

ignify Global Policy

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Introduction

To declares Signify efforts in identifying, assessing and managing the risks of modern slavery and human trafficking within our own operations and our product supply chain.

Verification and a summary of efforts concerning audits, follow-up of non-conformities, internal accountability, and training are provided below.

Content

1. Preface

Pursuant to **Section 3 of the California Transparency in Supply Chains Act of 2010** and the **United Kingdom (UK) Modern Slavery Act 2015, Chapter 30, Part 6, Provision 54**, Signify declares its efforts in identifying, assessing and managing the risks of modern slavery and human trafficking within our own operations and our product supply chain. Verification and a summary of efforts concerning audits, follow-up of non-conformities, internal accountability, and training are provided below. For more information on Signify organization's structure and the approach to sustainability, please refer to the Signify Annual Report.

2. Verification

Signify engages in verification activities to identify, assess and manage the risks of modern slavery and human trafficking in its own operations and its product supply chain. Signify is a member of the Responsible Business Alliance (RBA), a nonprofit coalition of electronics companies committed to: (1) supporting the rights and well-being of workers and communities engaged in the global electronics supply chain, and (2) environmental and social responsibility. For its own operations, Signify developed a human rights policy. For its supply chain, Signify adopted the RBA Code of Conduct and included the requirements of the code as part of our supplier contracts within the Signify Supplier Sustainability Declaration (Declaration). Signify suppliers must adhere to the Declaration and deploy it upstream to their suppliers. The full version of the Declaration is available [here](#). Signify monitors compliance with its human rights policy and with the Declaration through dedicated audit programs.

3. Audits at suppliers

Suppliers are expected to implement internal controls to ensure they comply with their commitment to the requirements of the Declaration. Signify engages a third party (BSI) to audit at-risk supplier sites to evaluate their compliance with Signify requirements concerning trafficking and slavery. At-risk suppliers are identified using the following criteria:

- Country in which production sites are located
- Commercial interests: Signify's spend with Supplier
- Incidents reported to Signify directly or indirectly (e.g. via the media)
- Type of product or service delivered to Signify

For prospective suppliers, Signify's commercial interest threshold is € 100,000 expected annual spend, which triggers an initial audit. Ongoing auditing is triggered by a commercial interest threshold of € 1,000,000 annual spend and production sites located in specific risk countries. Any supplier meeting these criteria will be audited every three years. Additionally, we have an annual verification process for the highest risk suppliers, triggered by a commercial interest threshold of €5,000,000 annual spend and productions sites located in risk countries.

We publish the full year results as well as statistics around the most frequently occurring non-compliances in the Signify Annual Report.

Summary of 2019 audit program (three-year cycle, third-party audit)

	Greater China	Rest of the World	Americas	Europe	Total
Total no. of risk suppliers	176	31	16	4	227
Total no. of audits	49	18	6	0	73
Initial audits	3	4	0	0	7
Continued conformance audits	46	14	6	0	66
Workers employed at sites audited	30,866	19,779	1,987	0	52,632

More information about the Signify Supplier Sustainability Audit Program can be found [here](#).

Sustainability is one of the qualifying criteria during the selection process of Bill of Material Suppliers located in risk countries.

4. Follow-up of non-conformities at suppliers

Signify suppliers shall comply with the RBA requirements embedded within the Signify Supplier Sustainability Declaration, which is part of the Signify supplier contracts. The Declaration includes five chapters covering labor, employee health & safety, environment, ethics, and management systems. Chapter A of the Declaration focuses on the labor rights of workers. The labor standards comprise rules relating to freely chosen employment, child labor avoidance, working hours, wages and benefits, humane treatment, non-discrimination, and freedom of association. This latter aspect is elaborated in the Annex to the Declaration, which sets Signify's requirements to employees' rights relating to freedom of association and collective bargaining in accordance with the relevant ILO Core Conventions. It also outlines the necessary measures and management system requirements to ensure workers' rights are protected. In the chapter there is also reference made to standards as set by local law, suppliers either need to comply with these or in case of absence of local law apply the standards as set by the RBA. Modern Slavery and Human Trafficking is captured under the first paragraph of this chapter, Freely Chosen Employment:

"Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin and there shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms.. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to their identity or immigration documents, such as government-issued identification, passports or work permits, unless such holdings are required by law. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker."

Non-compliance with the paragraph on slavery and/or trafficking is taken seriously. It is considered as a Zero Tolerance non-conformity requiring immediate corrective action of supplier. If a supplier fails to comply, we will start the phase out process with supplier.

5. Supply Chain Security

Additionally, we have a Supply Chain Security (SCS) Policy in place to secure the goods flow in such a way that tampering, theft, unobserved goods replacement, addition of unfamiliar goods, human trafficking or other unauthorized access to the goods flow will be prevented as much as reasonably possible. This includes internal and intercompany transport. Signify Supply Chain Security complies with all applicable rules and regulations related to Supply Chain Security, such as defined by C-TPAT, EU AEO, and other governmental security programs based on the World Customs Organization (WCO) SAFE Framework.

The SCS Policy is mandatory for all Signify locations/entities, Logistics Service Providers and Finished Goods Suppliers of our Business Groups and Market organizations that are involved with managing international shipment of Signify products. They must comply with SCS requirements, either by participating in Signify SCS Program or any Signify recognized SCS programs such as C-TPAT or AEO. Compliance with the policy is ensured via self-assessments and an audit program. The audits are performed by third party auditors (company BSI) and outcome of both types of assessments are stored in SCM platform. SCS is one of the qualifying criteria during the selection process of Finished Goods Suppliers, Warehouses and Logistic Service Providers.

6. Internal Accountability

Acting with integrity- is essential to unlock the extraordinary potential of life for brighter lives and a better world. Respecting human rights is a central foundation of the way we work. Our commitment to respecting and promoting human rights extends beyond our own operations, across our wider sphere of influence, including our supply chain. To that end, we integrate human rights considerations into our policies, processes, and practices. On December 10, 2017, during the international day of human rights, Signify issued its policy on Human Rights that will be reviewed in 2021. Our Human Rights policy is based on the International Bill of Human Rights, the United Nations Global Compact norms, and the International Labor Organization's declaration on Fundamental Principles and Rights at work. Section 1.3 explicitly condemns the use of any form of forced labor. This policy supports our Integrity code, which guides us on how to always act with integrity and sets the standard for how we do business. Our Integrity code also constitutes an integral part of our labor contracts in all countries where Signify operates. Failure to act in line with our Integrity code can have serious consequences for Signify as well as the individuals involved. Violations of our Integrity code will result in disciplinary actions, up to and including dismissal. Such violations may also lead to fines and imprisonment for the individuals concerned.

Signify applies a three lines of defense model for business ethics. According to this, ultimate responsibility for compliance and business integrity lies with management of each market, business group, function, department or site. Confirmation of compliance with the Integrity code is part of the annual Statement on Business Controls when each business unit is required to issue such a Statement as part of a cascading process leading to CEO/CFO certification of the company's annual accounts.

Signify has a Reporting Policy which provides a framework of procedures and channels for the reporting of any actual or suspected violation of our Integrity code. All concerns raised are registered consistently in a single database and are investigated in accordance with standardized investigation procedures.

Compliance to the Human Rights policy is governed through our Integrity processes, combined with dedicated steps that help ensure adherence. Every year, employees are requested to complete e-learning or to participate to face-to-face trainings. Dedicated communication campaigns also urge everyone to speak-up and report concerns of possible violations. In these campaigns, the availability of our Ethics line and local Compliance Officers is also brought to the attention of our employees.

Based on a country risk assessment, multiple manufacturing locations were considered to have an increased likelihood of policy violations. These locations are subject to a 3-year audit and are requested to periodically fill in



a dedicated self-assessment on human rights. In 2019 100% of the locations were audited by an external company. No systemic violations were identified at any of the sites.

7. Training

Signify has implemented training and a variety of capability-building initiatives to help our employees and suppliers comply with the Signify modern slavery and human trafficking requirements.

Signify RBA training sessions

All Signify suppliers are encouraged to take part in the training sessions on RBA Code of Conduct that are held on a regular basis. These Signify RBA training sessions are organized by Signify and our internal experts provide trainings to suppliers, which cover various topics relating to the requirements of the RBA Code of Conduct including human trafficking and slavery and can help to further develop supplier sustainability competences. Signify informs suppliers of training opportunities offered by RBA (e.g. worker management training, health and safety training), and will encourage suppliers to take part.

Employee Training

A web-based *Integrity code awareness* module is available to all office employees. Also, dedicated training courses, both web and classroom-based, are offered to specific audiences, such factory employees and functional areas. These cover Privacy, Antitrust, Antibribery and Anticorruption domains as well as general business ethics. Local Compliance Officers are regularly enrolled in dedicated training programs that include complaint-handling procedures, train the trainer sessions to educate employees and dilemma trainings.

Sign Off

Chief operations officer: Daniel Sebillaut

Head of procurement: Luc Broussaud

Head of Signify sustainability: Nicola Kimm

Related documents

Nil