

# Policy for a Responsible Global Supply Chain of Minerals from Conflict-Affected and High-Risk Areas

## **Introduction**

Recognising the risks of significant adverse impacts which may be associated with extracting, trading, handling, and exporting minerals from conflict-affected and high-risk areas, and recognising that we have the responsibility to respect human rights and not contribute to conflict, we commit to adopting, disseminating and incorporating in contracts and/or agreements with suppliers the following policy on responsible sourcing of minerals from conflict-affected and high-risk areas, as representing a standard reference for conflict-sensitive sourcing practices and suppliers’ risk awareness from the point of extraction until the end user.

Lumileds does not directly source minerals from mines or smelters (these are typically several tiers upstream from our direct suppliers). Nevertheless, we commit to refraining from any action which contributes to the financing of conflict, and we commit to comply with relevant United Nations sanctions resolutions or, where applicable, laws and regulations implementing such resolutions, such as the U.S. Dodd-Frank Act of 2010 and the regulation (EU) 2017/821 (EU Conflict Minerals).

This is applicable but not restricted to 3TG (Tin, Tantalum, Tungsten, Gold) as well as Cobalt and Mica and potentially other minerals to be defined as risk-affected.

Lumileds is a member of the Responsible Minerals Initiative (RMI), which seeks to prevent minerals that directly or indirectly finance armed conflicts from entering supply chains. RMI has tools to increase the transparency of the origin of conflict minerals, including a reporting template for the supply chain and audit programs for smelters and downstream companies. These smelter audits, along with the RCOI (Reasonable Country of Origin) data, are the critical elements in the supply chain for determining the origin and associated risks of the relevant minerals.

While ensuring not to create de facto embargoes by enabling responsible sourcing in the affected regions, Lumileds is systematically addressing issues like human rights abuses, incl. child labour, health & safety, and environmental matters, as described in detail below.

## **Regarding serious abuses associated with the extraction, transport, or trade:**

1. While sourcing from, or operating in, conflict-affected and high-risk areas, we will neither tolerate nor by any means profit from, contribute to, assist with, or facilitate the commission by any party of:
  - i) any forms of torture, cruel, inhuman, and degrading treatment;
  - ii) any forms of forced or compulsory labour, which means work or service which is exacted from

- any person under the menace of penalty and for which said person has not offered himself voluntarily;
- iii) the worst forms of child labour;
- iv) other gross human rights violations and abuses such as widespread sexual violence;
- v) war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

***Regarding risk management of serious abuses:***

2. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party committing serious abuses as defined in paragraph 1.

***Regarding direct or indirect support to non-state armed groups:***

3. We will not tolerate direct or indirect support to non-state armed groups through the extraction, transport, trade, handling or export of minerals. “Direct or indirect support” to non-state armed groups through the extraction, transportation, trade, handling or export of minerals includes, but is not limited to, procuring minerals from, making payments to, or otherwise providing logistical assistance or equipment to, non-state armed groups or their affiliates who:
- i) illegally control mine sites or otherwise control transportation routes, points where minerals are traded and upstream actors in the supply chain; and/or
  - ii) illegally tax or extort money or minerals at points of access to mine sites, along transportation routes or at points where minerals are traded; and/or
  - iii) illegally tax or extort intermediaries, export companies or international traders.

***Regarding risk management of direct or indirect support to non-state armed groups:***

4. We will immediately suspend or discontinue engagement with upstream suppliers where we identify a reasonable risk that they are sourcing from, or linked to, any party providing direct or indirect support to non-state armed groups as defined in paragraph 3.

***Regarding public or private security forces:***

5. We agree to eliminate, in accordance with paragraph 10, direct or indirect support to public or private security forces who illegally control mine sites, transportation routes and upstream actors in the supply chain; illegally tax or extort money or minerals at the point of access to mine sites, along transportation routes or at points where minerals are traded; or illegally tax or extort intermediaries, export companies

or international traders.

6. We recognise that the role of public or private security forces at the mine sites and/or surrounding areas and/or along transportation routes should be solely to maintain the rule of law, including safeguarding human rights, providing security to mine workers, equipment and facilities, and protecting the mine site or transportation routes from interference with legitimate extraction and trade.

7. Where we or any company in our supply chain contracts public or private security forces, we commit to or will require that such security forces be engaged by the Voluntary Principles on Security and Human Rights. In particular, we will support or take steps to adopt screening policies to ensure that individuals or units of security forces known to have been responsible for gross human rights abuses will not be hired.

8. We will support efforts, or take steps, to engage with central or local authorities, international organisations and civil society organisations to contribute to workable solutions on how transparency, proportionality and accountability in payments made to public security forces for the provision of security could be improved.

9. We will support efforts, or take steps, to engage with local authorities, international organisations and civil society organisations to avoid or minimise the exposure of vulnerable groups, in particular, artisanal miners where minerals in the supply chain are extracted through artisanal or small-scale mining, to adverse impacts associated with the presence of security forces, public or private, on mine sites.

***Regarding risk management of public or private security forces:***

10. In accordance with the specific position of the company in the supply chain, we will immediately devise, adopt and implement a risk management plan with upstream suppliers and other stakeholders to prevent or mitigate the risk of direct or indirect support to the public or private security forces, as identified in paragraph 5, where we determine that such a reasonable risk exists. In such cases, we will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation within six months from the adoption of the risk management plan.

Where we identify a reasonable risk of activities inconsistent with paragraphs 8 and 9, we will respond in the same vein.

***Regarding bribery and fraudulent misrepresentation of the origin of minerals:***

11. We will not offer, promise, give or demand any bribes and will resist the solicitation of bribes to conceal or disguise the origin of minerals, to misrepresent taxes, fees and royalties paid to governments for mineral extraction, trade, handling, transport and export.

***Regarding money laundering:***

12. We will support efforts, or take steps, to contribute to the effective elimination of money laundering where we identify a reasonable risk of money laundering resulting from, or connected to, the extraction, trade, handling, transport or export of minerals derived from the illegal taxation or extortion of minerals at points of access to mine sites, along transportation routes or at points where minerals are traded by upstream suppliers.

***Regarding the payment of taxes, fees and royalties due to governments:***

13. We will ensure that all taxes, fees, and royalties related to mineral extraction, trade and export from conflict-affected and high-risk areas are paid to governments and, by the company’s position in the supply chain, we commit to disclose such payments by the principles set forth under the Extractive Industry Transparency Initiative (EITI).

***Regarding risk management of bribery and fraudulent misrepresentation of the origin of minerals, money-laundering and payment of taxes, fees and royalties to governments:***

14. By the specific position of the company in the supply chain, we commit to engaging with suppliers, central or local governmental authorities, international organisations, civil society, and affected third parties, as appropriate, to improve and track performance to prevent or mitigate risks of adverse impacts through measurable steps taken in reasonable timescales. We will suspend or discontinue engagement with upstream suppliers after failed attempts at mitigation