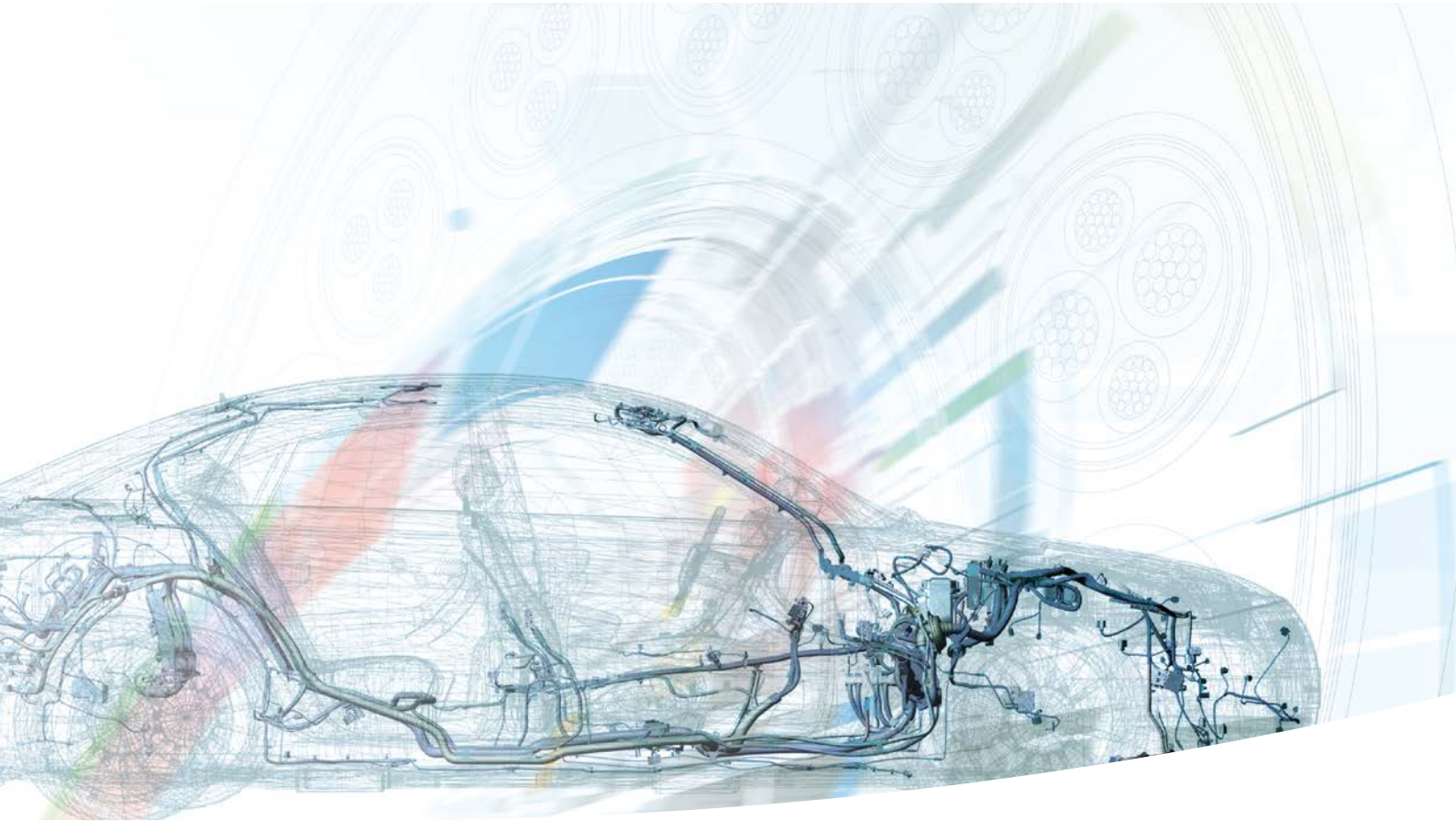
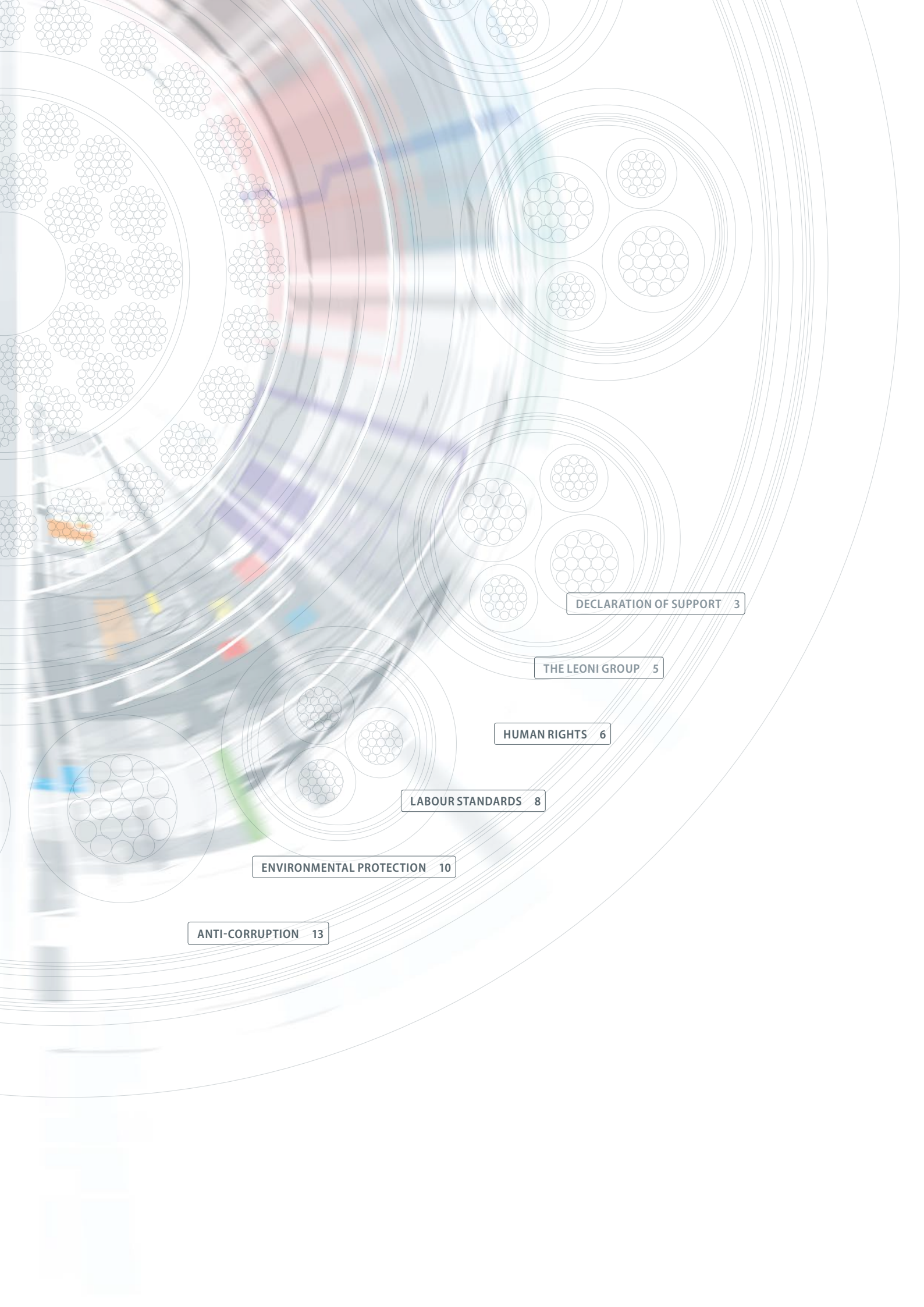


# United Nations Global Compact Communication on progress 2014



**The Quality Connection**

**LEONI**



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# Declaration of support



As a globally active company, LEONI has made it its mission to ensure observance of human rights and has recognised labour standards at our 83 subsidiaries in 33 countries. This form of responsibility was already taken on in 2003 with the 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 into our management systems. We regard this as a contribution both to safeguarding our Company's future and towards the sustainable growth of business and society. This is why we have been participating in the Carbon Disclosure Project since 2007 and why we have certified our principal production facilities in accordance with the ISO 14001 environmental standard. It is also 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. Through this, LEONI ensures that its anti-corruption conduct is in accordance with the principles of the UN Global Compact.

This LEONI Global Compact Communication on Progress documents our key steps towards upholding the ten principles of the UN Global Compact through to signing it, and details our measures and results since August 2011.

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

Nuremberg, July 2014

LEONI AG  
The Management Board

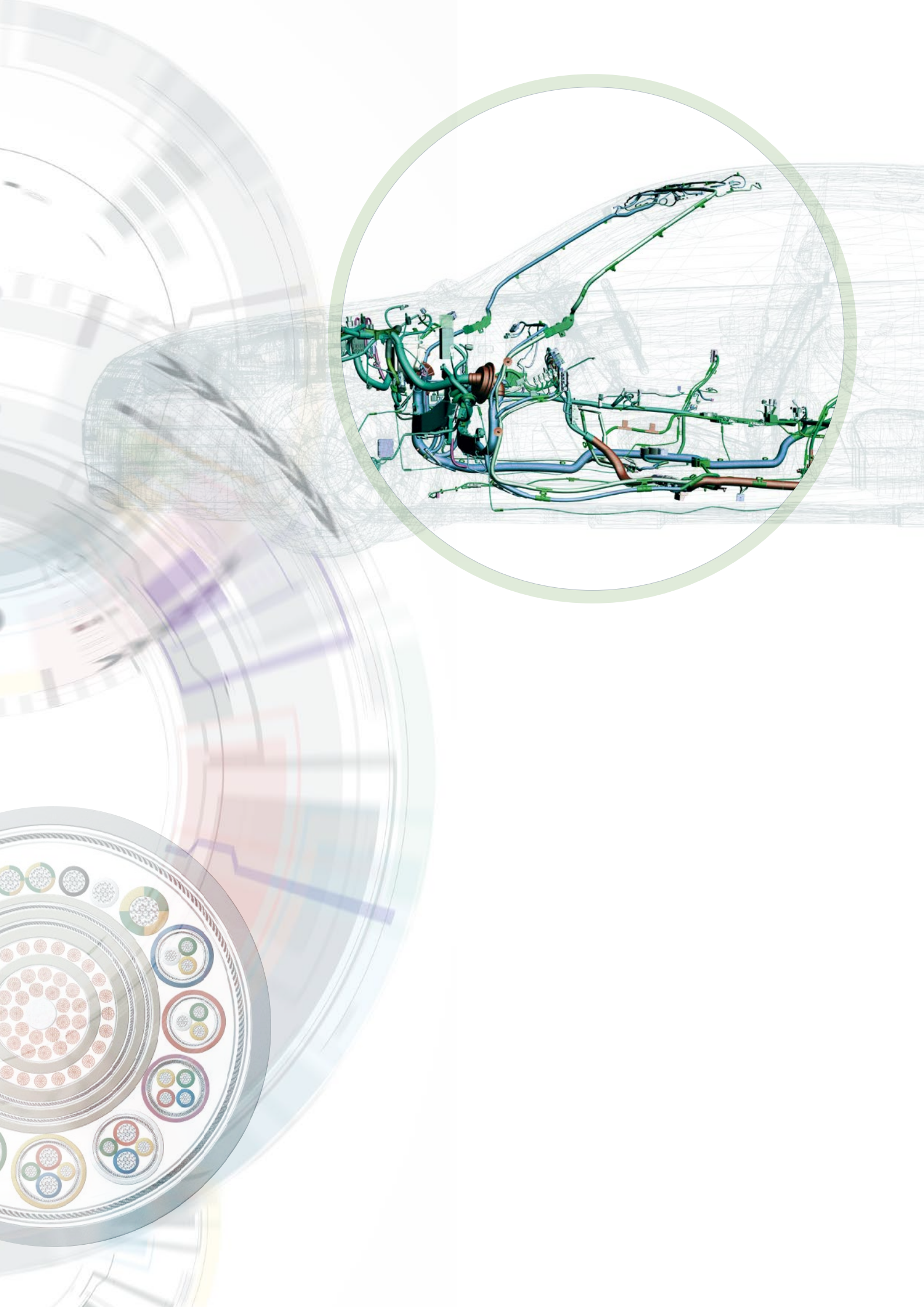
Dr Klaus Probst

Dieter Bellé

Dr Andreas Brand

Dr Frank Hiller





# The LEONI Group

## Leading cable systems manufacturer with a global footprint

**LEONI is a global supplier of wires, optical fibers, cables and cable systems as well as a provider of related services to the automotive sector and other industries. The group of companies market-listed on the German MDAX have around 62,000 employees in 33 countries and generated consolidated sales of EUR 3.92 billion in 2013.**

Established 95 years ago, the company has now become one of the world's largest and most successful cable manufacturers. In addition to tailor-made cable solutions, the Group can increasingly offer its customers complete systems with perfectly harmonised components – from the cable itself to all the required connectors and fixings. The ongoing growth of the company as a provider of development work and systems is a significant trend in this respect.

### Experience in and presence on the markets of the future

LEONI focuses its business on the core markets of Automotive & Commercial Vehicles, Industry & Healthcare, Communication & Infrastructure, Electrical Appliances as well as Wires & Strands. Our customers include well-known names such as ABB, BMW, Bosch, Continental, Deutsche Telekom, EADS, Ericsson, Fiat, General Motors, IBM, Jaguar/Landover, Johnson Controls, MAN, Mercedes-Benz, Meyer Werft, Philips, PSA Peugeot Citroen, Renault/Nissan, Shell, Siemens, Solarworld, Volvo and VW. The company already leads the world market as a supplier of single-core automotive cables, while in the wiring systems market it occupies first place in Europe and fourth place in the world. In addition, LEONI is one of the leading manufacturers throughout Europe in all of its other business areas.

### Geared to global trends

The company intends to benefit more from global trends in the future. These often present companies with major challenges, as they frequently entail greater consumption of resources and cause more damage to the environment. At the same time, however, they also provide some major opportunities. LEONI is therefore preparing itself, its products and services for the expected changes in demography, ecology, mobility, globalisation, industrialisation and urbanisation. With particular respect to protecting the environment, LEONI aims to become the most innovative cable supplier for the Green Technology market.

### Tradition and progress since the 16th century

A small wire factory in Franconia, Bavaria, laid the foundation for today's global player LEONI back in 1569. It was at this time that Frenchman Anthoni Fournier and a handful of staff in Nuremberg began to produce the finest gold and silver threads, known as Lyonesse wares, for precious embroidered textiles. His sons opened further workshops in the region. Leonische Werke Roth-Nürnberg AG emerged from these beginnings in 1917. Today, LEONI still upholds the ability to change and maintains the keen sense for trends in the market and customer requirements that have always been among the key characteristics of the company, which was renamed LEONI AG in 1999. At the same time, long-standing values 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 AG was one of the first companies anywhere in the world to draft a Social Charter, back in April 2003. This Charter 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 respect this declaration in their own corporate policies. We regard this as a beneficial basis for reciprocal business relationships.

In March 2007, LEONI also introduced its own Code of Ethics. This Code of Ethics is binding for all LEONI employees of the LEONI Group worldwide and has been made accessible to every employee.

The Code of Ethics describes in unequivocal terms the values and conditions of responsible and integral behaviour that have always guided LEONI. It is essential that LEONI employees act in compliance with the internal regulations and the statutory regulations of the legal system that applies to them.

## **Courses on LEONI Code of Ethics compliance**

The training courses on the LEONI Code of Ethics have been running since 2011 on a globally available training platform. They are currently being held in seven different languages and will be extended to include a further eight languages in 2014. Approximately 12,000 employees with email access were trained through these courses in 2013.

With these courses, LEONI can ensure that the employees trained on them are aware of the particular importance of protecting international human rights and can act accordingly. Additional clauses in all T&Cs further obligate all of LEONI's suppliers to observe the protection of human rights.

### Health and safety at work

Acting sustainably ensures 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 effectively averting any threats. Acting in a safety-conscious manner is part of every employee's job. Compliance with all legal obligations on safety at work and other requirements is the basis for our activities 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

Under Section 1502 of the Dodd-Frank Wall Street and Consumer Protection Act, certain companies are obliged to publish the extent to which the products that they manufacture or process on behalf of others contain "conflict minerals"<sup>1</sup> originating from mines or smelting works in the African countries covered by the Act<sup>2</sup>.

Although LEONI is not affected by the reporting obligations under Section 1502, we are committed to ensuring the traceability of these minerals and to promoting transparency within our supplier chain. The aim here is to help our customers meet their own reporting obligations with regard to conflict materials.

As a global supplier, LEONI does not knowingly purchase materials containing conflict minerals. We are committed to further developing and managing the processes that we use to inform our suppliers that we expect them to supply us with "conflict-free" materials. Our aim is to guarantee that we can assure our customers with reasonable certainty that the components we buy for our manufacturing processes originate from responsibly-managed sources.

LEONI GUIDELINES UND SYSTEMS	RESULTS AND KEY FIGURES
The obligation to uphold internationally recognised human rights is laid down in the LEONI Code of Ethics and the LEONI Social Charter.	Every LEONI employee is, upon being recruited, handed or given access to the LEONI Code of Ethics.
The e-learning module on the LEONI Code of Ethics subject area contributes to sharpening the awareness among management and staff of human rights.	Around 12,000 employees and managers worldwide have completed an e-learning course on "LEONI Code of Ethics / UN Global Compact". This training course should be repeated every two years.
Embedded in our guidelines for health and safety at work are principles for action that ensure the health and safety of everyone who works for or with LEONI.	

<sup>1</sup> Tantalum (Ta), Tin (Sn), Tungsten (W), Gold (Au)

<sup>2</sup> Angola, Burundi, Republic of Congo, Central African Republic, Democratic Republic of Congo (DRC), Republic of Tanzania, Rwanda, Sudan, Uganda, Zambia

# Labour standards

**PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining, in addition to upholding**

**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 codified in the LEONI 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. The Control Self Assessment also proves that there is no discrimination when employing new staff or in the employment conditions.

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 2013.

## 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. Since 2006, our Wiring Systems Division has therefore been using a supplier self-audit to check potential suppliers in the selection process in accordance with the principles of the UN Global Compact. The supplier will receive approval to supply only if either the LEONI Social Charter and the Code of Ethics or the principles of the UN Global Compact are accepted.

In addition to our Social Charter, which suppliers were already required 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 facilities in Egypt, Brazil, China, India, Mexico, Romania, Russia and the USA, among other places, virtually all of the world's religions, including Christianity, Islam, Hinduism and Buddhism, are represented.

To promote acceptance of this diversity, LEONI regularly holds training courses on the General Equal Treatment Act.



### 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 2013, we made donations to children's aid organisations, sports clubs, crèches and orphanages, to name just a few projects. The largest individual donation, amounting to EUR 60,000 went to the global organisation, SOS Children's Villages International.

LEONI GUIDELINES UND SYSTEMS	RESULTS AND KEY FIGURES
Courses are held at LEONI on the General Act on Equal Treatment to ensure a working environment that is free of discrimination.	Approximately 12,000 employees and managers have completed the "LEONI Code of Ethics / UN Global Compact" e-learning module and were taught those principles of the LEONI Social Charter that concern labour standards.
The right of association as well as equal opportunity and equal treatment are assured in LEONI's Social Charter.	As at the end of 2013, the proportion of women in our entire workforce around the world was 54 percent.
Through participating in the Diversity Charter LEONI ensures diversity and mutual respect.	Also as of this date, 27 percent of all management positions were held by women. This figure is based on all women who are responsible for disciplinary matters for at least one employee.
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.	Our donations in 2013 increased by half compared to 2012.
Our principles on observing labour standards are also embedded in our T&Cs.	

# 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

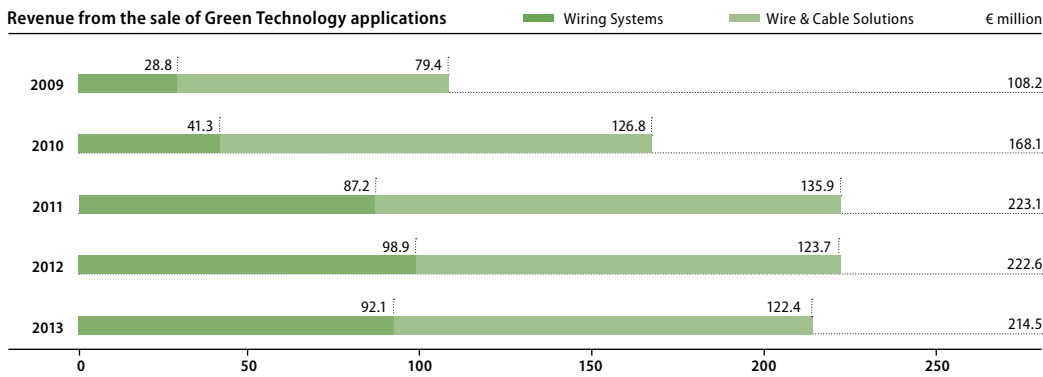
**GREEN TECHNOLOGY** At LEONI, this concept covers all products, system solutions and services that make the use of energy more efficient and easier on resources, thereby reducing emissions and pollution of the environment. LEONI already serves all the key environmental technology markets as defined by the German Federal Ministry for the Environment (BMU) and is very well positioned in many of these sectors.

Market segment	Examples of applications for LEONI products
<b>Environmentally friendly power generation and storage</b>	<ul style="list-style-type: none"> <li>▪ Solar energy (e.g. photovoltaic installations and solar thermal energy plants)</li> <li>▪ Bioenergy (e.g. biogas and biomass plants)</li> <li>▪ Hydropower (e.g. tidal and pumped-storage plants)</li> </ul>
<b>Energy efficiency</b>	<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>
<b>Raw materials and materials efficiency</b>	<ul style="list-style-type: none"> <li>▪ Measurement and control technology to prevent waste</li> <li>▪ Lightweight materials and components</li> </ul>
<b>Recycling management</b>	<ul style="list-style-type: none"> <li>▪ Waste separation and disposal plants</li> <li>▪ Recycling (plastics recycling plants)</li> </ul>
<b>Sustainable water management</b>	<ul style="list-style-type: none"> <li>▪ Water treatment, distribution, supply and cleaning plants</li> <li>▪ Household appliances with high water consumption efficiency</li> </ul>
<b>Sustainable mobility</b>	<ul style="list-style-type: none"> <li>▪ Vehicles with hybrid, electric and fuel cell power</li> <li>▪ Charging cables and infrastructure</li> <li>▪ Rolling stock engineering</li> </ul>

■ Core markets

**Fields of application for Green Technology**

In 2013, LEONI further extended its product portfolio for Green Technology. Details of the latest developments can be found in our Research & Development section. In financial year 2013, our Group-wide sales of products and solutions for green technology amounted to EUR 214.5 million (previous year: EUR 222.6 million).



**CARBON DISCLOSURE PROJECT** LEONI participated in the Carbon Disclosure Project for the sixth time in 2013. On behalf of institutional investors, the initiative surveys the world’s largest, market-listed companies on the amount of their CO<sub>2</sub> emissions as well as other indicators. The 2013 figures were ascertained during the year under report.

» Further information can be found in our annual report. Page 91

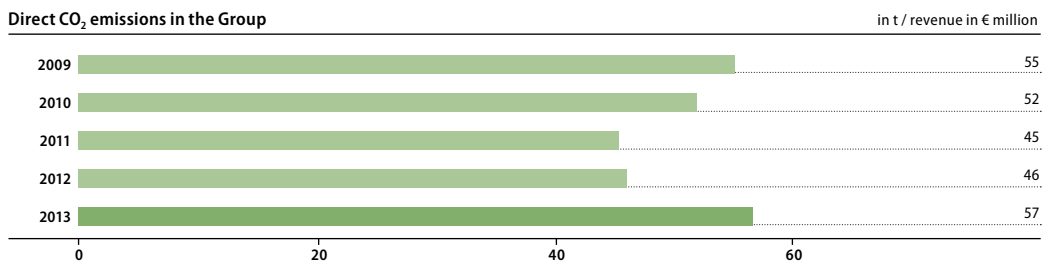
**Conserving natural resources**

LEONI endeavours everywhere to reduce energy consumption and thereby CO<sub>2</sub> emissions. Both Divisions run environmental management systems and multifaceted environmental protection activities, which are adapted to the respective requirements of their activities.

Given the intensive use of plants in our Wire & Cable Solutions Division, in 2013 all the larger sites each recommitted to implementing at least one project to increase energy efficiency. As a result, we saw considerable savings being made in terms of energy and cost in their production processes in 2013. A new guide to considering energy efficiency when acquiring production equipment and technical infrastructure is applicable across the Division and will also help reduce our energy consumption in the future. Furthermore, an energy management system complying with ISO 50001 was implemented and certified at our facility in Friesoythe towards the end of 2013. More facilities are now planning to adopt this system.

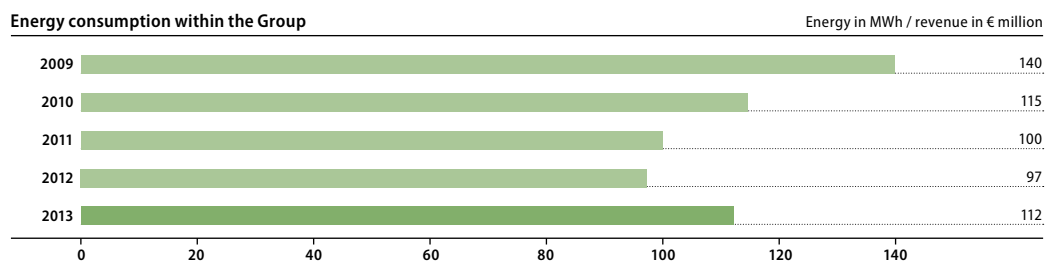
**CO<sub>2</sub> consumption**

Direct CO<sub>2</sub> emissions in the Group have increased by 4 percent since 2009 although energy consumption could be reduced by 20 percent in the period under review. This is mainly attributed to the calculation methods for the energy mix to evaluate CO<sub>2</sub> emission equivalents. These methods can not be influenced by LEONI.



## Energy consumption

Energy consumption within the Group could be reduced by 20 percent since 2009.



## Recycling

LEONI participates in the "Our Cars" initiative and thus in projects to recycle them, for example, the EU End-of-Life Vehicle Directive. Due to our use of copper, which is a 100 percent recyclable material, as the main element in our products, LEONI has an ideal starting position in terms of recycling.

### LEONI GUIDELINES UND SYSTEMS

In our environment management system we are certifying our plants to the ISO 14001 standard. Additionally, since 2013 we have had in place a set of internal environmental guidelines.

### RESULTS AND KEY FIGURES

Group-wide, our sales of products that are made in environmentally certified facilities or using energy efficient plant and machinery amounted to EUR 3,087.8 million in 2013.

As of 2013, a total of 48 facilities possess the ISO 14001 certificate. We have also performed internal audits at twelve facilities in Brazil, Germany, Morocco, Portugal, Romania, Russia and Tunisia.



# 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 our 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 have pursued all reported suspect cases and have not found any instances of corruption.**

## **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 tiers; from 2011, these courses were switched to the "Anti-corruption" e-learning module. In 2014 this course will additionally be expanded to all pertinent staff worldwide and offered in more languages. Approximately 4,500 LEONI employees have been trained so far. We are 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 important compliance fields. These also include the compliance field "anti-corruption", which is overseen by a compliance field manager.

**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:

- 1. Corruptive and anti-competitive behaviour is no way for us to carry out our business.**
- 2. Offences against our compliance guidelines and any legislation are not tolerated within LEONI.**
- 3. Every employee and every manager is responsible for preventing any violation occurring within LEONI.**

» The LEONI Code of Ethics is available at [www.leoni.com](http://www.leoni.com).

» See also "Compliance training for the LEONI Code of Ethics" under "Human rights".

The central Compliance Management System is designed to prevent non-compliance, so that we can be sure to fulfill the statutory regulations and our internal guidelines. Anti-corruption is one of the key compliance fields. The compliance field managers are tasked with updating the relevant internal guidelines and informing employees of them through training sessions. As experts in their compliance fields, they are also the point of contact for all matters arising in relation those fields. The accompanying internal guidelines are available in up to 20 languages.

**REPORTING** Those responsible for risk management are also responsible for managing compliance. In analogy with risk reporting, compliance reports are also to be submitted on a quarterly basis. One Compliance Field Manager is responsible for each compliance field listed. Automated compliance checks, performed by means of self checks and a statement of undertaking to be submitted by each manager on an annual basis, provide compliance with a further safeguard. The content of our self checks is agreed on with the Compliance Manager. The status of the compliance checks is presented to the Corporate Compliance Committees, which then decide on ways of improving the process.

**PROCESS IMPROVEMENT** The compliance field managers meet quarterly in a Corporate Compliance Committee and ensure that our compliance management system is continuously improved. In 2013, the compliance fields of "Anti-corruption" and "Code of Ethics/Social Charter" were split to enable an even stronger focus on the prevention of corruption. Further improvement was achieved by implementing the "INVESTIGATION" process within Compliance Management and the Internal Audit department.

#### LEONI GUIDELINES UND SYSTEMS

The LEONI Code of Ethics sets out a clear and binding set of rules for preventing corruption.

In addition to various instruments for monitoring compliance, the Compliance Management System contains an e-learning module on "Anti-corruption".

Through function separation LEONI ensures that situations at risk of involving corruption are avoided.

#### RESULTS AND KEY FIGURES

Our anti-corruption guidelines are currently contained in the LEONI Code of Ethics, have been made available to all managers and employees worldwide and have also been translated into 20 languages.

Approximately 4,500 employees and all 150 managers have already completed this module.



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