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About this report

This LEONI Sustainability Report is also our LEONI Global Compact Communication on Progress and therefore documents our key activities in support of the ten principles of the UN Global Compact during the period under review, providing a summary of the various measures and outcomes. An [index](#) at the end of this document provides references to the relevant text passages that report on our progress in implementing the guiding principles. 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 of the German Commercial Code (HGB) to meet the statutory requirements for CSR reporting. This is provided as part of the 2018 Group Management Report in the [» 2018 Annual Report](#), which can be accessed from our website.





Foreword

LEONI is currently in a phase of radical change and renewal. The unsatisfactory business performance in 2018 coupled with a volatile market environment require comprehensive changes throughout the entire company. This is why we have applied far-reaching restructuring measures, and introduced the VALUE 21 performance and strategy programme. Our primary goal here is to improve profitability and liquidity, while strengthening LEONI's position as a systems provider for the megatrends of digitalization, electromobility and autonomous driving.

Apart from steadying our economic development we also intend to continue fulfilling our social and ecological responsibilities. In economically difficult times and considering the great many tasks that result from the forthcoming transformation work, it is especially important to be able to see the bigger and longer-term picture. Developing a long-term strategy on sustainable lines is especially effective and therefore particularly relevant for us at LEONI.

In light of the above, we stepped up our sustainability activities in 2018. As a first step, we set concrete, Group-wide targets for aspects of sustainability important to LEONI: these were formulated in early 2019 in our CSR Strategy for 2030. This medium-term and carefully balanced project now gives us a clear and self-evident guideline for our actions in terms of ecological and social activities. We have also expanded our Compliance Management to include additional digital offerings that raise awareness of our guiding principle of integrity while more clearly censuring corruption and breaches of the law. In addition, we have made a start on further developing our strategy to prevent human rights abuses within the LEONI Group and the supply chain, which is oriented on the National Action Plan for Business and Human Rights drawn up by the German Government. We have also started revising our Risk Management system in terms of the most important sustainability issues for LEONI. Lastly, we have also made real progress in the area of climate and environmental protection: our figures for energy consumption and waste volumes both fell again in 2018. This report presents you with all of the key details of our approach to sustainability, as well as recent activities and changes in terms of CSR.

Nuremberg, July 2019

LEONI AG

The Management Board

Aldo Kamper
President & CEO

Bruno Fankhauser
Member of the Board of Directors
WCS Division

Martin Stüttem
Member of the Board of Directors
WSD Division



The LEONI Group

LEONI is a global provider of products, solutions and services for energy and data management to the automotive sector and other industries. Our portfolio includes wires, optical fibers, cables and cable systems as well as the necessary components, connectors and services. On this basis, we are increasingly offering our customers smart energy and data management solutions for vehicles and industrial applications. As of 31 December 2018, our listed LEONI Group employed over 92,000 people in 32 countries and generated consolidated sales of EUR 5.1 billion in 2018.

LEONI's business is handled by two company divisions or segments:

The **WIRING SYSTEMS DIVISION** (WSD) is one of the world's leading providers of complete wiring systems and customer-specific cable harnesses for the automotive industry. The division's range of products and services includes the development and production 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 systems provider, we cover the entire spectrum from conceptual design through to volume production as well as supplementary services. We are also increasingly positioning ourselves as a solutions provider for in-vehicle data and energy management, so as 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, which is undergoing a digital transformation to successively become a solutions provider for safe and intelligent power transmission and data management systems. The division's portfolio includes wires, strands and optical fibers, standardised lines, special cables and fully assembled systems as well as related services for customers in the automotive, capital goods, medical devices, telecommunications, energy and infrastructure segments. The focus here is already on technologically sophisticated products and customer-specific applications for niche markets, and the division's portfolio is being continuously expanded to include smart cables and cable systems, software solutions and smart services, to enable LEONI to make the most of digitalisation and other key global megatrends.

LEONI Group and Divisions as at 31 December 2018

LEONI revenue: 5.1 billion €; employees: 92,000 (approx.)	
WIRING SYSTEMS turnover: 3.2 billion €; employees: 83,400 (approx.)	WIRE & CABLE SOLUTIONS turnover: 1.9 billion €; employees: 8,800 (approx.)

For detailed information about the structure, strategy and competitive situation of the LEONI Group and its two divisions, see the [» 2018 Group Management Report](#).



Corporate Sustainability at LEONI

Our Sustainability Management approach



Sustainability management

LEONI has had a Group-wide Corporate Sustainability Management system in place since 2016. This system, which operates at the three separate levels (see figure below), provides uniform reporting for the Group and is responsible for the strategic development of sustainability aspects.

Organisation of sustainability management in the LEONI Group

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



The member of the Management Board responsible for the Corporate Sustainability portfolio is kept informed about all relevant non-financial aspects by holding regular consultations with the responsible divisional Corporate Sustainability Manager and is closely involved in all key decision-making. A Sustainability Steering Committee also meets for sessions attended by representatives of all of the units relevant for sustainability: these sessions are used to work on current non-financial aspects at LEONI on a continuous basis. The Sustainability Steering Committee, which met on four occasions in 2018, is also tasked with defining the company's strategic orientation and engaging in long-term decision-making to further this strategy.

Standards and guidelines

Our system of Corporate Sustainability Management is based on several regulatory frameworks. The external framework, which shapes our work relating to social and ecological responsibility at the international level, is provided by the » guiding principles of the » [UN Global Compact \(UNGC\)](#), a worldwide UN initiative for responsible corporate governance and global justice. LEONI has been one of the signatories of the UNGC since 2011, committing itself to these guiding principles and undertaking to report on progress in these areas on a yearly basis. For reporting, we also orient our work on the » [German Sustainability Code](#). Furthermore, our actions are also guided by 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. Another guideline for our activities is the » [National Action Plan for Business and Human Rights](#) drawn up by the German Government to implement the UN Guiding Principles on Business and Human Rights.

We also follow several internal regulatory codes, in particular the Group-wide rules set out by our LEONI Code of Conduct and LEONI Social Charter, which are published on our » [website](#). Both divisions also operate environmental protection and occupational health and safety management systems aligned with the standards ISO 14001 (environmental protection), ISO 50001 (energy management) and OHSAS 18001 (occupational health and safety).



Stakeholders and key aspects

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

LEONI stakeholder



In 2016, LEONI carried out a materiality analysis based on the requirements set out by the German Sustainability Code in order to determine key aspects from the perspective of CSR, which also form the subject of this report. Key activities included a benchmark analysis, talks with internal and external stakeholders, and an evaluation of sustainability questionnaires completed by our customers. Our work here was guided by the ten UNGC Guiding Principles and the UN Strategic Development Goals, with the aim of prioritising their relevance and impact on and for our business activities. As a result, we therefore cater to two separate perspectives: the relevance of the aspects for LEONI as well as their relevance for our stakeholders.¹ The following matrix shows the results of our materiality analysis.

Results of the materiality analysis

2018



¹ In contrast, the materiality analysis for the non-financial Group Declaration does not assess the relevance for stakeholders but considers the impact on the aspects themselves as set out in the CSR Directive Implementation Act (CSR-Richtlinienumsetzungsgesetz).



Sustainability strategy

As a global provider of products, solutions and services for energy and data management to the automotive sector and other industries, sustainability is an especially important concept for LEONI. We interpret this concept to mean long-term, profitable business development (economic component) on the one hand, and a commitment to honouring our social and ecological responsibilities on the other. Our aim is to reconcile the various requirements that arise in these three separate domains. In adopting this approach, we seek to ensure stability, secure the future of our company, and contribute to the sustainable development of the economy and of society at large. This present report is also oriented on these three pillars of our sustainability strategy.

The three pillars of sustainability at LEONI

ECONOMIC RESPONSIBILITY	SOCIAL RESPONSIBILITY	ECOLOGICAL RESPONSIBILITY
<p>We have set ourselves the goal of ensuring our long-term market success, and thereby creating value for our shareholders and stakeholders. Our dedication and our adherence to stringent compliance standards enable us to maximise benefits for our customers by achieving excellence in quality and service. We develop and manufacture technically mature products and solutions that are increasingly deployed in environmentally friendly technologies.</p>	<p>We consider the following to be essential: diversity, employee satisfaction, equal opportunities and safe working conditions that are free of prejudice. In all of our activities worldwide, we comply in full with the requirements of the United Nations' International Labour Organisation (ILO), call on all of our business partners to uphold our social standards, and are committed to respecting and defending human rights. In addition, LEONI is also involved in a range of community projects around the world, supporting these with both grants and donations.</p>	<p>We consider climate and environmental protection as constituting a key corporate goal, and strive to keep the impact of our activities on the natural world to an absolute minimum. Our environmental initiatives work to improve our handling of water, energy, natural resources and materials in our plants on a continuous basis. Our production facilities are now increasingly certified to international standards such as ISO 14001, EMAS and ISO 50001.</p>



Goals/CSR Strategy

In 2018, the Corporate Sustainability unit worked together with the responsible business departments to develop LEONI's 2030 CSR Strategy: a strategic framework for supporting the comprehensive, structured and systematic development of key non-financial aspects at LEONI up until 2030. This Strategy defines targets, measures and key performance indicators (KPIs) in the areas of employee-related issues, environmental issues, upholding human rights, and compliance. The 2030 CSR Strategy was adopted by the Management Board in January 2019. The targets are discussed in detail in the following chapters.

Risk Management System

Our Group-wide Risk Management System typically operates by identifying risks systematically at an early stage, before then analysing and evaluating these risks in terms of probability of occurrence and impact. Our process also considers material risks of relevance from a sustainability perspective. According to our current assessment, no highly probable risks of this nature exist with the potential to have a severely negative impact.

In late 2018, an expert round was convened together with researchers with the aim of optimising our risk assessment process. The aim here is to develop a strategy for non-financial risk assessment from two separate perspectives. One of these considers potential risks for the environment or society that arise as a result of our business activities or in connection with our business relationships, products and services. A second perspective considers potential external risks to which the company is itself exposed from the environment or society. In 2019, we will continue to work on the further development of this strategy in order to obtain a clear assessment of non-financial risks within our current risk management system.

Further information about our existing risk management system and our reporting of material risks can be found in the [» Risk and Opportunity Report](#) included as part of the 2018 Group Management Report.





Economic responsibility

LEONI has set itself the goal of ensuring our long-term market success, and thereby creating value for shareholders and stakeholders alike. Our dedication and our adherence to stringent compliance standards enable us to maximise benefits for our customers by achieving excellence in quality and service. We develop and manufacture technically mature products and solutions that are increasingly deployed in environmentally friendly technologies. The basis for this is the company's positive economic development over the long term. Business performance for the 2018 financial year did not meet this benchmark, falling well short of our expectations. LEONI Group sales increased by some 4 per cent to EUR 5.1 billion in 2018, while Group earnings before interest and taxes fell from EUR 227 million to EUR 144 million. Detailed information about our business performance is provided in the » 2018 Group Management Report. To remedy this situation, we launched a Group-wide performance and strategy programme (VALUE 21) that aims to provide support to both business operations and LEONI's further transformation into a systems provider over the long term. The first point of focus here is our profitability. To this end, we intend to achieve long-term gross cost savings of EUR 500 million by 2022.





Compliance management and anti-corruption efforts

LEONI requires all of its employees to demonstrate integrity, responsibility and deference to rules, with the aim of ensuring compliance with relevant legislation and avoiding cases of corruption. To uphold and review compliance with these aims, LEONI operates a Group-wide compliance management system.

The compliance management system includes multiple policies designed to prevent corruption. Revisions to the anti-corruption and bribery policy, and to the compliance policy for business partners were completed in the reporting period. A new compliance policy for donations and sponsoring has also been added to our existing policy framework. Reports of potential violations of internal anti-corruption policies or breaches of the law are investigated and prosecuted if the reports prove to be well-founded.

Our Code of Conduct, introduced in 2017, constitutes a fundamental part of the compliance system at LEONI. This Code of Conduct replaces the LEONI Code of Ethics introduced in 2007, while also further developing several rules adopted by our 2003 Social Charter. The Code of Conduct defines responsible, legally compliant behaviour at LEONI, building on the external requirements incumbent on both the company and its employees that result both from legislation and the demands of our customers and the market. The Code of Conduct is built around our guiding principle of integrity. Integrity is the basis for value-oriented corporate governance, offering guidance, a behavioural standard and assistance in our decision-making.

LIVING CODE UND COMPLIANCE MANAGEMENT DASHBOARD To flesh out the value-related concepts contained in the LEONI Code of Conduct, we implemented our 'Living Code' in 2018: this is an internal, interactive information platform that simultaneously serves as a training platform for the [» LEONI Code of Conduct](#). The Living Code uses examples, explainer videos, diagrams, checklists and links, etc. to inform employees about the fundamental concepts of compliance. The associated training course covers topics such as anti-corruption and all employees with intranet access are required to complete the course. Since August 2018, the course has been taken by around 11,000 employees (around 74 per cent of the target audience). We also introduced a Compliance Management Dashboard for employees in 2018. The Dashboard lets employees browse and acknowledge compliance with policies, access training materials, take business partner compliance exams, and document their gifts, invitations, donations and sponsoring offers or request approval of these items. All of the associated processes and procedures are now digitalized and accessible via the Dashboard. As part of work on our 2030 CSR Strategy, we resolved to further increase awareness of compliance both within the company and among our suppliers, and to further optimise our processes in order to improve the identification of relevant cases of misconduct and risks.

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Sustainable product development

Future-oriented, high-quality innovations that are environmentally friendly are of fundamental importance to sustainable growth at LEONI. As a result, both of our company divisions operate highly capable innovation management units. The aim is to develop needs-oriented solutions for new global trends and for use in sustainable, environmentally friendly products and technologies (▶ [Green Technology Strategy](#)). The » [Group Management Report](#) provides further details of research and development at LEONI.



C.A.R.E.S. STRATEGY PROGRAMME As a global solutions provider for energy and data management in the automotive sector and other industries, we focus our development expertise on technological trends likely to have a major impact on our markets – both today and in the future. We have defined core innovation fields for intelligent energy and data solutions in the vehicles of the future in our C.A.R.E.S. Strategy Programme. The most important core fields for innovation are reflected in the programme title: (C)onnected mobility, (A)utonomous mobility, (R)evolutionising productivity, (E)lectrified mobility, and (S)mart solutions and services. Accordingly, the R&D activities pursued by the Wiring Systems Division, for example, focus on projects designed to implement autonomous driving and to promote electromobility. We are also looking to pool various areas of expertise and apply these at the system level – such as the analysis and optimisation of wiring system architectures, for example – while focusing on simulation topics and production automation. Developments in 2018 included intelligent components for high-availability (and therefore failure-tolerant) energy wiring systems, which form a key requirement for enabling autonomous driving. In electromobility, several new components for high-voltage (HV) wiring systems were launched, including charging sockets and HV distributors, as well as initial prototypes and products for signal and energy distribution within HV batteries.

INNOVATIVE KEY TECHNOLOGY: LEONIq In 2018, we presented the first potential applications using our key technology LEONIq for intelligent cable solutions. These applications include a liquid-cooled charging cable that is monitored by LEONIq, as well as intelligent cable systems for industrial applications that include energy supply systems for robots and production facilities that actively monitor their state to increase plant availability. LEONIq can be used to record and analyse various parameters such as temperature and mechanical load along any cable system: this allows conclusions to be drawn about its condition and control commands to be executed. LEONIq not only costs considerably less than comparable technical solutions but also has a much smaller installation footprint. LEONI works with partners including Microsoft to evaluate the measurement data generated by LEONIq. In 2018, we also signed a strategic cooperation with the Californian research and development company PARC, which provides us with access to pioneering technologies in the fields of condition monitoring, system analysis, artificial and embedded sensor systems.



Green Technology Strategy

LEONI uses the term 'green technology' to mean all products, system solutions and services that improve energy efficiency and resource conservation while reducing emissions and thereby reducing our impact on the environment. In response to the growing global market for green technology, we are steadily increasing the proportion of energy-saving, environmentally friendly products and solutions in our portfolio. In this way, we are doing our part to reduce the huge stresses placed on our environment by CO₂ emissions and the related processes of global warming.

LEONI 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 our fields of application for green technology:

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

One segment of especial importance for LEONI is sustainable mobility: our involvement here includes a range of products and solutions for electric and hybrid vehicles. In addition, 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 CO₂ emissions in vehicles. Our work here involves the use of innovative conductive materials that allow smaller cable cross-sections, and the application of simulation systems (such as our 'Toodedis' tool) to optimise cross-sections and the cable harness architecture. We also participate in relevant development projects, such as the '48 Volt' project sponsored by a number of companies from the automotive sector that was concluded in 2018. This project focused on extending support from 12 V to 48 V electrical systems and the associated weight savings achieved in the vehicle wiring system.



Ecological responsibility

LEONI is well aware of its ecological responsibilities and regards environmental protection as a key corporate objective. Our environmental management system is geared to keeping the impact of all of our processes on ecosystems to the absolute minimum. We make every effort to reduce energy consumption and our associated CO₂ emissions as our contribution to climate protection, and to reduce our water consumption and volumes of waste we generate, with the aim of achieving optimum resource and material efficiency.



Goals and key performance indicators

LEONI has defined water and energy consumption, waste generation and CO₂ equivalent (CO₂e) as key indicators for environmental protection. In 2018, we defined our first Group-wide targets for these indicators as part of our work on the 2030 CSR Strategy. We aim to achieve the following targets by 2030 (baseline year is 2016 in each case):

- Reduction of CO₂ equivalents by 20 per cent per EUR 1 million of revenue.
- Reduction of energy consumption by 15 per cent per EUR 1 million of revenue.
- Reduction in fresh water use by 10 per cent per EUR 1 million of revenue

We also intend to have all our production facilities certified to the ISO 14001 environmental standard by 2030.

Back in 2017, we defined a number of short-term, facility-by-facility environmental protection targets to be met by 2020 for all plants in the LEONI Group:

- Reduction of energy usage by 1.5 per cent (baseline: 2016 consumption).
- Reduction of absolute volume of waste generated by 2 per cent (baseline: 2016 waste volume).

In order to achieve these targets, plants are free to define and complete one or more projects, so as to accommodate the differing strategies and infrastructural circumstances applicable to the various production facilities within the two divisions. We started measuring target achievement levels internally in 2018.





Certified environmental management

To create a suitable starting-point for implementing our environmental targets and monitoring the ecological impact of our activities, most of our facilities operate environmental management systems based on internationally recognised standards such as ISO 14001, EMAS and ISO 50001.

As on last year's reporting date, 70 per cent of our operating facilities were certified to ISO 14001 at the end of 2018. In addition, 6 per cent of our facilities also meet the ISO 50001 standard for energy management systems and have been audited under the EU's Eco-Management and Audit Scheme (EMAS).

Number of certified facilities	2015	2016	2017	2018
ISO 14001	56	60	59 ²	59
EMAS	5	6	5 ²	5
ISO 50001	4	5	5	5

By the end of 2019, all Wiring Systems facilities should have ISO 14001 certification; new facilities are given two years to become certified. Our remaining production facilities will also be successively audited. Our new CSR Strategy envisages all operating units achieving certification by 2030.

Energy and power consumption

In addition to its manufacturing processes, LEONI also requires energy to power its heating, cooling, ventilation and compressed air systems, as well as electricity for its lighting. In 2018, the LEONI Group consumed a total of 511,370 MWh of power, which represents a year-on-year reduction of 1 per cent. Calculated per EUR 1 million of revenue, energy consumption fell by 5 per cent year on year and by 10 per cent versus the 2016 baseline. As part of our CSR strategy, we have set ourselves the target of reducing our relative energy consumption by 15 per cent per EUR 1 million of revenue compared with the 2016 baseline by 2030.



In the reporting year, a wide range of energy-saving projects across multiple plants helped to reduce consumption, such as the installation of temperature controllers in production buildings, optimisation of compressed air consumption and improved forklift truck loading processes. These efforts more than compensated for increased consumption at other facilities, which resulted from the procurement of machinery, production line expansion or an increase in the production workforce, for example.

² The sale of three facilities has meant a reduction in the number of EMAS and ISO 14001 certificates by one.



Energy needs were largely met by purchased electricity (77 per cent) and fossil fuels such as natural gas, heating oil and diesel (20 per cent). The remaining 3 per cent was provided by district heating and renewable energy sources in the form of wood pellets, which are used at our plants in Serbia and Ukraine.

Energy sources for LEONI

2018



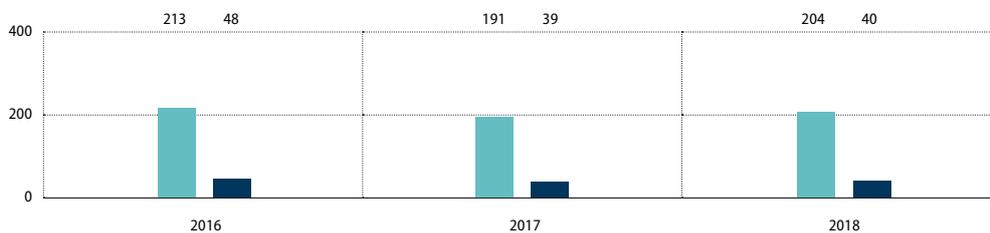
Greenhouse gas emissions (CO2 equivalents)

In order to measure our CO2 equivalents (CO2e), we take into account emissions from energy consumption in production processes. In these processes, greenhouse gas (GHG) emissions are generated by heating, the supply of steam, surface treatment and cooling processes. We include direct (scope 1) and indirect (scope 2) emissions from 84 production facilities.³ This number includes all operating facilities as well as R&D and administrative facilities employing over 50 people.

In 2018, scope 1 and scope 2 emissions together accounted for 203,937 tonnes CO2 equivalent. Year-on-year comparisons are not meaningful due to an oversight: the figure for last year unfortunately failed to include all emissions in the calculation. Compared with the baseline year 2016, absolute emissions fell by almost 17 per cent per EUR 1 million of revenue. As part of our CSR Strategy, we are striving to reduce scope 1 and scope 2 emissions by 20 per cent per EUR 1 million of revenue compared to 2016 by 2030.

Greenhouse gas emissions (CO2 equivalents)

absolute (1,000 t) specific (1,000 t / EUR 1 million turnover)



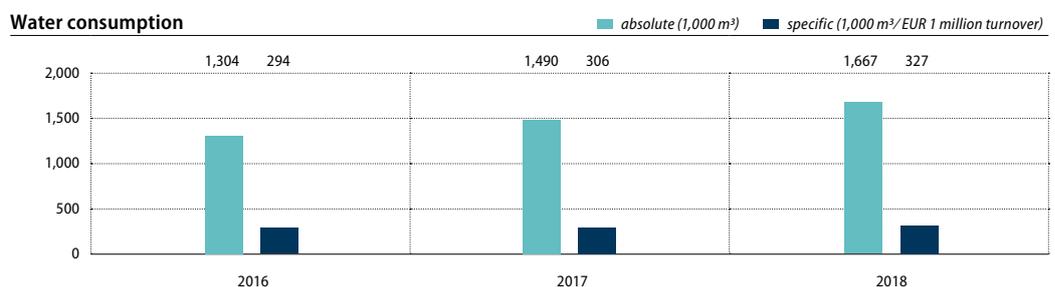
³ Our GHG audit is created according to the GHG Protocol Corporate Accounting and Reporting Standard. We used the DEFRA 2018 emission factors to calculate scope 1 emissions and the emission factors with a facility-based approach from the International Energy Agency (IEA) database (2018 edition) to calculate scope 2 emissions. The basis for calculating CO2 equivalents is provided by the Global Warming Potentials (GWPs), which are in turn based on the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) over a period of 100 years.



Our Travel Management unit also helped us to calculate GHG emissions from business trips for the first time in 2018. This results in a figure of 3,838 tonnes CO₂ equivalent for the reporting year.⁴ In the future, we will be working with the relevant business departments to expand our collection of data for other up-/downstream emissions (scope 3).

Water consumption

LEONI uses water for activities not related to production (e.g. drinking, sanitary purposes, catering), and for production activities such as cleaning, washing and cooling. The amount of water consumed in 2018 was 1,666,715 m³. This represented an absolute increase year-on-year of 12 per cent and 7 per cent per EUR 1 million of revenue. Relative consumption rose by 11 per cent compared with 2016. As part of our CSR Strategy, we have set ourselves the goal of achieving relative fresh water savings of 10 per cent compared with the baseline year of 2016 by 2030. This negative trend in 2018 can be traced to the expansion of a number of production buildings and other construction work, as well as the associated increase in production hours, personnel and shifts. This was exacerbated by process-related changes (such as the conversion of cooling systems) at some sites.



Water consumed was largely taken from surface water sources (48 per cent) and groundwater/wells (51 per cent), with 1 per cent sourced from the collection of rainwater.

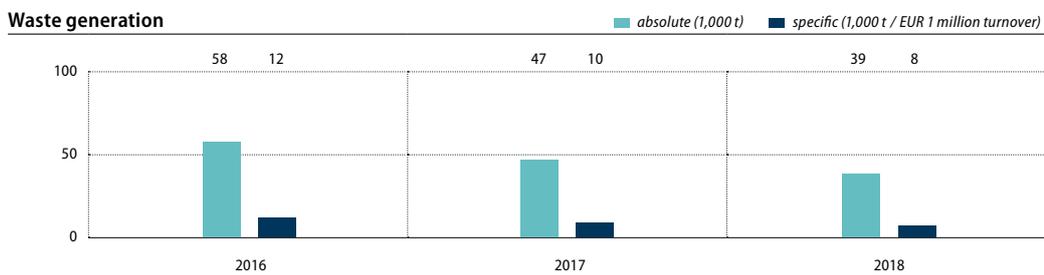
Resource efficiency and waste generation

Activities at LEONI are associated with a high level of resource usage. Our products and solutions require the use of various materials, and copper and plastics in particular. For further details of the most important resources and materials utilised by LEONI, please see the [» 2018 Annual Report](#).

⁴ These emissions have been calculated without the Radiative Forcing (RF) factors (RF is a measure of the additional environmental impact of aviation. These include emissions of nitrous oxides and water vapour when emitted at high altitude).



We have initiated a number of projects to optimise our resource efficiency: these include the development of ultra-thin vehicle cables with reduced insulating jacket thicknesses and the simulation of wiring system architectures to optimise cable cross-sections. Furthermore, we also aim to avoid waste and to promote the reuse and recycling of resources. In cases where waste cannot be avoided, LEONI promotes recycling instead of disposal wherever possible. Copper, which is one of the key constituents of our products, is an eminently recyclable resource.



Most waste that we generate is non-hazardous – such as is generated in cafeterias or offices. A proportion of our waste is also hazardous, and is made up of galvanisation process waste, oils and lubricants, and coolants for wire-drawing machines, for example. In 2018, the total volume of waste (both non-hazardous and hazardous) was 39,018 tonnes, of which 35,774 tonnes (92 per cent) was re-used, recovered or recycled. Compared with 2017, we therefore reduced our total waste volume in absolute terms by 17 per cent. Calculated per EUR 1 million of revenue, this was a fall of 24 per cent. This reduction in the volume of waste in 2018 was the result of several measures, including more widespread material recycling, optimisations in waste fraction separation, improving integration with the internal sewage system and reducing packaging materials in customer shipments.



Key environmental protection performance indicators 2018

Absolute consumption 2016 2017 2018

Sites	<i>number</i>		
Sites included	84	84	84

Management systems	<i>number</i>		
Sites certified under ISO 14001	60	59	59
Sites with EMAS validation	6	5	5
Sites certified under ISO 5001	5	5	5
Sites certified under OHSAS	10	11	11

Power consumption	<i>MWh</i>		
Electricity	371,198	381,532	396,371
District heating	NA	6,555	9,152
Fossil fuels	122,970	123,458	102,156
Renewable energy sources	NA	3,662	3,691
Total energy consumption	494,168	515,207	511,370

Water consumption	<i>m³</i>		
Surface water	789,824	869,025	794,552
Groundwater	492,062	604,112	846,861
Rainwater	21,758	16,452	25,302
Total water consumption	1,303,644	1,489,589	1,666,715

CO₂ emissions	<i>t CO₂e</i>		
Scope 1 CO ₂ e	29,988	24,594	22,122
Scope 2 CO ₂ e	182,970	166,197	181,815
Total CO ₂ e	212,958	190,791	203,937

Waste generation	<i>t</i>		
Hazardous waste	40,915	41,067	36,489
Re-used non-hazardous waste	28,884	29,545	35,774
Hazardous waste	16,763	6,134	2,529
Hazardous waste disposed of	16,372	5,746	3,125
Total waste generation	57,678	47,201	39,018



Specific key performance indicators⁵ **2016** **2017** **2018**

Power consumption	<i>MWh/EUR 1 million</i>		
Electricity	83.8	78.2	77.7
Fossil fuels	27.8	25.3	20.0
Renewable energy sources	NA	0.8	0.74
District heating	NA	1.3	1.79
Total energy consumption	112	105.7	100.3

Water consumption	<i>m³/EUR 1 million</i>		
Surface water	178.2	178.2	155.8
Groundwater	111.0	124.1	166.0
Rainwater	4.9	3.4	5.0
Total water consumption (in m³)	294	305.5	326.7

CO₂ emissions	<i>t CO₂e/EUR 1 million</i>		
Scope 1 CO ₂ e	6.8	5.0	4.3
Scope 2 CO ₂ e	41	34	35.6
Total CO₂e	48	39	40.0

Waste generation	<i>t/EUR 1 million</i>		
Hazardous waste	9.2	8.4	7.2
Re-used non-hazardous waste	6.5	6.1	7.0
Hazardous waste	3.8	1.3	0.5
Hazardous waste disposed of	3.7	1.2	0.6
Total waste generation	12	10	7.6

Climate and environmental protection projects

In 2018, LEONI again launched a number of projects around the world with the aim of contributing to the conservation of natural resources and reducing greenhouse gas emissions. At our Chinese facility in Tieling, for example, temperature controllers were installed to reduce energy consumption by making natural gas usage more efficient in the production units. Action was also taken to save energy at our German plant in Jena, where efforts focused on the optimisation of compressed air generation and usage, and converting the lighting systems to use LED technology.

While extensive construction work prevented any reduction in water consumption in 2018, several plants nonetheless completed maintenance, monitoring and inspection activities aimed at achieving significant reductions to water consumption in the future. These activities were supplemented by other water-saving

⁵ 2017 turnover adjusted



measures at several facilities, such as the collection and use of grey water for flushing toilets, modernisation work on water systems (including leak monitoring systems), continuous water meter monitoring and training courses for employees.

In waste management, the separation of waste fractions was improved by '5S' audits. In addition, an increase in the proportion of waste recycled plus technical optimisations also achieved a reduction in hazardous types of waste like sewage sludge. At our plant in Jena, for example, a centrifuge was installed for the continuous treatment of grinding sludge: as a result, a smaller volume of grinding additives is now required.



Projects	Country	Description	Facility savings
Water savings	Brazil	Environmental training to raise awareness among employees	33%
	China	Daily monitoring of water meters, monthly check of water consumption, employee training courses to optimise water consumption, use of grey water for flushing toilets.	15%
Energy savings	China	Installation of dedicated light switches to control lighting in production facilities, additional employee training courses, daily monitoring of electricity consumption.	5%
	Egypt	Optimisation of electricity usage as part of the KATA project.	6%
	Italy	New charging procedure for forklift trucks and lighting systems replaced with LED technology.	11%
	Germany	New LED lamps with automatic light control, optimisation of compressed air network with pressure level adjustment.	12%
Waste management	Turkey	Reduction in production waste.	29%
	Poland	Reduction in production waste.	29%
	Germany	Reduction in production waste.	79%



Social responsibility



LEONI strives to offer its employees interesting work that involves a high degree of independent responsibility in a motivating, supportive and constructive environment; as an employer, the company aims to attract competent and committed staff, and retain them as loyal employees. Diversity and employee satisfaction are key factors for success here to ensure the future viability of our company. It is also our declared goal to ensure high standards apply across our Group in terms of occupational safety and health. We are also committed to upholding human rights both within our company and in our dealings with business partners. We also sponsor a wide range of local community projects at our sites.



Diversity

We view diversity – in terms of gender, age, cultural background, ethnicity, and professional experience and world view – as the key to being able to successfully manage an increasingly complex set of tasks and challenges within heterogeneous teams. Our focus here is at the company management level, especially in terms of supporting and ensuring an appropriate level of participation for women, as well as boosting internationalisation and making it easier for employees to move between departments and job roles.

To provide a consistent level of support for women at the top echelons of management, many initiatives have been started – especially in Germany, since around 80 per cent of LEONI's senior management positions (of 93 positions worldwide) are held in German companies. One example of this is the provision of targeted training and special mentoring programmes for female high potentials, such as the development programme for (junior) women in management offered by the Bavarian Industry Association. Our recruiting process prioritises the identification and presentation of female candidates for all of our vacancies. Another approach taken to strengthening the equal involvement of women and men in our company has been to create an environment that supports a variety of lifestyles: these include flexible working hours, and more options for part-time work and working from home.



As in the previous year, around 6.5 per cent of LEONI Group senior management positions worldwide were held by women in 2018. As in 2017, approximately 54 per cent of LEONI's total global workforce was female. As part of work on our CSR Strategy, we have set ourselves the goal of increasing the proportion of women in senior management positions to around 20 per cent by 2030. The well-balanced proportion of women in the overall workforce is to be maintained.

We also intend to significantly increase the proportion of senior managers with non-German nationalities by 2030. Further internationalisation of management is being driven by means of international employee development dialogue conferences, workshops and intercultural awareness-raising programmes, which were further expanded in the reporting year.

One key precondition for the targeted promotion of both geographical and professional mobility has been met with the introduction of our global talent management programme. In the course of annual employee development dialogues conducted according to the same principles throughout the Group, management staff and employees discussed potential steps in personal and career development, including moves to other departments and/or countries. The results of these interviews form the basis for our succession and career planning, particularly in senior management.

Employee satisfaction

LEONI strives to create a working environment for all staff worldwide that is free of discrimination, both at the recruitment stage and during employment, and makes every effort to guarantee freedom of association and the right to collective bargaining. A general prohibition of discrimination is therefore mentioned explicitly in our Code of Conduct and LEONI's Social Charter. Beyond this, the Social Charter also stipulates that support must be provided for employee skills training and (as a minimum requirement) compliance with relevant national standards must be assured as regards remuneration, minimum wages, occupational safety and health, working hours and paid holiday.

One key instrument used to measure and evaluate long-term engagement and employee satisfaction within a company is provided by strategic employee surveys, supplemented by a well-defined system of follow-up processes. These stimulate and maintain dialogue within the company, ensuring that both our strengths as an employer and potential areas for improvement are identified, allowing specific weaknesses to be tackled in a systematic manner. This instrument was first standardised in 2017 and implemented on a Group-wide basis in the form of our new global employee survey, 'Voice@LEONI'. Around 57,000 employees from 29 countries participated in the survey. The results were evaluated in 2018, and management staff worked with their



teams worldwide to specify over 900 specific action plans for change worldwide, which are now being tracked systematically via a platform. Moreover, the results were also used to derive higher-level measures for application to management staff development, for example. Ideas were also developed for changes to teamwork and leadership as part of a global initiative to define our corporate culture. As part of our 2030 CSR Strategy work, we have set ourselves the goal of retaining this high level of participation in the employee survey.

LEONI's external appeal as an employer was once again confirmed in 2018: along with other companies, LEONI was named a "Top German Employer" by the "Top Employers Institute".

Occupational safety and health

Promoting occupational safety and health, as well as compliance with relevant standards, are key goals of our work in sustainability management. Since 2018, data on all industrial accidents and all activities related to occupational safety and health is collected by all Group facilities. This data collection is driven by a computerised system that uses surveys to record information about occupational safety and health, the environment, social responsibility and sustainability in a centralised system. Both quantitative and qualitative data is collected from these 84 facilities. This includes all operating facilities as well as R&D and administrative facilities employing over 50 people. With the exception of quarterly environmental data collection, all other data is surveyed on an annual basis. This data set provides a key basis for discussing adjustments to the Group-wide strategic orientation for sustainability management.

In addition, an interdivisional working group also drafted the first set of harmonised safety, health and environment (SHE) standards and documents, including SHE compliance and risk assessment standards, and accident reporting templates for use in both company divisions. We are currently working on a uniform Business Continuity Management standard for use across the Group.

As part of our 2030 CSR Strategy work, we have set ourselves the following targets in the area of occupational safety and health:

- Reduction of accident incident rate to 0.5 per 100 employees.
- Further improvements to healthcare provision at our facilities.
- Increasing the proportion of facilities certified to OHSAS 18001 (ISO 45001 in the future) and certification of all facilities with large workforces.



The number of work-related accidents was 0.67 per 100 employees in 2018. As in previous years, our facilities also organised a number of occupational safety and health initiatives in 2018. We also focus on specific topics for certain facilities – ranging from safety training courses to check-ups and screening. At the end of 2018, eleven facilities were certified to OHSAS 18001, which represents 13 per cent of all units surveyed. Another 14 facilities will be certified by 2020.

Number of certified facilities	2015	2016	2017	2018
OHSAS	6	10	11	11

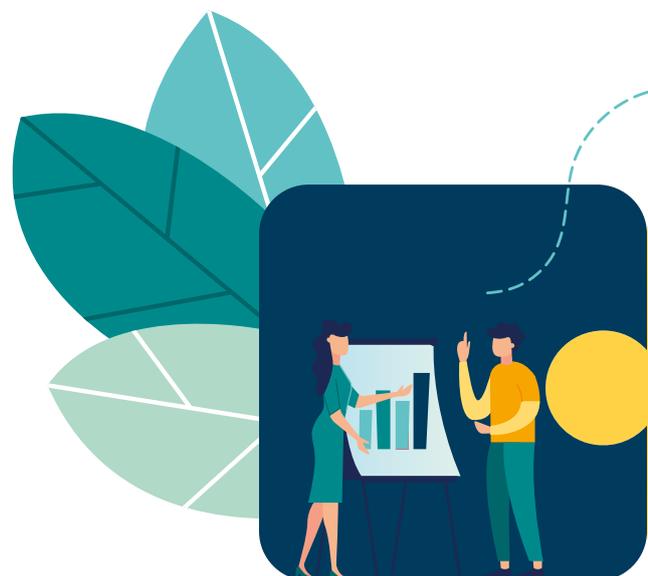
Human rights

The LEONI Group has declared its commitment to uphold internationally recognised human rights. We hold our entire management team, all our employees and all our suppliers responsible for working to prevent modern slavery and human trafficking in our business activities. Our Code of Conduct and the LEONI Social Charter explicitly state that any form of forced or compulsory labour is prohibited at LEONI. In 2017, we published a declaration that commits us to upholding human rights and underlines the fact that LEONI has a zero-tolerance policy towards human rights abuses, with violations being unequivocally sanctioned.

As part of our 'Modern Slavery Prevention' project, which is led by our Corporate Sustainability unit, we are currently developing a system to prevent human rights abuses within the LEONI Group and our supply chain. Modelled on the National Action Plan for Business and Human Rights drawn up by the German Government to implement the UN Guiding Principles on Business and Human Rights, a strategy for the further development of aspects already in place at LEONI was also completed in the year under review. An interdepartmental analysis is also being conducted to document and evaluate any factors with the potential to impede the upholding of human rights at our facilities and within our supply chain. A further objective is to set up an anonymous complaints platform at the Group level.

LEONI also requires all of its suppliers to act sustainably and to uphold human rights at all times. Our standard terms and conditions of business require all suppliers to adhere to the Social Charter and/or the principles of the UN Global Compact.

In 2018, the content of the supplier questionnaire used in our WCS Division was harmonised with the form used in WSD. Accordingly, a new supplier for either division is approved only if they agree to uphold either the UN Global Compact Guiding





Principles of the Social Charter. In the event of serious and repeated violations of the principles set out in these documents coming to light, LEONI is entitled to terminate business relations immediately. No material breaches of these principles were reported in 2018.

LEONI also strives to avoid the use of 'conflict minerals', i.e. those minerals that are mined or extracted in violation of human rights. 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 policy on conflict minerals that is implemented for operational business activities in both divisions. Since 2014, we have voluntarily provided interested customers with a standardised report complying with the provisions of the US Dodd-Frank Wall Street and Consumer Protection Act, which states which of our products contain conflict minerals such as gold, tantalum, tin and tungsten from mines or smelting works in certain African countries. To ensure the accuracy of this report, we request the necessary data from our suppliers every year. In this way, we promote the traceability of such materials and enhance the transparency of our supply chain, thereby helping our customers to meet their own requirements in this area.

Community engagement

LEONI supports community projects with donations and sponsorship. Key points of focus here are sustainability and local relevance. Activities are coordinated on the one hand by a Group-wide sponsorship strategy, which is also supported by coordination from the individual facilities to ensure we meet the specific needs of each particular region. As a result, LEONI supports projects such as building nursery schools or improving educational infrastructure in many of its facilities' local communities worldwide. We also maintain a range of partnerships with universities, technical colleges and research institutions. In developing and emerging economies in particular, LEONI's facilities make significant contributions in economic terms, thereby helping to combat poverty and support sustainable development in these countries.





The figure below presents a selection of community projects we supported in 2018:



Countries	Project name
Egypt	Donation to an orphanage in Cairo
Brazil	Food collection campaign for the association Vila de São Vicente de Paula
China	Support for children's aid services and a retirement home
	Scholarships for outstanding school pupils
Germany	Support for childcare facilities and sports clubs
	Donations for playgrounds
	Annual donations to many good causes, including Sternstunden, Mittelfränkisches Blindenheim e.V., Stadtmission Nürnberg e.V., Lebenshilfe Kitzingen, Kinderschicksale Mittelfranken, Kleine Patienten in Not e.V.
Ukraine	Assistance for the modernisation and renovation of nursery schools, hospitals and various educational establishments.
Hungary	Support for a nursery school, schools and sports clubs
	Support for German language courses at secondary schools
	Donation to a foundation providing support to people with disabilities
South Korea	Monthly contributions for single parents on low incomes
Italy	Support for ensuring unrestricted mobility for people with disabilities and senior citizens
Mexico	Collection of gifts and children's clothes at Christmas
	Support foundation for sick children (Enlac Institute & CAM 4)
Poland	Support for families in need – "Szlachetna Paczka"
	Support for schools and nursery schools
Portugal	Support for the local social association for children and seniors – "Briteiros House"
Russia	Support for nursery schools and schools
Serbia	Donation to NURDOR – The National Association of Parents of Children with Cancer
	Donations to playground construction projects
Tunisia	Donation to a school for autistic people
	Support for conversion work at a primary school for orphans and disabled people
USA	Donation to the National WWII Museum



Exertion of political influence

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



UN Global Compact Index

UN Global Compact Principles	Implementation by LEONI AG	Information about policies, systems, results and key performance indicators covered in this report
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Human rights: Businesses should ...

<p>Principle 1 ... support and respect the protection of internationally proclaimed human rights; and</p>	<p>LEONI statement on the avoidance of slavery and human trafficking UK</p> <p>LEONI Social Charter § 1 Fundamental objectives 1.1.Human rights</p> <p>LEONI Code of Conduct, page 3</p>	<p>› page 26 et seq.</p>
<p>Principle 2 ... make sure that they are not complicit in human rights abuses.</p>	<p>LEONI Modern Slavery Prevention Project</p> <p>LEONI Social Charter § 2 Implementation, 2.3</p>	<p>› page 26 et seq.</p>

Labour standards: Businesses should ...

<p>Principle 3 ... uphold the freedom of association and the effective recognition of the right to collective bargaining, in addition to upholding the</p>	<p>LEONI Code of Conduct, page 7</p>	<p>› page 23 et seq.</p>
<p>Principle 4 ... elimination of all forms of forced labour,</p>	<p>LEONI Code of Conduct, page 7</p>	<p>› page 26 et seq.</p>
<p>Principle 5 ... the effective abolition of child labour and</p>	<p>LEONI Code of Conduct, page 7</p>	<p>› page 26 et seq.</p>
<p>Principle 6 ... the elimination of discrimination in respect of employment and occupation.</p>	<p>LEONI Code of Conduct, page 7</p> <p>Diversity goals; internationalisation of management</p>	<p>› page 23 et seq.</p>



UN Global Compact Principles	Implementation by LEONI AG	Information about policies, systems, results and key performance indicators covered in this report
Environmental protection: Businesses should ...		
Principle 7 ...support a precautionary approach to environmental challenges,	Certification according to ISO 14001, ISO 50001, EMAS SHE Guidelines LEONI Code of Conduct	› page 16 › page 7 › page 7
Principle 8 ... undertake initiatives to promote greater environmental responsibility, and	Carbon Disclosure Project Projects aimed at conserving resources and reducing climate-related emissions LEONI Code of Conduct	› page 16 et seq. › page 21 et seq. › page 7
Principle 9 ... encourage the development and diffusion of environmentally friendly technologies.	Green Technology Plan Sustainable product development	› page 14 › page 13
Anti-corruption: Businesses should ...		
Principle 10 ... work against corruption in all its forms, including extortion and bribery.	LEONI Code of Conduct	› page 7 , › page 12



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