL POWER NEEDS.



# Ecological responsibility



LEONI is pursuing a clear expansion strategy which fundamentally involves a growing ecological footprint and increasing emissions. At the same time, we take responsibility for the environment and regard environmental protection as a key corporate objective. Our environmental management is geared towards keeping the environmental impact of all our processes to an absolute minimum. In accordance with the UN Global Compact, LEONI adopts a precautionary approach to environmental protection. We have various initiatives in place to promote a sense of responsibility for ecological issues and foster the development and distribution of environmentally compatible technologies. We also offer training courses at our sites to raise employee awareness of this issue.

[» Green Technology Concept  
page 15](#)

## New SHE policy

Based on the guidelines and goals for safety, health and the environment in the two divisions, we established a Group-wide SHE policy in 2017 geared towards the following principle: "With our clear goal of sustainable business development, we carefully balance out economic, ecological and social requirements, and we face up to our responsibilities by complying with our own Code of Conduct. We offer our customers reliable, high-quality, environmentally-friendly products, which are manufactured in accordance with the relevant industrial health and safety regulations. We declare our commitment to protecting the environment and the health of our workers, as well as to continuously improving measures aimed at strengthening our social and ecological engagement."

The following guiding principles were established in the area of ecological responsibility:

- Continuously improve environmental protection measures
- Reduce the impact on the environment caused by our products and processes, where economically viable and technically feasible
- Efficient use of environmental resources and energy
- Prioritise waste avoidance over waste separation and disposal
- Compliance with all legal obligations relating to environmental protection, safety at work and other requirements. The relevant national standards constitute our minimum requirements in this context.

## Goals and key performance indicators

LEONI has defined the following as key environmental protection indicators: water and energy consumption, waste generation and CO<sub>2</sub> emissions. As part of the new Group-wide SHE management, we formulated the following environmental protection targets for all LEONI Group production sites for the first time in 2017:

- Implementation of measures to achieve energy savings at all production sites by 2020 based on the consumption of the production site in question in 2016.
- Reduction of waste generation at all production sites by 2020 based on the generation of waste at the production site in question in 2016.

The plants can define and realise one or more projects in order to achieve these targets so as to do justice to the varying orientations and infrastructural peculiarities of the various production sites in the two divisions. We started measuring target achievement internally in 2018.

As part of our corporate strategy we are further developing our environmental management 2018 by determining relative environmental targets and drafting a sustainability roadmap 2030. In this context, we are establishing a harmonised CO<sub>2</sub> emissions target based on the Paris agreement which will meet the requirements of the Carbon Disclosure Project and the expectations of our investors and customers. In the current year we are also working to define a specific Group-wide target for the reduction of water consumption as well as planning longer-term energy consumption targets for the LEONI Group.

#### **Key environmental protection performance indicators 2017**

Absolute consumption	2015	2016	2017
<b>Sites</b>			
Sites included	Number	95	84
<b>Management systems</b>			
Sites certified under ISO 14001	Number	56	60
Sites with EMAS validation	Number	5	6
Sites certified under ISO 5001	Number	4	5
Sites certified under OHSAS	Number	6	10
<b>Power consumption</b>			
Electricity	MWh	357,013	371,198
District heating	MWh	n.a.	6,555
Fossil fuels	MWh	178,100	122,970
Renewable energy sources	MWh	n.a.	3,662
Total energy consumption	MWh	535,113	494,168
<b>Water consumption</b>			
Surface water	m <sup>3</sup>	n.a.	789,824
Groundwater	m <sup>3</sup>	1,131,731	492,062
Rainwater	m <sup>3</sup>	n.a.	21,758
Total water consumption (in m <sup>3</sup> )	m <sup>3</sup>	1,131,731	1,303,644
<b>CO<sub>2</sub> emissions</b>			
Scope 1 CO <sub>2</sub> e	t CO <sub>2</sub> e	32,805	29,988
Scope 2 CO <sub>2</sub> e	t CO <sub>2</sub> e	176,654	182,970
Total CO <sub>2</sub> e	t CO <sub>2</sub> e	209,459	190,791
<b>Waste generation</b>			
Hazardous waste	t	n.a.	40,915
Re-used non-hazardous waste	t	n.a.	28,884
Hazardous waste	t	n.a.	16,763
Hazardous waste disposed of	t	n.a.	16,372
Total waste generation	t	n.a.	57,678

\* The sale of three sites has meant a reduction in the number of EMAS and ISO 14001 certificates of 1.

Specific key performance indicators*	2015	2016	2017
<b>Power consumption</b>			
Electricity	MWh/EUR 1 million	79.3	83.8
Fossil fuels	MWh/EUR 1 million	39.6	27.8
Renewable energy sources	MWh/EUR 1 million	n.a.	n.a.
District heating	MWh/EUR 1 million	n.a.	n.a.
Total energy consumption	MWh/EUR 1 million	119	112
<b>Water consumption</b>			
Surface water	m³/EUR 1 million	n.a.	178.2
Groundwater	m³/EUR 1 million	251.3	111.0
Rainwater	m³/EUR 1 million	n.a.	4.9
Total water consumption (in m³)	m³/EUR 1 million	251	294
<b>CO<sub>2</sub> emissions</b>			
Scope 1 CO <sub>2</sub> e	t CO <sub>2</sub> e/EUR 1 million	7.3	6.8
Scope 2 CO <sub>2</sub> e	t CO <sub>2</sub> e/EUR 1 million	39	41
Total CO <sub>2</sub> e	t CO <sub>2</sub> e/EUR 1 million	47	48
<b>Waste generation</b>			
Hazardous waste	t/EUR 1 million	n.a.	9.2
Re-used non-hazardous waste	t/EUR 1 million	n.a.	6.5
Hazardous waste	t/EUR 1 million	n.a.	3.8
Hazardous waste disposed of	t/EUR 1 million	n.a.	3.7
Total waste generation	t/EUR 1 million	n.a.	12

\*2017 turnover adjusted

### Certified environmental management

In order to create a suitable basis for implementing our environmental targets and monitor the ecological impact of our activities, most of our plants operate an environmental management system based on the internationally recognised standard ISO 14001. At the end of 2017, some 70 per cent of the production sites in question were certified according to ISO 14001. Over and above this, six per cent meet the ISO 50001 standard for energy management systems and six per cent have been audited under the EU environmental scheme (Eco-Management and Audit Scheme, EMAS). In the Wiring Systems Division, the focus in 2017 was on certification of the existing ISO 14001 multi-site system under the new ISO 14001 revision implemented in November.

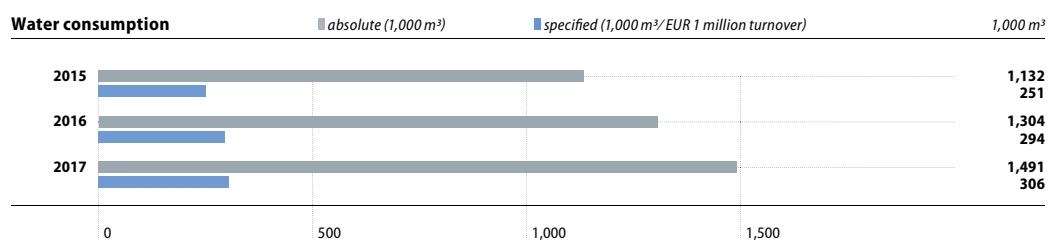
In the Wire & Cable Solutions Division, two Mexican sites were certified for the first time under ISO 14001 and ISO 50001 last year. WCS aims to complete multi-site certification under the ISO 14001 revision in 2018.

Number of certified sites	2015	2016	2017
ISO 14001	56	60	59*
EMAS	5	6	5*
ISO 50001	4	5	5

\*The sale of three sites has meant a reduction in the number of EMAS and ISO 14001 certificates of 1.

## Water consumption

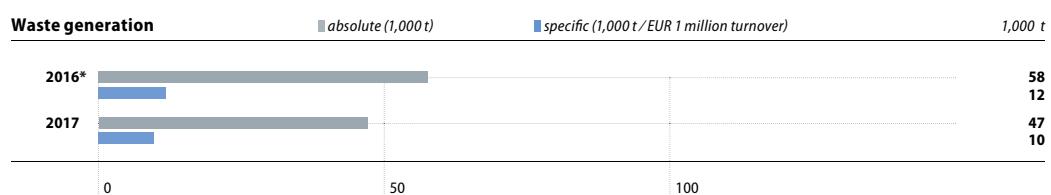
LEONI uses water for non-production-related activities (e.g. drinking, sanitary purposes, catering) as well as for production activities such as cleaning, washing and cooling. The amount of water consumed in 2017 was 1,490,589 m<sup>3</sup>. This was an absolute increase of 14 per cent over the prior year; water consumption increased by 4 per cent per EUR 1 million of turnover. Among other factors, this increase resulted from water-intensive processes caused by a product shift in wire production, various construction activities and a significant rise in the number of personnel. 58 per cent of water consumption was covered by surface water sources, 41 per cent came from groundwater or wells and 1 per cent from the collection of rainwater.



Last year there were numerous projects at various sites to reduce water consumption: these included the installation of automatic shut-off devices, optimisation of washing air cooling systems, continuous monitoring of water meters and employee training.

## Waste generation

Our waste generation is made up of harmless waste as is to be found in cafeterias and offices, for example, and also hazardous waste from the disposal of multi-wire machines, galvanic waste and wire drawing coolants.



\*No comparison has been made with 2015 due to the high variability and a lack of solid data.

In 2017 the total volume of waste (both non-hazardous and hazardous) was 47,201 tons, of which 29,545 tons (63 per cent) was re-used or recycled. We therefore reduced our total waste volume in absolute terms by 18 per cent as compared to 2016. This was a reduction of 17 per cent per EUR 1 million of turnover.

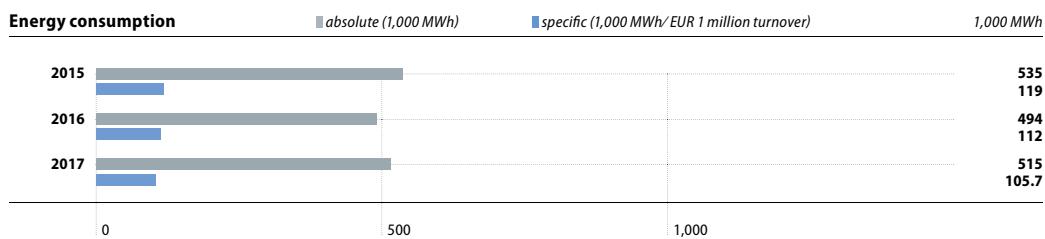
## Energy consumption

In addition to its manufacturing processes, LEONI also requires energy for utilities such as heating, cooling, ventilation, compressed air and lighting systems. In 2017, a total of 515,297 MWh of power was consumed, which was an increase of 4 per cent over the previous year. Power consumption increased by 6 per cent per EUR 1 million of turnover.

One of the reasons for this slight increase in power consumption was the growth in production. Nonetheless, numerous energy-efficient measures were implemented to reduce energy and power consumption such as the installation of LED lighting systems in production halls, adaptation of pre-heating temperatures, improvement of water cycles in production and other projects.

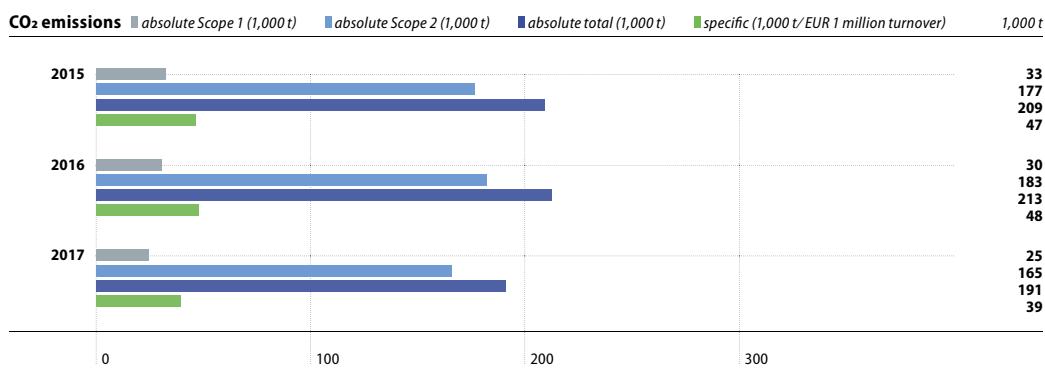
» Resource-saving and greenhouse emissions reduction projects  
page 22

74 per cent of energy requirements were covered by means of purchased electricity, while 20 per cent came from fossil fuels such as natural gas, heating oil and diesel. The remaining 2 per cent came from district heating, which LEONI has been supplied with since 2014, and also renewable energy sources in the form of wood pellets which are used at our plants in Serbia and the Ukraine.



## CO<sub>2</sub> emissions and the Carbon Disclosure Project

In measuring our CO<sub>2</sub> emissions we take into account emissions from energy consumption in production processes. Here, CO<sub>2</sub> is generated by heating, steam supply, surface treatment and cooling processes. The level of emissions in 2017 was 190,791 tons, a reduction of 11 per cent as compared to 2016. Emissions were thus reduced by 19 per cent per EUR 1 million of turnover.



Since 2010 we have published details of our CO<sub>2</sub> emissions on the Carbon Disclosure Project (CDP) platform. The CDP collects data and information from companies relating to CO<sub>2</sub> emissions, climate risks and reduction targets/strategies on behalf of institutional investors using standardised, voluntary questionnaires. Since 2017, this information has been collected for LEONI by Corporate Sustainability using the central ERP system. The availability and quality of the data is improved on an ongoing basis in collaboration with SHE employees on site.

Our CDP report only covers CO<sub>2</sub> emissions. Other greenhouse gases such as N<sub>2</sub>O and CH<sub>4</sub> are not included. We measured direct (Scope 1) and indirect (Scope 2) emissions at some 84 production sites. The DEFRA 2017 emission factors were used to calculate Scope 1 emissions, and the emission factors from the IEA database (2017 edition) were used to calculate Scope 2 emissions.

#### **Consumption of raw materials**

We require various materials for our products and solutions, in particular metals and plastics. One such material is copper, which is especially used by the Wire & Cable Solutions Division. About 150,000 tons were consumed in 2017. Smaller amounts of other metals are also used such as nickel, silver and tin. Plastics accounting for more than 50,000 tons in 2017 include standard synthetics such as polyvinyl chloride and polyethylene mixtures, special insulating materials such as polyurethane, thermoplastic elastomers and fluoropolymers. The Wiring Systems Division mainly makes use of prefabricated components such as connectors, cables and wires, attachment parts, electrical components and injection mould parts.

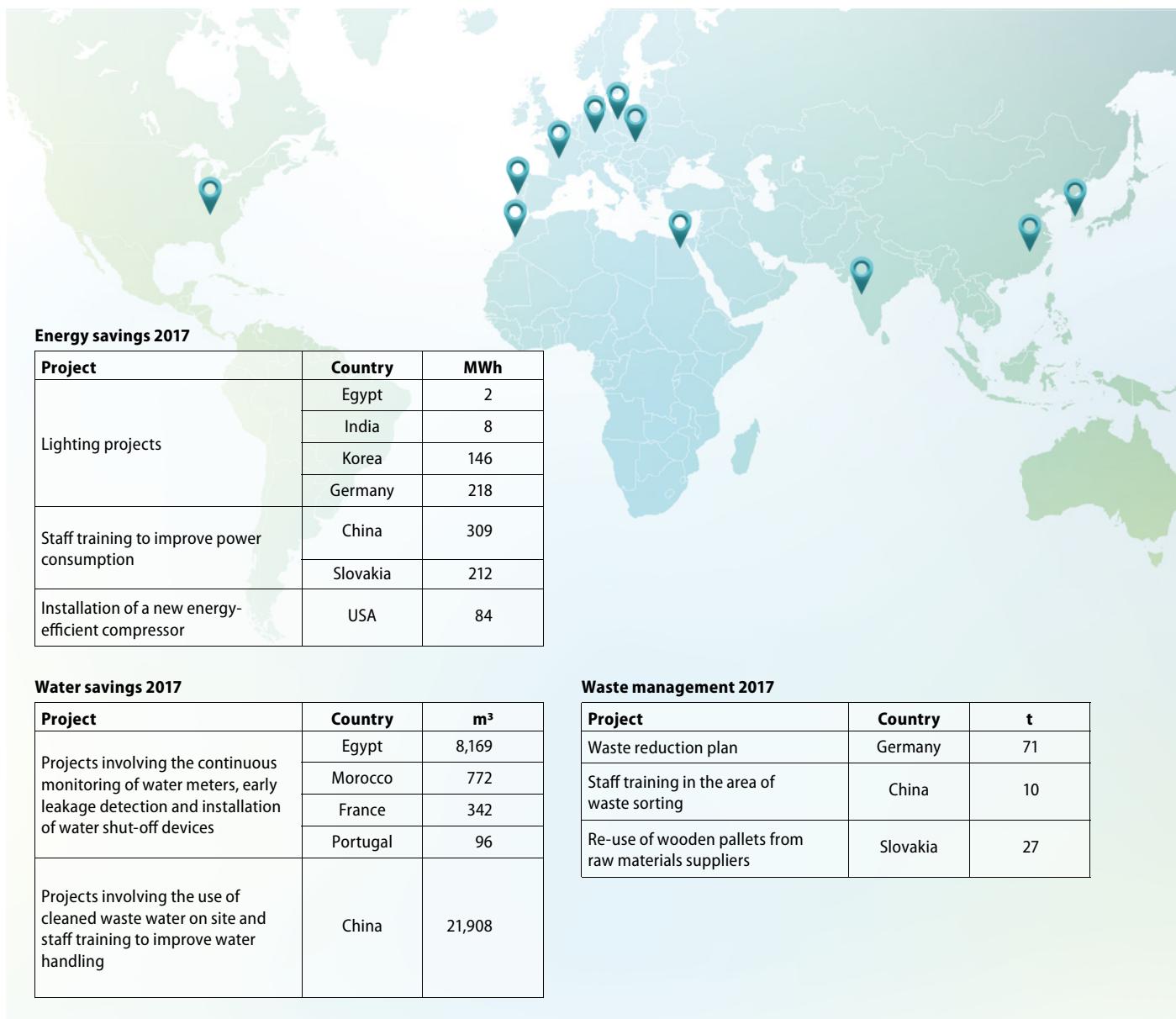
We run various projects to contribute to the reduction of material consumption, such as using ultra-thin-walled vehicle cables with reduced insulation wall thickness, and the simulation of wiring system architectures in order to optimise cable cross sections and save prototype material.

Due to our use of copper – the main component of our products and a material that is 100 per cent recyclable – we are excellently placed to achieve our aim of avoiding waste and re-using resources.

#### **Projects aimed at saving resources and reducing greenhouse emissions**

In 2017, both divisions introduced numerous measures to save resources and reduce greenhouse emissions. During the year under review, the Wire & Cable Solutions Division especially focused on savings projects based on improved lighting: by means of efficient light sources at several sites in Germany and Poland, in some cases adapted to an altered machine layout, it was possible to increase illumination while at the same time saving energy. Positive effects were also achieved based on the installation of energy measuring devices at production machines, thereby enhancing transparency, identifying unnecessary energy consumers and avoiding peak loads. We also run photovoltaic or combined heat and power plants at several sites in Germany, Italy and Mexico.

In 2017 the Wiring Systems Division focused on measures in the area of construction energy as well as the use of renewable energies, in particular in conjunction with current new-build projects. Collectors for hot water treatment were installed at the WSD site in Serbia, for example. Particular priority was attached to environment-friendly technologies in the construction of a new plant in Mérida/Mexico: photovoltaic modules on the roof above the offices and over the car park cover about one third of the plant's entire power needs. A water recovery system with a recycling rate of 45 per cent has enabled a significant reduction in the consumption of fresh water. The air compressors are fitted with a heat recovery system which converts up to 70 per cent of the energy used. The hot water from the compressors is stored in black containers on the roof of a building, where it is kept warm by the use of solar heat. These measures have resulted in the site being in process to receive the internationally recognised BREEAM sustainability label.





A close-up photograph of a person's hands holding a small, young green plant with two leaves. The plant is growing out of a mound of dark brown soil. In the background, a person wearing a blue and white striped shirt is smiling. A faint, semi-transparent network graph with green dots and connecting lines is overlaid on the upper left side of the image.

LEONI SUPPORTS SOCIAL PROJECTS  
THROUGH DONATIONS AND  
SPONSORSHIP. HERE WE ATTACH  
IMPORTANCE TO SUSTAINABILITY  
AND A REGIONAL FOCUS.

# Social responsibility



LEONI strives to provide all employees with interesting assignments involving a high level of independent responsibility in a motivating, supportive and constructive environment; the aim of the company as an employer is to be able to attract competent and committed staff and maintain their loyalty to the company. It is our aim to observe internationally recognised labour standards on a Group-wide basis, meet high standards in the area of occupational safety and health protection, increase the diversity of our workforce and support our staff by means of systematic talent management and interesting professional development opportunities. As of the end of 2017 the LEONI Group employed a total of 86,340 people worldwide (previous year: 79,037)

## **Employee survey – Voice@LEONI**

Various types of employee survey have been run worldwide for many years in order to identify issues that are important to our employees, thereby enabling us to enhance LEONI's appeal as an employer. This instrument was standardised in 2017 and carried out on a Group-wide basis in the form of the new global employee survey entitled Voice@LEONI. For the first time, all LEONI employees were invited to answer approximately 40 questions on the subject of staff commitment, work satisfaction and general working conditions. As of 2018, the results of this survey enable us to identify our strengths as an employer as well as our improvement potential. A globally orchestrated follow-up process involving comprehensive communication measures, tools and training programmes enables the targeted derivation of concrete change measures at specific sites as well as overriding measures in the area of management development, for example.

LEONI's appeal as an employer was once again confirmed externally in 2017: along with other companies, LEONI was named a "Top German Employer" by the "Top Employers Institute".

## **Labour standards**

LEONI strives to create a working environment for all staff worldwide that is free of discrimination, both at recruitment and during employment, as well as ensuring freedom of association and the right to collective bargaining. These principles are codified in the LEONI Social Charter. In addition to this, the Social Charter stipulates that support is to be provided for employee qualification and – as a minimum requirement – compliance is to be ensured with the relevant national standards in terms of remuneration and minimum wages, health, safety and vacation periods. Adherence to the Social Charter forms part of reporting and consultation at the annual European Works Council sessions. The discrimination ban is also contained in the LEONI Code of Conduct.

In order to raise awareness of the LEONI Code of Conduct and ensure it is observed, e-learning programmes have been held for many years for all staff with a PC workplace, and a range of communication measures are also deployed. Monitoring of adherence to the Code of Conduct is carried out by means of compliance quality reviews at the level of the Group subsidiaries. A digital whistleblower system has been set up in addition to conventional reporting channels (direct reporting, e-mail) in order to identify potential undesirable developments at an early stage.

As a fundamental rule, all key HR measures are coordinated closely between Group management, the General Works Council in Germany and the European Works Council, as well as with local employee representatives/works councils where formal agreements are in place. This has been the case in connection with agreements on collective bargaining arrangements as well as the new global talent management programme.

» **Employee training and development**  
page 26

In Germany, LEONI employees have a number of flexible working time models at their disposal such as part-time, flexitime, discretionary work hours, job sharing and teleworking. Our aim here is to help employees combine family and career more effectively. In the year under review we introduced greater flexibility to working hours at various sites and introduced more employee-friendly shift models.

### **Staff training and development**

Our employees are a key factor in the success and advancement of our company. For this reason, having the right people in the right place at the right time is imperative for us to be able to achieve our goals. An important foundation for this is provided by our new global talent management programme Success@LEONI which we introduced for a pilot group in Germany, the USA and Canada in 2017. Success@LEONI incorporates staff training and development as well as career and successor planning in a transparent process that is supported by a modern, user-friendly IT tool. The core element of talent management is the annual employee development interview – carried out throughout the Group according to the same principles – where employee and manager engage in a detailed discussion of the employee's performance and potential, as well as learning requirements and possible development/career moves. The results of these interviews provide the basis for local and global talent conferences where follow-up recruitment can be planned for key positions in addition to identifying and discussing up-and-coming talent. On the one hand this enables us to ensure critical positions at LEONI are consistently filled, thereby reducing corporate risk. On the other hand, it also provides staff with a personal plan to help them embark on individual professional development and prepare specifically for the next stage of their career. The pilot project will be completed in mid-2018. Success@LEONI is due to be introduced worldwide in the second half of 2018 and in 2019.

In addition to this, LEONI once again offered a wide range of professional development opportunities in 2017, including internal courses in the areas of specialist, leadership and management skills, soft skills, project management, IT, languages and mental health. External seminars were also offered to as the need arose, in particular to expand specialist and methodological expertise. A diverse programme of vocational and further training offers everyone the chance to develop both specialist and interdisciplinary skills.

## Diversity

LEONI regards diversity as a key success factor in terms of the company's future sustainability because heterogeneous teams are better able to perform complex tasks. What is more, our corporate culture benefits from constant exposure to the issue of diversity. For this reason, diversity was defined as one of the strategic guidelines as part of our strategy process last year. Our activities in this area are especially geared towards the appropriate participation of women in management and also increased internationalisation. In addition we have signed the "Diversity Charter" in which we commit to an open corporate culture based on integration and mutual respect at all sites. Here we are also especially keen to ensure the right of every employee to equal opportunities and equal treatment.

» [www.leoni.com/  
company/sustainability/](http://www.leoni.com/company/sustainability/)

LEONI actively pursues gender equality throughout the company. We especially strive to achieve the appropriate involvement of women in management. In Germany in particular, LEONI is engaged in a range of activities to consistently support women. One example of this is the provision of specific training and special mentoring programmes for high-potential women, such as the development programme for (young) female managers offered by the Bavarian Industry Association. More and more women are included in personnel development campaigns and management training programmes. HR consultants are instructed to identify and present female candidates. We also start at an early stage by offering so-called Girls' Days at several sites with the aim of raising awareness of technical professions among girls. Furthermore, LEONI supports a technology mentoring programme for women at Nuremberg Institute of Technology. At our French sites we developed a concrete plan of action to strengthen equality between men and women.

Some 31 per cent of LEONI Group management positions were occupied by women in 2017 (prior year: 28 per cent). Approx. 54 per cent of the total LEONI workforce worldwide was female (prior year: 53 per cent).

Share of women in management	2015	2016	2017
Share in management	29 %	28 %	31 %
Share in the workforce as a whole	52 %	53 %	54 %

The management statement contains details of how statutory diversity targets are met on the Supervisory Board, the Management Board and at the two subsequent management levels.

» [2017 Annual Report  
page 28 ff](#)

Further internationalisation of management is being supported by means of special mentoring programmes, employee review conferences and intercultural awareness-raising programmes, which were further expanded in the year under review. The establishment of so-called Shared Service Centres at various sites outside Germany to perform centralised functions also leads to greater internationalisation of management.

### **Occupational safety and health protection**

Supporting occupational safety and health protection and adhering to the relevant standards are a key goal of our Group-wide SHE policy, which was newly revised in 2017. The concrete principles contained in this policy are as follows:

- Social and ecological responsibility are core corporate objectives.
- Occupational safety, health and environmental protection form part of all leadership roles.
- Safeguarding our employees from injury or illness by preventive identification of risks and averting any threats.
- Compliance with all legal obligations relating to environmental protection, occupational safety and other requirements. The relevant national standards constitute our minimum requirements in this context.
- Creating and promoting mutual trust by engaging in dialogue with all interested parties.

In order to guarantee the health and safety of employees, for example, we also adhere to internationally recognised standards such as OHSAS 18001. As of the end of 2017, some 13 per cent of the sites in question were certified under this standard. In WSD, the relevant certification was obtained for the headquarters in Kitzingen, thereby creating the basis for multi-site certification under OSHAS 18001, which will initially apply to 20 per cent of sites. The certificate will be issued to us in the course of 2018.

For the first time, our Group-wide SHE management set the following cross-divisional targets in the year under review for the year 2018 in the areas of occupational safety, health protection and emergency management:

- Group-wide recording of all workplace accidents.
- Group-wide recording of all activities relating to health and occupational safety at the various sites.

The number of work-related accidents was 0.6 per 100 employees in 2017. Occupational safety and health protection at LEONI has been further improved by numerous individual measures. These included a Health Day at various sites (e.g. in Kitzingen, Germany), as well as practical first-aid courses (e.g. Itú-São Paolo, Brazil) and health dialogues with experts (e.g. in Durango, Mexico). During the year under review we also defined some initial issues which will in future – as is currently already the case in WSD – provide a Group-wide framework for uniform minimum standards in terms of occupational safety, health protection and environmental protection. These are to be established in such areas as accident reporting, SHE compliance, risk assessment, emergency planning and hazard prevention and also accident management.

A concept was also developed for an alarm management system in 2017. This would enable us to report severe work-related or environmental events that impact on LEONI from the outside or inside. Various units of the Wiring Systems Division took part, including Supply Chain Management, Quality Management, SHE and Risk Management. A pilot phase involving 11 WSD sites was started in March 2018 and this will be applied successively at the WCS sites.

OHSAS certifications	2015	2016	2017
Number of OHSAS certifications	6	10	11

### Human rights

The LEONI Group supports and respects the protection of internationally recognised human rights within its sphere of influence and ensures that the Group is not complicit in human rights abuses, in particular forced labour and child labour.

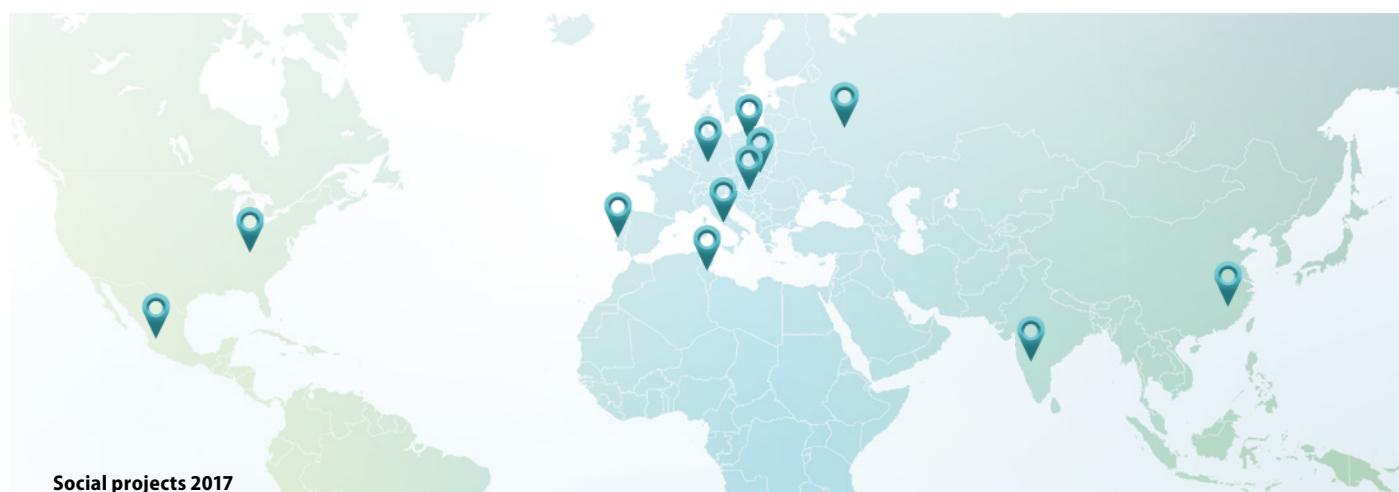
In August 2017, LEONI issued a statement on the avoidance of slavery and human trafficking. In a statement on the UK Modern Slavery Act, which LEONI supports unreservedly, we explicitly declare that we do not tolerate any human rights abuses and such violations will be unequivocally sanctioned. As far as we are concerned, our entire management, all our employees and our supply chain are responsible for preventing modern slavery and human trafficking in our business activities.

» Sustainability  
in the supply chain  
page 33

In September 2017, the "Modern Slavery Prevention" project was presented with the aim of establishing an appropriate system for preventing human rights abuses within LEONI and its supply chain – with a particular focus on forced labour and compulsory labour. The Compliance, Purchasing, HR and SHE units will be drawing up the relevant concept in 2018.

### Social commitment

LEONI supports social projects through donations and sponsorship. Here we attach importance to sustainability and a regional focus. Activities are coordinated both through a Group-wide sponsorship concept and the individual sites: in this way we are able to meet the specific needs of each particular region. At many of its sites worldwide, LEONI is involved locally in supporting social projects such as building nursery schools and improving educational infrastructure. We also maintain various cooperations with universities, technical colleges and research institutions. In developing and emerging countries in particular, LEONI sites generally also make significant contributions in economic terms, thereby helping to combat poverty and support sustainable development in these nations.



**Social projects 2017**

Project	Country
Support in the area of children's aid and for an old people's home	
Scholarships for outstanding school students	China
Health and application project	
Support for a childcare centre and sports clubs	
Donations for playgrounds	Germany
Yearly donations for a wide range of social causes, e.g.: Hospiz St. Nikolaus Allgäu, Hospiz Mögeldorf, Sternstunden, Mittelfränkisches Blindenheim e.V., Stadtmission Nürnberg e.V.	
Refurbishment and fitting of nursery schools	Hungary
Support for German language courses at secondary schools	
Improvement of school infrastructure with solar cells and computers	India
Support for the association ONLU	Italy
Collection of gifts and children's clothes at Christmas	
Purchase of dustbins to improve waste separation in the region	Mexico
Support foundation for sick children (Enlac Institut & CAM 4)	

Project	Country
Support for families in need "Szlachetna Paczka"	Poland
Support for schools and nursery schools	
Support for the initiative "Rote Nase"	Portugal
Support for nursery schools and sports clubs	Russia
Support for Nisville and film festival	
Donation of new furniture to a nursery school and a primary school	Serbia
Donation of uniforms to the association "Dobrňa Dobranja"	Slovakia
Support for associations for autism and for the blind	
Provision of a new school and library	Tunisia
Refurbishment of a primary school and construction of tables from iron and wood waste	
Support for a robot competition at secondary schools; children's club	USA

### **Exertion of political influence**

LEONI does not support any political organisations or parties. We are involved in a number of associations which support 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 on the respective political working groups, so membership does not involve exertion of direct political influence.



A network graph overlay is shown against a background of a molten metal casting process. The graph consists of numerous light blue circular nodes connected by thin white lines, forming a complex web. In the background, a worker wearing a dark cap and safety glasses is visible, looking towards the bright orange glow of the molten metal. Sparks are flying from the hot metal, and smoke is rising. A large, rectangular inset in the bottom left corner provides a closer view of the molten metal's surface.

LEONI STRIVES TO PREVENT  
THE USE OF SO-CALLED CONFLICT  
MINERALS.



# Sustainability in the supply chain

LEONI also calls for sustainable action on the part of its suppliers. This particularly concerns the issue of human rights. LEONI's General Terms and Conditions require all suppliers to adhere to the Social Charter or the principles of the Global Compact.

In the Wiring Systems Division, suppliers are asked to subscribe to the principles of the UN Global Compact and the Social Charter as part of the self-assessment. Suppliers are only approved if they agree to the principles of either the UN Global Compact or the Social Charter. In the event of serious and repeated violations of these principles, LEONI is entitled to terminate business relations immediately. No incidents were reported in 2017. These aspects have also been taken into account when evaluating suppliers at WCS but they have not yet been applied as exclusion criteria for supplier approval. In order to optimise these supplier assessment processes, we will be initiating a review of the supplier questionnaire for both divisions in 2018 and starting a comprehensive project focusing on the identification and avoidance of human rights violations in the supply chain.

## **Dealing with conflict minerals**

LEONI strives to prevent the use of so-called conflict minerals, i.e. those whose extraction involves human rights abuses; suppliers are called upon not to supply any components containing raw materials from DR Congo or its neighbouring countries. This is set out in a Group-wide directive on conflict minerals which is operationally implemented in both divisions. Since 2014 we have voluntarily provided interested customers with information based on the U.S. Dodd-Frank Wall Street and Consumer Protection Act on the extent to which our products contain conflict minerals such as gold, tantalum, tin and tungsten from mines or smelting works in certain African countries. In this connection, we require our suppliers to provide the necessary details every year. In this way we promote the traceability of such materials and enhance the transparency of our supply chain, thereby supporting our customers in meeting their requirements.

# UN Global Compact Index

<b>UN Global Compact Principle</b>	<b>Implementation by LEONI AG</b>	<b>Information on guidelines, systems, results and key performance indicators covered in this report</b>
<b>Human rights:</b> Companies should ...		
<b>Principle 1</b>  ... support and respect the protection of international human rights within their sphere of influence and	LEONI statement on the avoidance of slavery and human trafficking UK  LEONI Social Charter § 1 Fundamental objectives 1.1.Human rights  LEONI Code of Conduct, p. 3	page 29 et seq.
<b>Principle 2</b>  ... make sure that they are not complicit in human rights abuses.	LEONI Modern Slavery Prevention Project  LEONI Social Charter § 2 Implementation, 2.3	page 29 et seq.
<b>Labour standards:</b> Companies should ...		
<b>Principle 3</b>  ... uphold the freedom of association and the effective recognition of the right to collective bargaining, in addition to upholding the	LEONI Code of Conduct, p. 7	page 12 et seq., p. 25 et seq.
<b>Principle 4</b>  ... elimination of all forms of forced labour,	LEONI Code of Conduct, p. 7	page 29 et seq.
<b>Principle 5</b>  ... the abolition of child labour and	LEONI Code of Conduct, p. 7	page 29 et seq.
<b>Principle 6</b>  ... the elimination of discrimination with respect to hiring and employment.	LEONI Code of Conduct, p. 7  Diversity goals; internationalisation of management	page 27 et seq., p. 28 et seq.

<b>Environmental protection:</b> Companies should ...		
<b>Principle 7</b>		
... support a precautionary approach to environmental challenges,	Certification according to ISO 14001, ISO 50001, EMAS	page 19 et seq.
	SHE guidelines	page 17 et seq.
	LEONI Code of Conduct, p. 8	page 12 et seq.
<b>Principle 8</b>		
... undertake initiatives to promote greater environmental responsibility, and	Carbon Disclosure Project	page 21 et seq., 22 et seq.
	Projects aimed at saving resources and reducing greenhouse emissions	page 22 et seq.
	LEONI Code of Conduct, p. 8	page 12 et seq.
<b>Principle 9</b>		
... the development and propagation of ecologically sound technologies.	Green Technology Concept	page 15 et seq.
	Sustainable product development	page 13 et seq., 14 et seq.
<b>Anti-corruption strategy</b> Companies should ...		
<b>Principle 10</b>		
... work against corruption in all its forms, including extortion and bribery.	LEONI Code of Conduct, p. 13	page 11 et seq.

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