



LUG S.A. Capital Group

Sustainability

Strategy





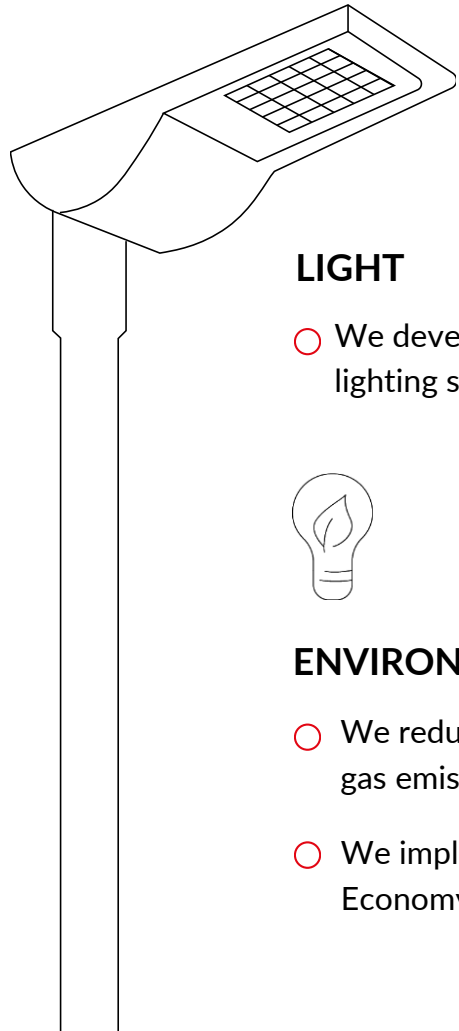
LED lighting has reinvented the way we experience light. Today, it does not only ensure a modern look and feel, but it also provides a key to the shaping of energy efficiency, public safety and comfort in the spaces and interiors that are a part of human life.

For years, the LUG Capital Group has been developing lighting products, systems and services for users around the world to enjoy a superior quality of light. Every day, we make life safer and more comfortable by supporting institutions, businesses and cities on their journey towards sustainability.

We feel responsible for the mission that our lighting solutions accomplish; as an organisation, we want to follow the road of ESG – environmental care (E), social responsibility (S) and corporate governance (G). We believe that sustainability is not just a matter of business ethics, but a long-term strategy with tangible benefits for all stakeholders.



Our ambitions and goals in 4 dimensions



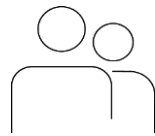
LIGHT

- We develop sustainable lighting solutions
- We extend the life cycle of products
- We improve safety and quality the lives of end users



ENVIRONMENTAL

- We reduce greenhouse gas emissions
- We implement the Circular Economy



SOCIAL RESPONSIBILITY

- We focus on diversity and education
- We care about safety



GOVERNANCE







- We strengthen due diligence
- We are building a sustainable value chain









When developing the “LUG S.A. Capital Group Sustainability Strategy” we set ourselves 14 challenging short, medium and long-term goals which include our plans and ambitions. All these objectives are aligned with the mission and values that have been the foundation of our business for years. Guided by internationally recognised standards and building on industry best practice, we aim to contribute to a low-carbon economy, conserve natural resources and promote social progress for a better life for today’s and future generations.

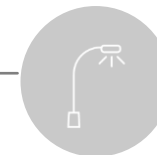


Topic	Objective #	Objective designation	Metric	Baseline (base year 2022)	2026	2035	2050	SDGs
ENVIRONMENTAL OBJECTIVES								
CLIMATE CHANGE								
GHG Scope 1	1a.	We will reduce greenhouse gas emissions across the value chain – Scope1	Mg CO ₂ e (equivalent tons of carbon dioxide)	842.1 Mg CO ₂ e	Emission reduction to 1000 Mg CO ₂ e	50% reduction of baseline emissions	Emission reduction to 0 Mg CO ₂ e	
GHG Scope 2	1b	We will reduce greenhouse gas emissions across the value chain – Scope 2, market-based	Mg CO ₂ e (equivalent tons of carbon dioxide)	1,014.3 Mg CO ₂ e	30% reduction of baseline emissions	Emission reduction to 0 Mg CO ₂ e	Emissions maintained at 0 Mg CO ₂ e	
GHG Scope 3	1c	We will reduce greenhouse gas emissions across the value chain – Scope3	Mg CO ₂ e (equivalent tons of carbon dioxide)	599,595.72 MgCO ₂ e	Decarbonisation plan development	The objective will be defined in the decarbonisation plan	Zero net emissions in Scope 3	
CIRCULAR ECONOMY								
Sustainable components	2	We will develop a database of components used for production, their origin and intended use	% of products with disclosed materials and manufacturing methods	Distributed information	Database development, 90% of products with fully disclosed materials, origin, and intended use (from and for recycling)	100%	100%	

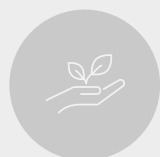
Topic	Objective #	Objective designation (presentation)	Metric	Baseline (base year 2022)	2026	2035	2050	SGDs
Luminaire service life	3	We will expand the portfolio with extended service life products	Long-life luminaire families in the LUG portfolio	2 families	6 families	10-15 families	All luminaire families in the portfolio	
Sustainable packaging	4	We will increase the use of packaging that minimises virgin resource consumption and environmental impact	Share of luminaires supplied in recycled packaging	98%	99%	100%	100%	
			Share of luminaires supplied in recyclable packaging	99%	99%	100%	100%	
			Share of luminaires supplied in reusable packaging	0%	20%	100%	100%	
OTHER ENVIRONMENTAL OBJECTIVES								
Environmental impact of lighting	5	We will promote solutions that reduce impact of lighting on humans and the environment	0/1 Effective awareness campaign concerning lighting solutions with reduced impact on humans and the environment, addressed to 3 target groups (Partners, Workers, Society)	0	1 (awareness campaign delivered). Analysis of the 1st awareness campaign results and building an educational and communication strategy with new objectives for the next strategic perspective	The objective will be established once the short-term milestone is achieved and will depend on the 1st campaign result analysis.		
SOCIAL RESPONSIBILITY OBJECTIVES								
COMPANY WORKERS								
Gender pay gap	6	We will analyse the gender pay gap and reduce pay inequality	Men's vs. women's hourly wage % difference	28.5%	GPG reduced to 5%	GPG reduced to 0% (or within +/- 1%)	GPG maintained at 0% (or within +/- 1%)	
DEI – Diversity, Equity & Inclusion	7	We will develop and implement a diversity policy in LUG companies	0/1 Diversity policy implementation	No diversity policy	1 (diversity policy implemented)	Diversity policy performance analysis & adjustment in a three-year cycle	Diversity policy performance analysis & adjustment in a three-year cycle	
Employee education in sustainability	8	We will improve employees' awareness, knowledge and competence in sustainability	% of LUG employees trained in sustainability	No data available	90% of employees trained	100% of employees trained in periodic refresher courses	100% of employees trained in periodic refresher courses	

Topic	Objective #	Objective designation (presentation)	Metric	Baseline (base year 2022)	2026	2035	2050	SDGs
Working conditions – OHS	9	We will maintain the highest level of safety for Corporate employees	Fatal and serious accidents	0 accidents	0 accidents	0 accidents	0 accidents	
LOCAL COMMUNITIES								
Safety of public space users	10	We will improve the safety and quality of life for end users by improving the lighting installed in public spaces	Cumulative rate of quality of life and safety improvement (based on the product of light sources and average head count per light source)	1,442,059 people	Each year we will improve the quality of life and safety for at least 1,000,000 more people.	The objective will be established once the short-term milestone is achieved and will depend on the analysis of the infrastructure LED lighting market, as well as the definition of new market needs for improved safety and quality of life.		
GOVERNANCE								
BUSINESS PRACTICES								
Diversity in the Management and Supervisory Board	11	We will maintain equality and diversity in the Corporate management	% women in the Supervisory Board and Management	33% women in the Management 40% women in the Supervisory Board	Maintaining at least 33% female members in the Management and 40% of female members in the Supervisory Board	Maintaining at least 33% female members in the Management and 40% female members in the Supervisory Board	Maintaining at least 33% female members in the Management and 40% female members in the Supervisory Board	
Value chain mapping	12	We will map suppliers in the supply chain for ESG risks	% of tier 1 and tier 2 suppliers with identified risk level(s)	0	95% T1 suppliers mapped with risk level(s) determined	100% T1 & T2 suppliers mapped with risk level(s) determined	Maintenance of 100% T1 & T2 suppliers mapping with risk level(s) determined	
Strengthening due diligence processes	13	We will ensure accountability in the supply chain and strengthen due diligence processes	% of suppliers who have accepted the Supplier Code of Conduct and % of high-risk suppliers audited	0	Development of the Supplier Code of Conduct	100% of suppliers signed the Code	100% of suppliers signed the Code	
					90% of suppliers signed the Code			
ESG criteria and goals for suppliers	14	We will involve suppliers in the value chain's sustainability goals	% of Tier 1 suppliers who declared to meet predefined ESG goals	0	Development of ESG criteria for the qualification of LUG suppliers Development of ESG goals binding to suppliers	Routine monitoring of suppliers' ESG goal achievement progress	Routine monitoring of suppliers' ESG goal achievement progress	

UN Sustainable Development Goals



WE DEVELOP SUSTAINABLE LIGHTING SOLUTIONS
 WE EXTEND THE LIFE CYCLE OF PRODUCTS
 WE IMPROVE SAFETY AND QUALITY OF LIFE FOR END USERS



WE REDUCE GHG EMISSIONS
 WE IMPLEMENT THE CIRCULAR ECONOMY



WE FOCUS ON DIVERSITY AND EDUCATION
 WE CARE ABOUT SAFETY



WE STRENGTHEN DUE DILIGENCE
 WE ARE BUILDING A SUSTAINABLE VALUE CHAIN



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