

United Nations Global Compact Communication on progress 2013



The Quality Connection

LEONI



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

We welcome feedback on its contents.



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Declaration of support

As a company operating globally, LEONI has made it its mission to ensure observance of human rights and recognised labour standards at our 96 facilities in 32 countries. This form of responsibility was already taken on in 2003 with publication of the LEONI Social Charter, continued in 2007 with the LEONI Code of Ethics and taken further forward in 2011 by joining the UN Global Compact.

The obligation under the German Corporate Governance Code, the LEONI Social Charter and the LEONI Code of Ethics constitutes a solid basis for all of LEONI's activity and commitment to fulfil the ten principles of the UN Global Compact.

Sustainability has especially high priority for LEONI. It means both a long-term business outlook and integration of ecological and social aspects in our management systems. We regard this as a contribution both to safeguarding our Company's future and towards sustainable growth of business and society. That is why we submitted the questionnaire on the Carbon Disclosure Project for the years 2005 and 2006 for the first time in 2007; why we have certified our principal production facilities

in accordance with the ISO 14001 environmental standard and why we launched our Green Technology Initiative in 2009, with which we are advancing towards being the leading manufacturer of cables for environmentally friendly technologies.

Prevention of corruption is managed as a key compliance field in our Compliance Management System. LEONI thereby ensures anti-corruption conduct in accordance with the principles of the UN Global Compact.

This second LEONI Global Compact Communication on Progress documents our key steps towards upholding the 10 principles of the UN Global Compact through to signing it and details our measures and results since August 2012.

LEONI is committed to ongoing support of the ten principles of the UN Global Compact and to continual improvement in applying those principles.

Nürnberg, July 2013

LEONI AG
The Management Board



Dr Klaus Probst



Dieter Bellé



Dr Andreas Brand



The LEONI Group

Leading cable systems manufacturer with a global footprint

LEONI operates worldwide, providing wires, optical fibers, cables and cable systems as well as related services for the automotive sector and other industries. The group of companies market-listed in the German MDAX index employs about 60,000 people in 32 countries and generated consolidated sales of EUR 3.8 billion in 2012.

Established 95 years ago, the Company now ranks among the world's largest and most successful cable manufacturers. In addition to tailor-made cable solutions, the Group is increasingly offering its customers complete systems with perfectly harmonised components – from the cable itself through to the required connectors and fixings. Ongoing growth of the Company as a provider of development work and systems is a significant trend in this respect.

Synergies thanks to a high real net output ratio

LEONI employees have profound knowledge in cable assembly as well as a comprehensive understanding of the operating conditions and technical correlations at the user end. In addition there is a ratio of real net product output unique in the sector, which provides valuable synergies: it begins with the finest single wire and optical fiber, moves on to the copper or fiber optic cable and ends with the complete wiring system including integrated electronics.

Experience in and presence on the markets of the future

LEONI focuses its business on the core markets of Automotive, Industry & Healthcare, Communication & Infrastructure, Electrical Appliances as well as Conductors & Copper Solutions. Its customers include well-known companies such as ABB, Alp-Transit Gotthard, BMW, Bosch, Continental, Deutsche Telekom, EADS, Ericsson, Fiat, GM, IBM, Jaguar/Land Rover, Johnson Controls, MAN, Mercedes-Benz, Meyer Werft, Philips, Renault/Nissan, Shell, Siemens, Solarworld, Volvo and VW Group. The Company already leads the world market as a supplier of single-core automotive cables; in the wiring systems market it occupies first place in Europe and is fourth worldwide. In addition, LEONI is among the leading manufacturers across Europe in all of its other business areas.

Geared to global trends

The Company intends in the future to benefit more from global trends. These present the Company with major challenges because they frequently entail greater consumption of resources and environmental harm. At the same time, however, they provide major opportunities. LEONI is therefore, with its products and services, preparing for the change involving demography, ecology, mobility, globalisation, industrialisation and urbanisation. Especially with respect to environmental protection, LEONI aims to become the most innovative cable supplier for the 'green technology' market.

The highest quality thanks to skilled staff

The quality principle is resolutely applied at LEONI. It is part of our corporate philosophy and firmly embedded in all of our core segments. This is reflected in repeated awards, for example as "Top employer" in Germany and, internationally, as supplier of the year of Caterpillar, DAF and Porsche. PSA nominated us as a core supplier in 2012. Furthermore, in-depth research and development work underpins a high degree of innovative power.

Tradition and progress since the 16th century

A small wire factory in the Franconia region of Bavaria laid the foundation for today's global player LEONI back in 1569. At that time, Frenchman Anthoni Fournier began with a handful of staff in Nuremberg to produce finest gold and silver threads, known as Lyonese wares, for precious woven products. His sons opened further production facilities in the region. From these beginnings, Leonische Werke Roth-Nürnberg AG emerged in 1917. Then as now the ability to change as well as a keen sense for trends in the market and for customer requirements are among the key characteristics of the Company, which was renamed LEONI AG in 1999. Long-standing values simultaneously serve as a guide for acting in a predictable and responsible manner.

Human rights

Principle 1: Businesses should support and respect the protection of international human rights within their sphere of influence; and

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

LEONI supports and respects the protection of internationally recognised human rights within its sphere of influence and ensures that it is not complicit in human rights abuses.

LEONI Social Charter and LEONI Code of Ethics

LEONI was one of the first companies in the world to draft a Social Charter in April 2003. It applies directly to all LEONI Group companies worldwide. Ensuring employee and human rights as well as assuming social responsibility have always been integral elements of our corporate policy. LEONI's European Works Council and the International Metalworkers' Federation (IMF) are co-signatories to this Charter.

In the LEONI Social Charter, the Group commits to respecting internationally recognised human rights and to support their observance. We also encourage our business partners to consider this declaration in their own business policy. We regard this as a beneficial basis for reciprocal business relationships.

In March 2007, LEONI also introduced its own Code of Ethics. It is binding on all employees of the LEONI Group worldwide and has been made accessible to every staff member.

The Code of Ethics describes in unequivocal terms the values and the demands placed on the kind of personally responsible and honest conduct that has always guided LEONI as a business enterprise. The crux of the Code of Ethics is that LEONI employees act in accordance with the corporate rules and the statutory regulations of the legal system that applies to them. Every LEONI employee must, when newly recruited, have a corresponding clause in their service contract by which he or she undertakes to observe the LEONI Code of Ethics.

Courses on LEONI Code of Ethics compliance

The mandatory training courses that we have been holding for management worldwide for several years, and which currently involve about 150 managers, were switched to the "Compliance Basics and LEONI Code of Ethics" e-learning module starting in 2011. In 2012, these courses were offered in five further languages in addition to German and English, and extended to more than 10,000 employees. This involves all LEONI staff with e-mail access. We use a training platform with worldwide accessibility for this purpose. The courses make our managers and staff more aware on the topic of human rights.

Health and safety at work

Acting sustainably safeguards our Company's future. Specific principles for action are embedded in our health and safety policy to safeguard everyone who works for or with LEONI. These include avoiding injury to or illness of our employees by preventive detection of risks and effective averting of threat. Acting in a safety aware manner is part of every employee's job. Adhering to all legal obligations on safety at work and other requirements is the basis for our activity and the applicable national standards are minimum requirements in this respect. LEONI undertakes to observe all pertinent laws and directives on safety at work as well as internal rules of conduct.

Conflict minerals

LEONI is committed to ensuring the traceability of conflict minerals. Although LEONI is not affected by the reporting obligations under Section 1502 of the Dodd-Frank Act, LEONI is aware of this topic's importance and feels obliged to work with its suppliers to ensure that their products correspond with its customers' requirements and simultaneously provide the necessary transparency in their supply chain with respect to the use of conflict minerals. Based on the information made available by its suppliers, LEONI will to the best of its knowledge and belief provide information on whether the products that they supply are made from responsible raw materials.

Labour standards



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

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

Principle 5: the effective abolition of child labour; and

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

LEONI is committed with worldwide effect to providing a working environment for its employees that is free of discrimination in both employment and occupation, and in which there is freedom of association. The right to collective bargaining is effectively recognised. LEONI strictly rejects child and all forms of forced labour. These principles are embedded in LEONI's Social Charter.

Measures

Part of the annual Control Self Assessment of managers pertaining to LEONI's Social Charter involves confirming at all of the Group companies that all employees are of at least the minimum age under local law and are at least 15 years old.

Furthermore, breaches of these principles require Human Resource Reporting and can also be reported directly to our Chief Compliance Officer via our internal compliance process. In addition, the Internal Audit department checks this on a random basis as a separate control factor of our Internal Control System (ICS). We received no reports of any breaches of this kind in 2012.

Supply chain management

In order to apply the principles of the UN Global Compact in everyday work, it is of great importance to LEONI that social responsibility is also taken into account in the context of supply relationships. This applies not only within LEONI, but also to suppliers' operations and for the Company in general. In the selection of suppliers, our Wiring Systems Division therefore checks candidates according to the principles of the UN Global Compact using a supplier self-audit. The supplier will receive approval to supply only if either the LEONI Social Charter or the principles of the UN Global Compact are accepted.

In addition to our Social Charter, which suppliers already had to accept in the past as part of our General Terms and Conditions, the principles of the UN Global Compact have also been adopted in our T&Cs. Here we draw express attention to the fact that, in the event of any serious or repeated breach of the principles as detailed in the T&Cs, LEONI is entitled to terminate the supply relationship without notice.

Diversity

Due to our Group's worldwide operations, our workforce includes people from many nations, cultures and ways of life. With plants in Brazil, Egypt, India and South Korea, among other places, virtually all of the world's religions, including Christianity, Islam, Hinduism and Buddhism, are represented. To promote acceptance of this diversity, training courses on the General Equal Treatment Act are regularly held at LEONI.

Social commitment

LEONI commits itself with donations for and sponsorship of various social projects, where we give priority to sustainability and a regional approach. In 2012, we increased our donations for children's aid organisations, sports clubs, crèches and orphanages, among other good causes, by one third. The largest single donation of EUR 75,000 went to UNESCO.

Environmental protection



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

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

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

LEONI supports protection of the environment with a precautionary approach and has several ongoing initiatives to promote greater awareness of responsibility for the environment. We therefore encourage the development and diffusion of environmentally friendly technologies.

LEONI regards environmental protection as a primary corporate objective. Our environmental management is geared to keeping the impact of all our processes on nature as minor as possible. The principles of our environmental policy also play a role in the selection of our suppliers.

Initiatives

GREEN TECHNOLOGY It is a key part of our strategy with our portfolio of products and solutions as well as our technology expertise to tap the potential of future markets for sustainable, energy-saving and environmentally compatible applications and thereby also for ourselves to promote the use of environmentally friendly materials as well as to improve our value chain from ecological aspects. LEONI summarises these effect under the term 'green technology'. Our activity in this respect is measured by the criteria of application, product and process.

■ Application:

Expanding our range of products and solutions that are used directly in green markets and technologies or serve as input products or components for green applications

■ Product:

Increasing the proportion of low-emission, environmentally compatible raw materials in our cable products as well as raising the ability to recycle the processed materials and components

Process:

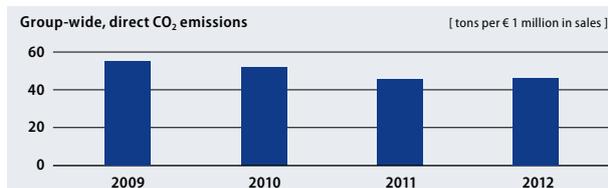
Optimising resource efficiency in our manufacturing processes by deploying energy-efficient machinery and heat recovery measures. Certifying the environmental management systems of more facilities in our global production network to ISO 14001

CARBON DISCLOSURE PROJECT LEONI participated in the Carbon Disclosure Project for the fifth time in 2012. On behalf of institutional investors, the initiative surveys the world's largest, market-listed companies on the amount of their CO₂ emissions, among other things. The 2011 figures were ascertained during the year under report. Compared with other companies in the automotive sector and other industries that participated in the Carbon Disclosure Project, LEONI's figures were better than average measured both as a proportion of sales and relative to the number of employees.

Saving resources

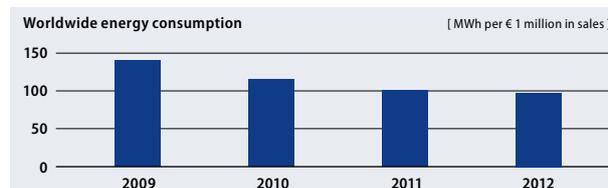
LEONI endeavours everywhere to reduce energy consumption and thereby CO₂ emissions. Both divisions run environmental management systems and multifaceted environmental protection activities, which are adapted to the respective requirements of their activities. In our Wire & Cable Solutions Division an energy manager works on ensuring more energy-efficient processes. The 'Factory of the Future', a production facility with energy-consumption optimised production, is being planned our Roth facility. In so doing, attention is being paid to both more efficient processes and methods sensible in terms of energy consumption like heat recovery.

CO₂ EMISSIONS Although LEONI's CO₂ emissions rose by 1.5 percent between 2011 and 2012, LEONI's figures compared with other companies in the automotive sector and other industries that participated in the Carbon Disclosure Project were better than average measured both as a proportion of sales and relative to the number of employees.



Energy consumption

There was a year-on-year reduction in energy consumed in 2012, yielding a saving of 2.5%.



RECYCLING The EU End-of-Life Vehicle Directive ("Directive 2000/53/EC of the European Parliament and of the Council on end-of-life vehicles", dated 18 September 2000) defines the objective, among others, of broadening the recycling and the reusability of waste. LEONI has, above all due to the use of copper as a main element of its products, an ideal starting position in this respect. Copper is a 100% recyclable material.

Anti-corruption



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

LEONI's rules of conduct, which are laid down in the LEONI Code of Ethics, clearly reflect the anti-corruption mindset. There are clear rules concerning both the giving and receiving of gifts as well as control systems that proactively monitor observance of these rules. Furthermore, we pursued all reported suspect cases.

LEONI Code of Ethics – Prevention of corruption

The LEONI Code of Ethics stipulates that no employee anywhere in the world may offer or demand any benefit relating to preferential treatment involving a business partner.

For the past several years there have been training courses on this topic for all 150 managers on LEONI's first four management levels, which from 2011 were switched to the "Anti-corruption" e-learning module. In 2013 this course will additionally be expanded to all pertinent staff worldwide and offered in more languages. This will concern approximately 5,500 LEONI employees. We will be using a training platform with worldwide accessibility for this purpose. This course has further sharpened our managers' awareness concerning the prevention of corruption.

Compliance audits by means of Control Self Assessments and a statement of undertaking to be submitted by each manager on an annual basis provide the prevention of corruption with a further safeguard.

Compliance management system

LEONI has developed its own compliance system that comprises the key compliance fields. This also includes the compliance field of 'anti-corruption', which is overseen by a compliance field manager. The compliance programme breaks down by the three processes of avoidance, detection and response.

AVOIDANCE The avoidance process is based on the risk policy stipulated by the Management Board and the statement of our Management Board on compliance with the following key points:

- Neither corruption nor breaches of competition law, export control, the LEONI Social Charter or the LEONI Code of Ethics are tolerated in the LEONI Group.
- We use neither bribes nor cartel agreements to win a contract.
- Every staff member and every manager is obliged to apply all necessary measures within the Company to refrain from and avoid infringements of the law.

Compliance within the risk management system at LEONI is controlled and monitored at corporate level by the Corporate Compliance Committee, which meets regularly with the participation of Management Board members. The risk management reporting system provides for reporting of the compliance risks across all levels of the Company. The avoidance process com-

prises various e-learning modules, among them the module on the compliance field of prevention of corruption, various explicit statements of undertaking and the Control Self Assessment process of the respective managers, the integrated compliance status reporting as well as the internal whistleblower system. Staff were informed worldwide in this regard that any compliance breaches can and should be reported directly to the Chief Compliance Officer.

As a matter of principle, LEONI uses function separation to rule out any accounting manipulation. A strict double verification principle provides corruption-relevant processes with additional safeguard.

DETECTION The detection process comprises the areas of 'internal audits' by the Internal Audit department, 'compliance field-related audits' and 'clarification of deviations' by the respective compliance field managers as well as external audits. The Internal Audit department uses the Control Self Assessments as a template for compliance and ICS audits. External audits comprise structured, regular spot checks, which are carried out either alone or in close collaboration with companies specialising in compliance matters and internal control systems, such as accounting and law firms that operate internationally.

RESPONSE In the event of a compliance breach, either the Chief Compliance Officer or the responsible compliance field manager will notify the Management Board. The Management Board will decide on the suitable and appropriate measures and designate the person responsible for their immediate implementation. Responses can involve, for example, repeated training courses, ad hoc audits by either internal or external auditors and/or sanctions available under employment law for the responsible staff members. Both the Management Board and the Corporate Compliance Committee continually review the compliance system for possible ways of improving it. In addition, the information and notices provided by staff and operational managers also result in ongoing improvement of the whole compliance programme.

➤* The LEONI Code of Ethics is published on the LEONI website.

➤* See also "Courses on LEONI Code of Ethics compliance" under item 3 "Human rights".

Results and key figures

LEONI guidelines and systems	Results & key figures
<p data-bbox="196 450 504 477">Principles 1 – 2: Human rights</p> <ul style="list-style-type: none"> <li data-bbox="196 524 727 622">■ The obligation to uphold internationally recognised human rights is laid down in the LEONI Code of Ethics and the LEONI Social Charter. <li data-bbox="196 674 727 772">■ The e-learning module on the LEONI Code of Ethics subject area contributes to sharpening the awareness among management and staff of human rights. <li data-bbox="196 824 727 922">■ Embedded in our guidelines for health and safety are principles for action that ensure the health and safety of everyone who works for or with LEONI. 	<ul style="list-style-type: none"> <li data-bbox="839 524 1356 589">■ Every LEONI employee is, upon being recruited, handed or given access to the LEONI Code of Ethics. <li data-bbox="839 640 1394 739">■ 10,000 staff and managers worldwide have completed an e-learning course on the topic of “Compliance Basics and LEONI Code of Ethics”.
<p data-bbox="196 1014 536 1041">Principles 3 – 6: Labour standards</p> <ul style="list-style-type: none"> <li data-bbox="196 1088 727 1187">■ Courses are held at LEONI on the General Equal Treatment Act to ensure a working environment that is free of discrimination. <li data-bbox="196 1238 766 1303">■ The right of association as well as equal opportunity and equal treatment are assured in LEONI’s Social Charter. <li data-bbox="196 1355 695 1420">■ Through this participation in the Diversity Charter LEONI ensures diversity and mutual respect. <li data-bbox="196 1471 759 1603">■ In the selection of suppliers, a Control Self Assessment ensures that suppliers accept the principles of the UN Global Compact or alternatively the LEONI Social Charter and the LEONI Code of Ethics. <li data-bbox="196 1655 657 1720">■ Our principles on observing labour standards are also embedded in our T&Cs. 	<ul style="list-style-type: none"> <li data-bbox="839 1088 1422 1232">■ 10,000 staff and managers have completed the “Compliance Basics and LEONI Code of Ethics” e-learning module and were taught the principles of the LEONI Social Charter that concern labour standards.

LEONI guidelines and systems	Results & key figures
<p>Principles 7 – 9: Environmental protection</p> <ul style="list-style-type: none"> ■ LEONI condenses its efforts towards saving resources and sustainability in the product, process and application areas under the term 'green technology'. ■ By gradually certifying our plants to the ISO 14001 standard we are working on continuously improving the environmental performance of our facilities. ■ Via renewed participation in the Carbon Disclosure Project we both record CO₂ emissions and gain knowledge on ways to reduce them. ■ LEONI participates in the "Our Cars" http://www.unsere-autos.de/ initiative and thus in projects to recycle them, such as the EU End-of-Life Vehicle Directive, for example. 	<ul style="list-style-type: none"> ■ In fiscal 2012, our Group-wide sales of products and solutions for green technology were, at € 222.6 million, roughly at the previous year's level. ■ Group-wide, our sales of products that are made in environmentally certified facilities or using energy efficient plant and machinery increased from € 2,972.4 million to € 3,128.5 million in 2012. ■ Of that figure, € 1,164.5 million pertained to the Wire & Cable Solutions Division (previous year: € 1,234.3 million) and € 1,964.0 million to the Wiring Systems Division (previous year: € 1,738.1 million).
<p>Principle 10: Anti-corruption</p> <ul style="list-style-type: none"> ■ The LEONI Code of Ethics stipulates clear and binding rules on combating corruption. ■ Through function separation LEONI ensures that situations at risk of involving corruption are avoided. ■ Alongside other tools for controlling compliance, an e-learning module on 'anti-corruption', is incorporated in the Compliance Management System. 	<ul style="list-style-type: none"> ■ Approx. 150 managers have already completed the 'Anti-corruption' e-learning module. ■ Our guide on prevention of corruption, the LEONI Code of Ethics, has been made available to all managers and staff worldwide and has also been translated into 19 languages. ■ In 2012, Deloitte & Touche successfully reviewed the improvements made to LEONI's compliance management system (CMS).

LEONI AG Marienstrasse 7
90402 Nuremberg
Phone +49 (0)911-2023-0
Fax +49 (0)911-2023-455
E-mail info@leoni.com
www.leoni.com