Lumileds Public Due Diligence Report 2023

0 Introduction

'Conflict Minerals' are defined as tantalum, tin, tungsten, and gold (collectively, '3TG') and their derivatives. While the Dodd-Frank Act defines 'covered countries' as the Democratic Republic of Congo and adjoining countries, the European Conflict Minerals Regulation (EU) 2017/821 is extending the definition to 'conflict-affected and high risk areas' (CAHRAS), as described on the website https://www.cahraslist.net/. Related supply chain risks according to the OECD Guidance can be: armed conflicts and serious human rights violations; any forms of forced labour; the worst forms of child labour; indirect support to non-state armed groups; public or private security forces; bribery and fraudulent misrepresentation of the origin of minerals; money laundering; payment of taxes, fees and royalties due to government.

1 Company Overview

Lumileds is a global leader in OEM and aftermarket automotive lighting and accessories, camera flash for mobile devices, MicroLED, and light sources for general illumination, horticulture, and human-centric lighting. Our approximately 6,000 employees operate in over 30 countries and partner with our customers to deliver never before possible solutions for lighting, safety, and well-being.

All due diligence activities regarding the use of potential conflict materials are handled within a global sustainability department, supported by global purchasing departments. There are no site-specific activities in this regard.

At Lumileds, we use a big variety of materials, including all 3TG, Cobalt, and Mica. Conventional lighting products (for example signalling, halogen and xenon bulbs) usually contain tungsten and tin. LED products always contain tungsten and gold. Products with electronic parts can potentially contain tantalum and cobalt.

Within our RMI DAP procedure, the following CID numbers have been assigned to our operational sites:

SMELTER ID	METAL	STANDARD SMELTER NAME	RMAP ELIGIBILITY	RMAP AUDIT STATUS	COUNTRY LOCATION
CID003994	Multiple	Lumileds	Not Eligible	Not Applicable	NETHERLANDS
CID004026	Multiple	Lumileds Germany GmbH	Not Eligible	Not Applicable	GERMANY
CID004027	Multiple	Lumileds (Jiaxing) Technology Co., Ltd.	Not Eligible	Not Applicable	CHINA
CID004028	Multiple	Lumileds Poland S.A.	Not Eligible	Not Applicable	POLAND
CID004029	Multiple	Lumileds Malaysia Sdn. Bhd.	Not Eligible	Not Applicable	MALAYSIA
CID004030	Multiple	Lumileds LLC	Not Eligible	Not Applicable	UNITED STATES OF AMERICA
CID004031	Multiple	Lumileds Singapore Ptd Ltd	Not Eligible	Not Applicable	SINGAPORE
CID004032	Multiple	Lumileds Technology Hubei Co. Ltd.	Not Eligible	Not Applicable	CHINA

2 RMAP Assessment Summary

Lumileds has undergone an RMAP assessment in the form of the RMI Downstream Assessment Program (DAP). This assessment took place in August 2022 and was conducted by the assessment firm Arche Advisors.

The links to the assessment summary reports per facility can be found under this URL: https://www.responsiblemineralsinitiative.org/responsible-minerals-assurance-process/downstream-program/

3 Company Supply Chain Policy

According to the OECD Due Diligence Guidance - Step 1, Lumileds has a supply chain policy on responsible sourcing. This policy has been part of the RMAP assessment and it was found to be conform.
The Lumileds supply chain policy can be directly assessed here:
https://Lumileds.com/support/documentation/illumination-sustainability/ > document ED39

4 Company Management System

4.1 Structure internal management systems to support supply chain DD
The Lumileds Conflict Minerals team consists of representatives from Procurement and Sustainability. The following roles are assigned:

Executive sponsor: The Executive Sponsor of the Company's Conflict Minerals program is the Director of Sustainability. The Executive Sponsor is responsible for overseeing the Company's Conflict Mineral program as well to periodically update the Lumileds Management Team on progress, as well as issues if they arise.

Conflict Minerals Program Manager: The Conflict Minerals Program Manager is the IMDS Officer (part of the Global Quality Organization). The Conflict Minerals Program Manager is responsible for developing and implementing the Company's Conflict Minerals program as well as periodically updating the executive sponsor on progress as well as issues that may arise. The Conflict Minerals Program Manager works directly with the Procurement organization for the selection of suppliers, and to manage the communications flow with suppliers.

Procurement Coordinators: The procurement coordinators are the Commodity Managers and/or Supplier Account Managers. The procurement coordinators are responsible for the identification of Lumileds supplier base and to manage the communication flow with suppliers.

	1.a Supply chain Policy	1.b,c Internal Mgt systems & Controls	1.d. company engagement with	2a Risk assessment and DD with suppliers	2b Identify SORs in supply chain	3 Respond to identified risks	5a Reporting externally (annual report, website.	5a SEC filings and CMR sign-off(Form SD, CMR)	5b Reporting internally	6 Respond to customer requests
Executive sponsor	A	A	I	I		I	A	n.a.	A	
Conflict Minerals Program Manager	R	R	A	A	A	A	R	n.a.	R	R
Procurement Coordinator	C, S	C	R	R	R	R	S	n.a.		S
Supplier Account Managers	I		S		S	S	S	n.a.		S

Responsible: those who do the work to achieve the task

Accountable: signs off (approves) work that responsible provides

Consulted: those whose opinions are sought

Support: resources allocated to responsible

Informed: those who are kept up-to-date on progress

The progress is reported weekly to the Executive Sponsor.

4.2 Establish a system of controls and transparency over the conflict minerals supply-chain

Lumileds is using the most current Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI) website. After receiving the filled CMRT from a supplier, a

series of checks is carried out, comprising the smelter status check (using a current download of the RMI smelter list), and a plausibility check.

4.3 Strengthen company engagement with suppliers

Lumileds has adopted its own Supplier Sustainability Declaration, available at https://Lumileds.com/wp-content/uploads/files/ED38.pdf

An invitation letter is sent out to all relevant suppliers annually, containing background information and references to external sources (RMI), Additional information and explanations, including training materials, may be sent to those suppliers where appropriate.

Lumileds follows up with suppliers to track the status of their Conflict Minerals compliance efforts. If no response is received they are reminded via e-mails. Additional phone contacts are used to check whether the request is understood, to give additional explanation and to get a committed date for the completion of suppliers' supply chain investigations.

In case a supplier does not deliver reasonable effort, the Conflict Minerals Team escalates to senior management (via Executive Sponsor) and if appropriate, sanctions can be used.

4.4 Establish a company level grievance mechanism

Lumileds is usually several tiers away from the mines, resulting in limited abilities to verify the accuracy of upstream supply chain information. In case of complaints concerned parties are encouraged to report via the Lumileds grievance mechanism under this link:

https://app.convercent.com/en-us/LandingPage/386aca82-82f7-e511-80c8-000d3ab06827

This is an independent reporting hotline operated by an independent third-party Ethics & Compliance Platform.

4.5 Applicability Assessment

Since 2016 we conduct an annual analysis of the suppliers concerning the content of 3TG in delivered materials or components. As a result of this analysis, we get a list of relevant suppliers for the Conflict Minerals supply chain investigation. We ask all relevant suppliers to submit a current, filled and plausible CMRT document.

4.6 Due Diligence Framework

The Lumileds due diligence process is designed to align with the internationally-recognized five-step due diligence framework set out in the Organisation for Economic Co-operation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (the 'OECD Framework'). All the details are laid down in the document "Conflict Minerals Standard Operating Procedure", which is not publicly available, however, any concerned stakeholder can receive a copy of this document upon request.

As Lumileds is far removed from the smelters and refiners that process Conflict Minerals in the supply chain, we rely on cross-industry initiatives, such as RMI's RMAP, which conducts independent third-party audits of smelters and refiners in our supply chain.

The current Lumileds CMRT as well as our Conflict Minerals policy is available at
https://Lumileds.com/support/documentation/illumination-sustainability/

4.7 Determination

As we do not directly purchase raw minerals, ores, or 3TG, we must rely on our in-scope suppliers to gather information about smelters and refiners in our supply chain.

Based on the supplier CMRT documents, in which we basically only accept smelters with an RMI "conformant" audit status, we do not consider a major risk.

4.8 Continuous Improvement Efforts to Mitigate Risk

We build upon the following steps:

• Continue building relationships with our suppliers

• Provide Conflict Minerals training for relevant Procurement managers to build their capacity for engaging in-scope suppliers on the issue

• Encourage in-scope suppliers to put in place, if not yet implemented, Conflict Mineral sourcing policies and due diligence measures aligned to the OECD Framework

• Encourage in-scope suppliers to further strengthen due diligence efforts, consistent with the OECD Framework, to help improve the quality and completeness of the information provided to us

4.9 Record Keeping System

The company requires that all records relating to the due diligence program are maintained at least for five years and that they be properly used and safely stored in our online company data storage systems.

5 Risk Identification

Due to Lumileds' position in the supply chain and limited insight in and leverage over the deeper levels of the supply chain, we engage and actively cooperate with other industry members. We use the tools and programs developed by the RMI.
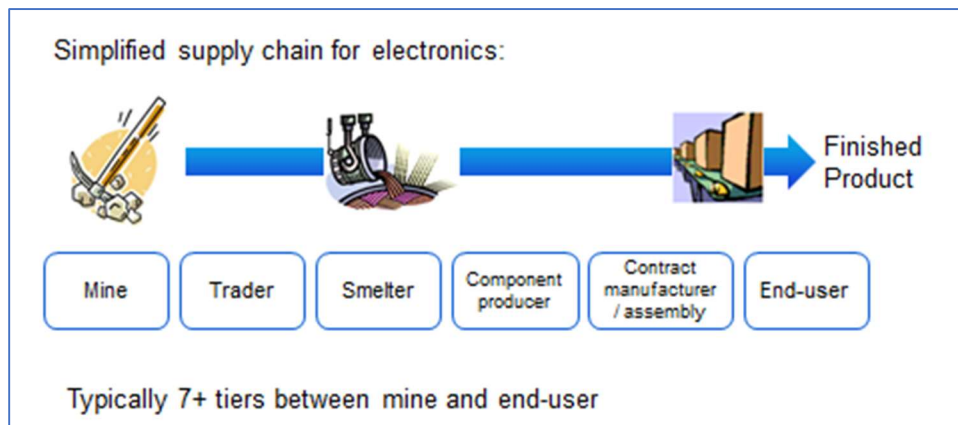
5.1 Identify, to the best of their efforts, the SORs in their supply-chain

Lumileds requests its relevant suppliers to identify all SORs in their supply chain and to list them in the CMRT. In most cases the first tier suppliers do not know the SORs in their supply chain, and Lumileds therefore requests them to propagate similar expectations to their next tier suppliers.

Lumileds requests suppliers to fill in all mandatory questions on a current version of the CMRT and asks suppliers to submit it to Lumileds annually.

The Conflict Minerals process is performed annually and contains the following process steps:

- **Conflict Minerals Program Step 1: Define criteria for supplier selection**

In order to identify the SORs, we use an approach based on relevance only. No financial criteria are applied.

> **>> Relevant commodities**
> Lumileds allocates suppliers to one of the defined commodities, for example packaging, metals, plastics, batteries, finished goods, etc. The 3TG metals are not used in all of these commodities, and therefore we focus on a limited set of commodities. We exclude the commodities related to packaging, plastics, wood, textile & glass, gases, and software as it is unlikely that these products contain any 3TG metals. All service providers (non-product related suppliers) are out of scope as well. The remaining BOM commodities and their allocated suppliers are in scope.

- **Conflict Minerals Program Step 2: Send invitation letter**
  On behalf of the Procurement organization, Lumileds sends out a formal invitation letter to relevant suppliers, requesting them to start supply chain investigations and to report back the results using the CMRT.

  (In case a supplier was not using any 3TG metals in the products supplied to Lumileds in the previous year, we will not send the invitation letter. In this case, we will ask the responsible SAM to check if there have been any changes to the business/products supplied to confirm that the supplier is still not using any 3TG).

- **Conflict Minerals Program Step 3: Follow up on supplier progress**
  The CM program manager follows up on the progress of the suppliers. Supplier shall fill in the CMRT including the smelter list.

  The Smelter list data quality is checked and if insufficient, corrective action is requested to remove duplicates, correct the incorrectly assigned met,als or when non-listed smelters are reported without a valid reason to believe that those entities are indeed a smelter.

Non-responsive suppliers are being followed up by Procurement Coordinator. The Goal is to verify whether the supplier understands the request and whether the supplier is committed to deliver the template within the requested timeframe.

- **Conflict Minerals Program Step 4: Handle escalations**
  If suppliers are not willing to investigate their supply chain and fill in the CMRT, the issue is escalated to the SAM (preferably via phone to follow up on emails and letters that have been sent). Where needed, the Procurement Coordinator will further support the escalation.

- **Conflict Minerals Program Step 5: Template validation**
  Each supplier CMRT received is assessed against a set of acceptance criteria. The criteria are defined by the Conflict Minerals team. The CM Program Manager validates the CMRTs and determines whether the acceptance criteria are met. In case a CMRT does not meet the acceptance criteria, it is returned to the supplier with an explanation of the requested corrective actions.

acceptance criteria for supplier's CMRTs

A Lumileds supplier in scope of our conflict minerals program is expected to have a Conflict Minerals Policy in order to:

- identify their relevant suppliers for conflict minerals
- collect CMRTs from those suppliers
- identify smelters in the supply chain
- monitor the progress of smelters identified in the supply chain

The CM Program Manager reviews the supplier's CMRTs against below-listed criteria. The Conflict Minerals KPI is defined as the percentage of suppliers with an approved CMRT out of the total number of suppliers in scope.

Scope covered	CMRT Declaration -	Scope of the declaration should be either on a company level or for all products delivered to

	Scope or Class (*)	Lumileds (in case "Product" or "User defined chosen")
Timeliness covered	CMRT - Effective date Supplier email	The effective date in the CMRT has to be in the current year
CMRT version	CMRT - CMRT version	Only CMRT of the latest version are allowed / after the release of a new version, a transition period of 3 months is granted. Already accepted CMRTs do NOT need to be changed.
Complete & consistent answers	CMRT in general	All mandatory questions answered, no contradictions.
No red flags	CMRT Smelter list	Red flag smelters The CMRT should be checked upon smelters that might be a potential red flag
Policy available	CMRT - Q A, B, C	QA needs to be answered with "yes". Policy should preferably be posted on supplier website, or shared via email
At least 1 smelter identified per metal	CMRT - Smelter list	Supplier listed in the smelter list at least 1 smelter name per each metal used
Quality smelter data	CMRT- Smelter list	Smelter list provided by supplier needs to be consistent and of a high quality, that means: 1. No duplicates on the smelter list 2. No non-listed smelter
Cascading the request to be DRC conflict free to next tier	CMRT - QC	Lumileds expects its suppliers to start communicating to next tiers the expectations to source conflict-free metals from DRC and surrounding countries. Therefore answering this question with 'YES' is a Lumileds requirement.
DD implemented	CMRT – relevant questions	We require our suppliers to perform supply chain DD that will include the results review and corrective actions management

Note on not-listed smelters

It can be the case that a supplier does not want to remove smelters that were on the reference list of the previous CMRT version. In this case, we would be willing to accept all

smelter names that were on the reference list of one of the CMRT versions released during the current reporting year.

Note on Suppliers *not* using any 3TG in the products supplied to Lumileds

When supplier confirms to Lumileds *not* to use any of the 3TG metals, the above CMRT acceptance criteria are not applicable. The respective SAM is asked for confirmation in case the supplier reports using use any 3TG metals. In such cases Lumileds does not require suppliers to fill in a CMRT, a confirmation via email is sufficient.

Note for Policy validation

It will be checked whether a policy is indeed available. The content is reviewed by the CM Program Manager for monitoring purposes, but we do not approve or disapprove supplier policies. The CM Program Manager can provide guidance to suppliers on how to develop a policy.

Note for Smelter validation

Smelters disclosed in the supplier templates are verified for potential inconsistencies, based on available knowledge. Basically, this is done by a lookup with the current smelter list from RMI.

Note for Red Flag Suppliers

The info provided via supplier CMRTs can indicate an increased risk that the metals a supplier is using might not be conflict-free. Triggers that indicate increased risk for suppliers to be sourcing not-conflict-free minerals, and that need further follow-up and monitoring by the Conflict Minerals team, are:

- Trigger   1
  Suppliers answering YES to Question 3 (sourcing from CC), however, if the smelter check did not show non-compliant or high-risk smelters then this is not considered a red flag

- Trigger 2
  Supplier Sustainability Program showed major NC related to Conflict Minerals
- Trigger 3
  Notification of any risks related to a specific SOR by an external party, e.g. customer, peer, RMI

All suppliers with high risk triggers are included on the 'red flag suppliers' list. CM Program Manager is responsible for follow-up and risk mitigation with the red flag suppliers, supported by the respective SAMs. When the supplier reports to Lumileds to source from CC, it is crucial to know via which smelters the metals enter the supply chain, to be able to confirm the conflict-free status for the respective smelter. Therefore, the in case of Trigger 1, the first actions will be targeted towards identifying the related smelters.

For each red flag supplier, the Procurement Coordinator will determine and coordinate appropriate actions (e.g. contact the supplier to collect additional info, request the supplier to phase-out smelter from their supply chain, etc.).

- **Conflict Minerals Program Step 6: Archiving and reporting supplier CMRTs**
  The CM Program Manager archives all relevant evidence (e-mail and direct communication with suppliers, commitments status of suppliers, progress of the suppliers, etc.) at least 5 years and reports the status of the KPI. All completed supplier CMRTs are stored. The KPI is periodically reported to the Executive Sponsor, as well as to the Procurement Coordinators whenever necessary.

- **Conflict Minerals Program Step 7: Wrap-up, Establish Lumileds CMRT**

The Lumileds smelter list contains all SORs identified in Lumileds supply chain and is built up based on the data in all completed CMRTs received from suppliers. Double counts in and between supplier's smelter lists as well as smelters that are not eligible according to the current RMI smelter list are removed. Smelter information is rolled up via Excel / Access and then exported into a Lumileds CMRT.

5.2 Identify the scope of the risk assessment of the mineral supply chain

After the development of the Lumileds smelter list, Lumileds evaluates those facilities based on the information available, in order to determine whether it is reasonable to believe that they are sourcing from a CC. Lumileds uses a current download of the RMI smelter list to fulfil this task.

If available, we will also use other sources of information to assess potential risk, such as:

• The SOR is known to be sourcing from a CC (e.g., based on available public reports)
• The SOR is located in a high-risk country suspected of processing conflict minerals from a conflict-affected area (e.g., based on available public reports)

5.3 Assess whether the SORs have carried out all elements of DD for responsible supply chains of minerals from conflict-affected and high-risk areas

Lumileds relies on the RMI smelter database, which contains a complete list of SOR along with their audit status and additional information. We will also use the List of global responsible smelters and refiners as defined in Article 9 of Regulation (EU) 2017/821.

5.4 Where necessary, carry out, including through participation in industry-driven programs, joint spot checks at the mineral SOR's own facilities.

Lumileds relies on the RMI for this step. If applicable, we contribute to encouraging smelters to take part in RMI audits, for example by sending a Lumileds letter to smelters identified in our supply chain, explaining them our request to complete the RMI audit.

If applicable, we will also use the List of global responsible smelters and refiners as defined in Article 9 of Regulation (EU) 2017/821 for this step.

6 Risk mitigation (ONLY HIGH-RISK SOURCING)

The OECD Guidance recognizes that the SOR and other upstream actors have the primary role in managing risk that minerals may have supported conflict and that the SOR/upstream actor must act when there is a red flag trigger. The OECD risk assessment and management is primarily owned by the smelter, and the downstream companies' role is to assess smelters' DD and outcome based on an independent audit. Downstream companies mitigate risk by working with their direct suppliers individually or collectively to identify SORs and encourage those SORs to become independently audited.

Lumileds uses the results of the RMI audits assessing SORs compliance with the OECD guidelines, as well as the List of global responsible smelters and refiners as defined in Article 9 of Regulation (EU) 2017/821 ("EU-Whitelist"), when available, to fulfill the requirements.

Another source of information is the list of conflict-affected and high-risk areas under Regulation (EU) 2017/821 (CAHRAs).

Below the steps from the flowchart are described in more detail.

- **DD Step 1: Determine SOR sourcing country of origin**
  Update Lumileds smelter list with all new smelter information received via supplier CMRTs. All the double counts are removed and combined into one line entry in the template. Relevant comments are filled in under 'comments'. A validation check on the accuracy of the data is done based on available information of the RMI and the Lumileds knowledge of the SORs acquired so far.

- **DD Step 2/3: SOR sourcing from CCs / CAHRAS?**
  If information is obtained that SORs in Lumileds supply chain source from CCs or countries on the CAHRAs list, due diligence starts: Lumileds has to verify the conflict free status of the SORs. Using the current download of the conformant smelter list provided by RMI, we determine if a SOR can be considered as conflict free.

- **DD Step 4: RMI compliant? / EU CM compliant**
  If the SOR is sourcing from CC and RMI compliant then the SOR is determined as conflict free. If the SOR is sourcing from CC and <u>not</u> RMI compliant then the SOR status is undeterminable. For products affected by REGULATION (EU) 2017/821, we review the RMI audit summary reports (full audit reports are not available because of confidentiality).

- **DD Step 5: Red Flags?**
  If the SOR's is sourcing from CC and is not RMI compliant, then Lumileds will work with the supplier to transition away from using materials from this SOR.

- **DD Step 6: Request SOR to take RMI audit**
  If applicable, Lumileds requests SORs not yet RMI compliant and to take an RMI audit.

- **DD Step 7: Agree on corrective action with direct suppliers**
  Lumileds requests direct suppliers with red flag SORs in their supply chain to take corrective action.

- **DD Step 8: Monitor supplier transition plan**
  Lumileds monitors the progress of corrective action implementation by direct suppliers.

6.1 Report findings to designated senior management

The progress of the annual Conflict Minerals supply chain investigation and any issues found therein, are reported to the designated senior management on a regular base.

6.2 Devise and adopt a risk management plan

The risk mitigation will depend on the following:

• The RMI audit status / EU Whitelist compliance status
• The origin of minerals (Covered Countries, CAHRAS), as far as this information is accessible
• any 'red flags' as indicated by customers, authorities, sanction lists, etc.

Possible ways of risk mitigation can include:

• to make sure the latest template version of the CMRT is used
• to check if a SOR is already engaged in an audit
• if this is not the case, to ask the SOR to take an RMI audit
• (for most suppliers of complex products with company wide CMRTs) to ask for a product-specific CMRT,
• If the latter is not feasible, to exclude certain metals (and related smelters) from the supplier CMRT via product content declaration
• To ask the supplier to remove non-compliant smelters

6.3 Implement the risk management plan, monitor and track performance of risk mitigation, report back to designated senior management

The risk mitigation plan as described above will be discussed with the Executive Sponsor as well as Procurement. Corrective actions can be taken if necessary, e.g. suspending or discontinuing engagement with a supplier after failed attempts of mitigation.

6.4 Undertake additional fact and risk assessments for risks requiring mitigation, or after a change of circumstances

In case of 'red flag' situations for a particular SOR, Lumileds follows up on the implementation of the agreed corrective actions and determines their effectiveness. We review the mitigation plan progress with affected suppliers regularly until the situation is resolved while reporting the progress to the Executive Sponsor.