



THE FOLLOWING IS OUR PROGRESS REPORT,  
DESCRIBING THE MEASURES TAKEN INTERNALLY  
IN ORDER TO APPLY THE 10 PRINCIPLES OF THE GLOBAL COMPACT  
RELATING TO HUMAN RIGHTS, WORKERS' RIGHTS,  
ENVIRONMENTAL PROTECTION  
AND THE FIGHT AGAINST CORRUPTION.

2018

Renewal of the commitment made  
by Vignal Lighting Group

Dear General Secretary,

I am writing you this letter to confirm Vignal Lighting Group's continued support for the United Nations Global Compact. In so doing, our aim is to renew our commitment to adopt, support and apply the 10 founding principles relating to human rights, workers' rights, environmental protection and the fight against corruption within our sphere of influence.

We would also like to express our desire to ensure further progress is made with regards to the application of these principles by continuing to incorporate them into our company's strategy, our commercial culture and our operating methods.

Below you will find our progress report for 2018.

Kind regards,

Jean-Louis Coutin  
The President of the Vignal Lighting Group



## A WORD FROM THE PRESIDENT

In order for all of us to be able to live together in harmony in our world, it is essential that we respect people and that we respect the planet.

With the full support of our shareholder, we introduced a voluntary CSR policy so as to be able to give a sense of structure to the measures we implement and to assess any progress made.

All Vignal Lighting Group employees are delighted to be able to participate in this scheme.

The group's CSR reports are widely shared with all of our partners, both internal and external.

Among the many highlights from the last few years, we have set up factories on other continents in order to support our clients by cutting out inter-continental transport.

Our new factory in France, built to the very highest global standards, has enabled us to significantly improve our working conditions as well as our environmental impact.

Jean-Louis Coutin  
The President of the Vignal Lighting Group

GRID OF CRITERIA AND THEMES ASSESSED

Vignal Lighting Group subsidiaries are required to compile extra-financial reports on a yearly basis. This scheme is deployed across the following dimensions: environmental, social, societal, supply chain, ethics and governance.

The criteria assessed are taken from a cross-analysis of a range of reference documents, both French and international.

SOCIAL	ENVIRONNEMENT	SOCIÉTAL	ÉTHIQUE ET GOUVERNANCE
<b>Emploi</b> (effectifs, évolutions, turnover et rémunérations)	<b>Politique Générale</b> (démarche, sensibilisation/formation, prévention des risques, provisions et garanties)	<b>Impact territorial, économique et social</b> (emploi, développement local)	<b>Loyauté des pratiques</b> (éthique, corruption)
<b>Organisation du travail</b> (temps de travail et absentéisme)	<b>Pollution</b> (prévention, réduction, réparation des rejets - air, eau, sol, nuisances)	<b>Relation avec les parties prenantes</b> (dialogue, partenariat)	<b>Santé et sécurité des consommateurs et utilisateurs</b> (qualité, communication, transparence)
<b>Relations sociales</b> (organisation du dialogue social et accords collectifs)	<b>Économie circulaire</b> (gestion des déchets, gaspillage alimentaire, utilisation des ressources : eau, énergie, matières premières)	<b>Mécénat d'entreprise, dons à des associations</b>	<b>Droits de l'Homme</b> (actions engagées)
<b>Santé et sécurité</b> (conditions de travail, couverture santé, accidents du travail)	<b>Protections de la biodiversité</b> (mesures pour évaluer l'impact, développer, protéger)	<b>SUPPLY CHAIN</b>	<b>Mixités et indépendance</b> du conseil de surveillance (CS)
<b>Formation</b> (politique, heures dispensées)	<b>CLIMAT</b>	<b>Fournisseurs et sous-traitance</b> (politique achats et sous-traitance)	<b>Comités</b> du conseil de Surveillance
<b>Égalité de traitement</b> (égalité hommes-femmes, lutte contre les discriminations)	<b>Émissions</b> (postes significatifs d'émissions GES)	<b>Impacts sociaux et environnementaux</b> relatifs à la chaîne d'approvisionnement	<b>Gestion des risques</b> et outil de contrôle interne
<b>Conventions de l'OIT</b> (liberté d'association, travail forcé et travail des enfants)	<b>Adaptation au changement climatique</b> (risques physiques et de transition)	<b>Matières premières et raréfaction des ressources</b>	<b>Gestion de crise,</b> e-réputation

VIGNAL LIGHTING GROUP PROGRESS REPORT SCOPE



500 employees



106 €million turnover



10% R&D personnel

**A GLOBAL CONCEPT FOR LOCAL PRODUCTION**

Recent months have seen a number of events taking place, signalling significant acceleration in the way in which the group is developing. A road map has been compiled for the process of transforming Vignal into a global, intermediate-sized company.



At Vignal Lighting Group, we are keen to offer the very best products and services in order to earn the trust of our clients.

**An ambitious CSR policy** will help us to achieve this target.

For that reason, we took the decision to eliminate intercontinental transport and to establish a significant industrial presence across all three of the continents where our main clients operate (America, Europe, Asia).

This has enabled us to reduce our carbon footprint, to cut our CO<sup>2</sup> emissions and to offer our clients enhanced flexibility and responsiveness.

Vignal Lyon-Corbas, ABL Lights Caen, ABL Lights Mosinee, Vignal CEA and Vignal Changzhou:

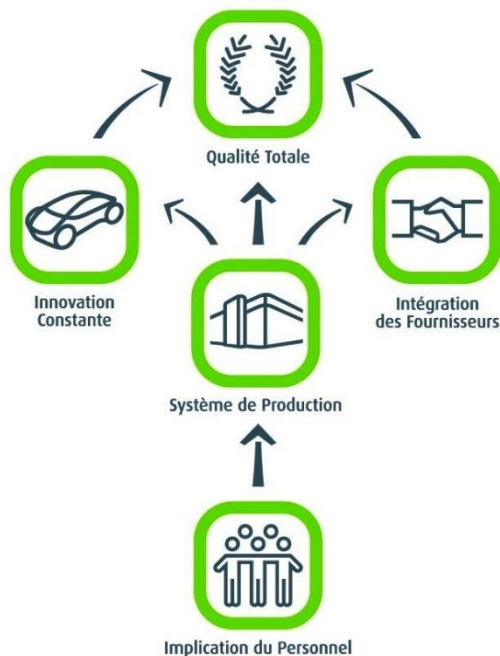
- are all in possession of “Best in Class” industrial machinery in order to ensure the highest levels of quality and to remain competitive and responsive across the world
- are developing new product ranges, with the aim being to reduce the amount of energy consumed by the vehicles used by our clients
- offer ambitious and even disruptive technological innovations capable of stimulating the interest of their own clients

**IDENTICAL PRODUCTION STANDARDS ACROSS THE GLOBE**



THE CSR AND ITS 5 KEY COMPONENTS: RESPECTING PEOPLE, THE PLANET AND ORGANISATIONS

## LES 5 AXES



### POUR LA SATISFACTION DU CLIENT

#### CSR

Vignal Lighting Group incorporate environmental, social and societal, responsible purchasing and governance issues into the company's CSR entrepreneurial project for all group subsidiaries. Our commercial and industrial policy is guided by these obligations.

#### Involving employees

Involving employees means recognising their competencies and providing them with the opportunity to develop through training, giving them the resources they need to meet their responsibilities, and encouraging them to make suggestions for possible improvements and to take an active role in independent production teams.

#### Vignal Production System

The VPS was designed in order to improve productivity, as well as the quality of our products and systems. The following measures were introduced: pull flows, flexibility with regards to production methods, the elimination of all unproductive operations and halting production at the first sign of any error.

#### Constant Innovation

In order to design cost-effective, high-quality products that are both innovative and easy to manufacture, all the while shortening development timeframes, we have introduced a system involving Project Teams and the simultaneous assessment of products and processes.

#### Supplier integration

Supplier integration ensures that we are able to benefit from their capacity for innovation, to develop productivity plans with them and to improve quality. Vignal Lighting Group's long-term goal is to establish and maintain close ties that are profitable for both parties, with a restricted set of suppliers selected from among global leaders.

#### Total Quality

The goal of total quality is to ensure client satisfaction. In order to meet their expectations with regards to the quality of products and services, this requires the full, continuous and rigorous application of all 5 components. It is deployed by all members of the company, as well as by all suppliers.



HIGHLIGHTS - ENVIRONMENTAL, SOCIAL, RESPONSIBLE PURCHASING

THE ENVIRONMENT

1 - Energy

At the Vignal Lighting Group site in Lyon-Corbas, a system for recovering cooling water from the sprinkling motor has been added to the system for recovering test water.

This new system has led to a **73% reduction in the amount of water we consume**.

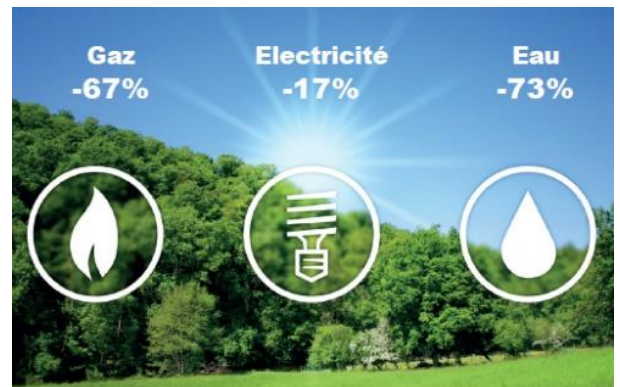
We recently developed a larger, more competitive range of LED-based Vignal Lighting Group products.

LED lights are now responsible for a growing share of sales, **consuming five times less electricity** than lightbulbs.



We introduced a range of measures aimed at improving the energy efficiency of the company's new industrial building in Lyon.

These measures have resulted in a **17%** reduction in the amount of electricity that is consumed and a **67%** reduction in the amount of gas that is consumed.



2 - Certification

IATF certification and renewal of the ISO 14001 certification for the site in Lyon-Corbas (France).

ISO 9001 and CCC certifications for the site in Changzhou (China).

Renewal of the ISO 9001 certification for the site in Mosinee (USA) and the ISO 9001 and ISO 14001 certification for the site in Caen (France).

VDA audit 6.3 "A 94%" and renewal of the ISO 9001 and ISO 14001 certifications for the site in Rancate (Switzerland).



## SOCIAL

### 1 – Social barometer

In 2018 ABL Lights Caen carried out a **social barometer** on their employees in order to assess their health (diet, sleep, physical activity), their well-being at work (atmosphere, difficult working conditions, etc.) and the extent to which employees feel they belong to the company and to the group.

The results from this set of indicators enabled the subsidiary to draw comparisons between themselves and other companies operating in their region in addition to helping them make decisions with regards to measures to be implemented and to assess progress over time.



### 2 - Safety / environmental training

Vignal Systems, a subsidiary of Vignal Lighting Group, organised two training courses for employees on the theme of environmental protection.

The theme of the first course was **waste separation**, while the second dealt with preventing the accidental **spillage of chemical products**.

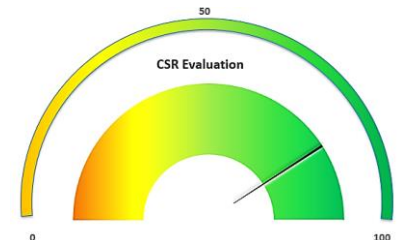


## RESPONSIBLE PURCHASING

### 1 – Self-audits of at-risk suppliers

Vignal Lighting Group committed to a **self-evaluation scheme** aimed at suppliers with regards to **CSR**.

**86%** of the suppliers that were identified measured their level of commitment in relation to the following criteria: the CSR strategy, health and safety, responsible purchasing, the environment, workers’ rights and ethics.



These audits are used to compile action plans aimed at applying the principles relating to human rights, workers’ rights, environmental protection and the fight against corruption within our sphere of influence.

In 2018, **72%** of group suppliers signed the Vignal Lighting Group code of conduct for commercial relations. With this code, the aim is not only to protect our own commercial interests but also to guarantee and promote a responsible attitude across our entire supply chain.

### 2 – 5 Key Components School – “Supplier integration”

An entire day was set aside for training on “Supplier Integration”, involving all group directors and purchasers.

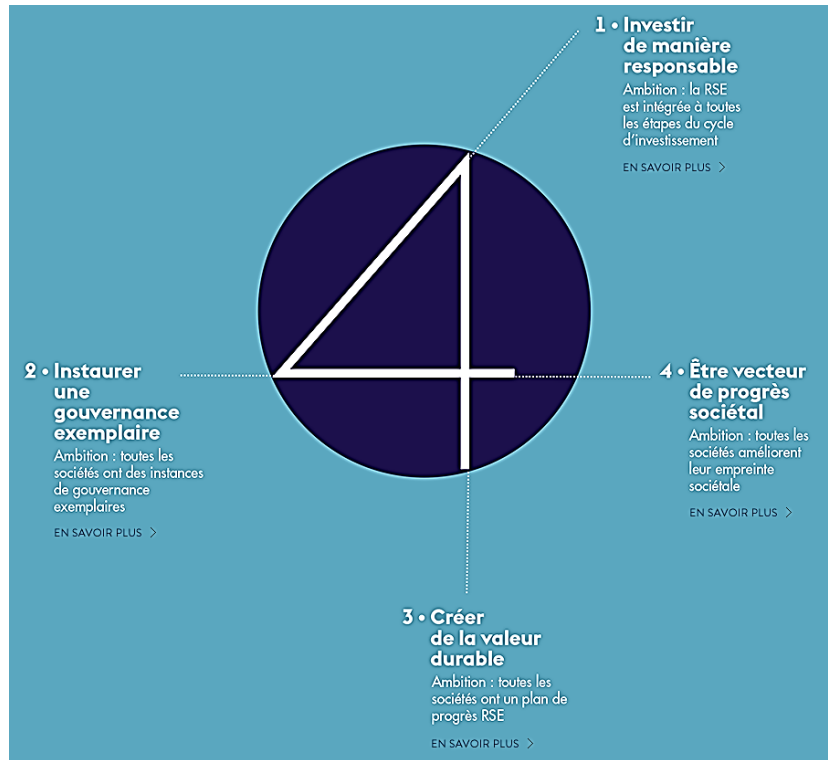
This training course, which was held at Vignal headquarters, made it possible to identify the importance of **purchasing** within our **development strategy**, in which the **CSR** plays a key role.





PROGRESS ASSESSMENT ON THE CSR STRATEGY ALONGSIDE OUR SHAREHOLDER EURAZEO

1 - 2020 shareholder strategy and objectives (see Eurazeo website)



2 - Vignal Lighting Group assessment

<b>Ensuring exemplary governance</b>	
<ul style="list-style-type: none"> <li>• 33% of the people sitting on the board of directors are women <span style="float: right;">✓</span></li> <li>• 33% of administrators are independent <span style="float: right;">✓</span></li> <li>• the introduction of an audit committee and a remuneration committee <span style="float: right;">✓</span></li> </ul>	
<b>Creating sustainable value</b>	
<ul style="list-style-type: none"> <li>• nominating a CSR champion <span style="float: right;">✓</span></li> <li>• introducing annual CSR reports <span style="float: right;">✓</span></li> <li>• setting up an operational CSR committee <span style="float: right;">✓</span></li> <li>• CSR featuring at least once a year on the agenda at board meetings <span style="float: right;">✓</span></li> <li>• carrying out an environmental assessment every 3 years <span style="float: right;">✓</span></li> <li>• Carrying out a social barometer every 3 years <span style="float: right;">✓</span></li> <li>• carrying out CSR audits on priority suppliers <span style="float: right;">✓</span></li> </ul>	
<b>Acting as a vector for social progress</b>	
<ul style="list-style-type: none"> <li>• improving the protection and wellbeing of employees <span style="float: right;">✓</span></li> <li>• Involving employees in the process of sharing value creation or results <span style="float: right;">✓</span></li> <li>• limiting our environmental impact <span style="float: right;">✓</span></li> </ul>	

## HIGHLIGHTS - DIGITAL TRANSFORMATION - A CSR CHALLENGE

A range of initiatives were launched across all of the group’s factories in accordance with our road map in order to ensure client satisfaction, to reduce our environmental impact and to cut our carbon footprint.

We have introduced a “**digital**” strategy for all Vignal Lighting Group subsidiaries.



## THE DATACENTER

### - PROVIDING ENHANCED SECURITY FOR PEOPLE AND DATA

The new Vignal site in Lyon-Corbas has been equipped with next-gen **servers and network equipment**, allowing the site to comply with client requirements regarding physical security (controlled access, fire extinguishers, power generators) and software security (enabling breakdowns without penalising production). This expertise has proved profitable for all subsidiaries.

## THE ERP

### - USED TO CONTROL FLOWS AND THE EFFORTS UNDERTAKEN BY EMPLOYEES

This tool links all information and operational services. Having the same processes within the group enables us to improve relations between separate Vignal Lighting Group entities. By improving the supply chain in its entirety, the ERP is set to become the backbone of the group’s production machinery.

**The group ERP has been deployed at the Vignal Changzhou and Vignal CEA sites.**



## THE COLLABORATIVE SPACE

### - INCREASING HUMANISATION AND REDUCING TRAVELLING

The videoconferencing system that we introduced is a remote communication tool, allowing individuals to work in groups to formulate and assess design plans together. This digital working space can be used to hold meetings directly with people across the world. It also provides a way of **saving time**, in addition to **cutting our greenhouse gas emissions**.



## THE WEBSITE

### – FACILITATING TRANSPARENT COMMUNICATION FOR ALL OF OUR STAKEHOLDERS

The aim of our **new website**, compatible with all devices (PC, mobile, tablet) is to provide our stakeholders with high quality content in keeping with their expectations: the group's vocation, trade expertise and products in addition to our values, helping our employees achieve our CSR objectives.



### INDUSTRIAL HIGHLIGHT - THE OPENING OF A FACTORY IN CHINA - VIGNAL CHANGZOU

Why did Vignal Lighting Group decide to set up a factory in China?

There were a number of factors behind this decision:

- the group's clients are global and seek suppliers capable of serving them on any continent
- the Asian market represents roughly 50% of the global market



There would also be no sense in manufacturing products on one continent only to then have to ship them to another.

Such a process adds no value to the product, does not respect people and destroys the planet.

In accordance with our corporate strategy, at Vignal Lighting Group, we want to ensure our clients benefit from global design and local manufacturing.

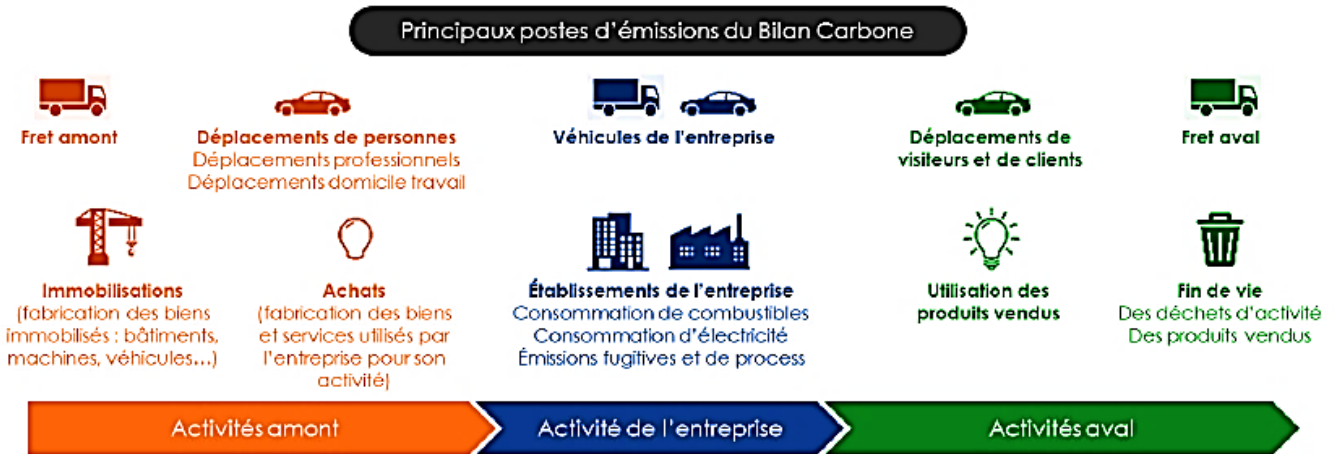


At Vignal Lighting Group, our overriding objective is to **reduce our environmental impact, to cut our CO<sup>2</sup> emissions** and to provide our clients with enhanced flexibility and responsiveness.

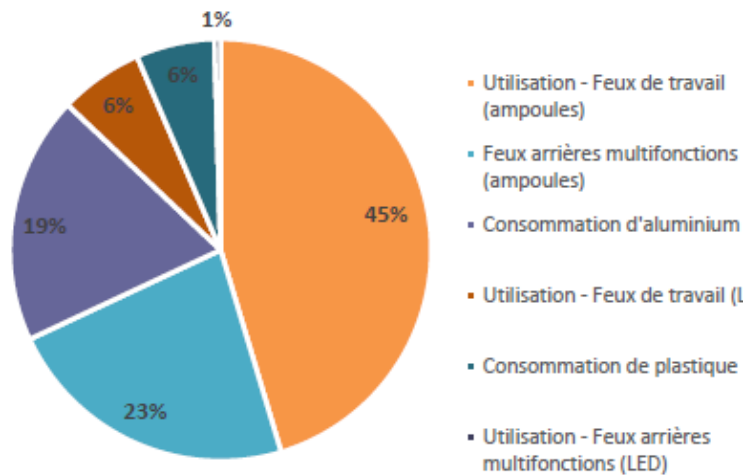
SUSTAINABLE PERFORMANCE - GROUP CARBON ASSESSMENT

1 - Carbon assessment scope

In 2014, we began measuring our carbon footprint by incorporating scope 3.



Répartition des émissions du Scope 3 par source

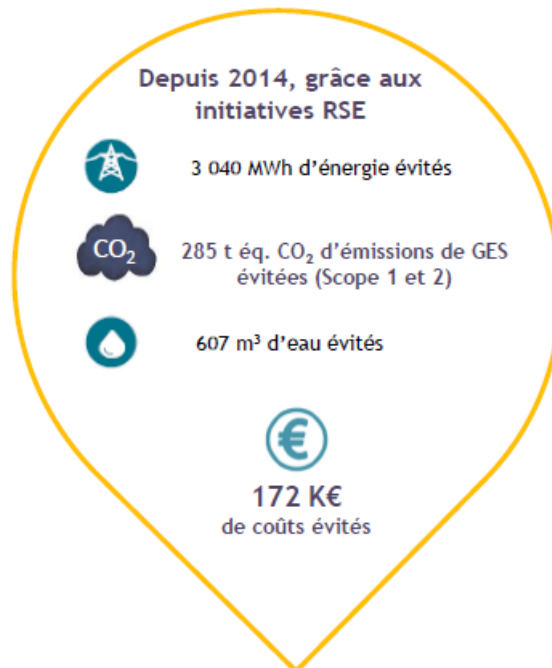


2- Carbon assessment results



Cutting our carbon emissions/turnover ratio  
A drop of 22% (2014-2017)

IMPACTS AVOIDED THROUGH GROUP CSR INITIATIVES - calculated by Eurazeo PME



THE 10 PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

**Human rights**

Supporting and respecting the protection of international law relating to human rights within our sphere of influence.

Ensuring that we are not complicit with any violations of these rights.

**Workers' rights**

Promoting freedom of association and recognising the right to collective bargaining.

Eliminating all forms of forced or mandatory work.

Ensuring the effective abolition of child labour.

Eliminating discrimination in terms of employment or profession.

**THE ENVIRONMENT**

Promoting a preventative approach when it comes to environmental challenges.

Undertaking initiatives aimed at encouraging greater environmental responsibility.

Encouraging the rise and the spread of environmentally-friendly technology.

**FIGHTING CORRUPTION**

Committing to tackle all forms of corruption within our sphere of influence, including extortion and bribery.