

Passion for light.

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Preamble

At XAL Group, we believe that true business success is built on responsibility, innovation, and respect for every individual and our planet. Our commitment to Environmental, Social, and Governance (ESG) principles is at the heart of our strategy and daily operations. We strive to combine environmental and climate protection with economic success through our innovative, energy-efficient, and durable lighting solutions.

Our ESG Policy builds upon the XAL Group Code of Conduct, which serves as the binding foundation for responsible behaviour across all areas of our business. Both documents reflect our strong commitment to ethical conduct, sustainable development, and social responsibility. The Code of Conduct defines our core values – from respecting human rights and ensuring transparent decision-making to promoting energy-efficient product solutions. The ESG Policy further specifies these commitments, outlining our strategic direction in the areas of Environment, Social, and Governance. Together, they shape the culture and principles that guide our global operations.

ESG stands for Environmental, Social, and Governance. These three pillars define how we manage our impact on the environment, how we treat people inside and outside our organization, and how we ensure ethical, transparent, and effective business leadership.

- 1. Environmental: Protecting natural resources, reducing emissions, and driving sustainable innovation.**
- 2. – 3. Social: Upholding human rights, ensuring fair labour practices, and fostering health, safety, and inclusion.**
- 4. – 5. Governance: Maintaining integrity, transparency, and robust management systems.**

We are committed to respecting Human Rights as defined by the eight Fundamental Conventions of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights, and the International Bill of Human Rights.

This policy sets clear standards to ensure safe working conditions, respect and dignity for all workers, and environmentally responsible, ethical business practices – across XAL Group and our entire supply chain. We believe that true progress means going beyond legal compliance. We actively draw on internationally recognized standards to advance social responsibility, environmental stewardship, and business ethics. Our

commitment is validated by internationally recognized certifications and initiatives, including ISO 9001 (implemented at our sites in Austria, Slovenia, and China), ISO 14001 and ISO 45001 (implemented at our sites in Austria and Slovenia), EcoVadis rating of XAL GmbH (Graz Site), and our commitment to the Science Based Targets initiative.

Compliance with local laws, rules, and regulations is fundamental to our operations. Where national law and international human rights standards differ, XAL Group applies the higher standard. In cases of conflict, we seek to respect internationally recognized human rights to the greatest extent possible.

We actively engage with our stakeholders – employees, customers, suppliers, and communities – through transparent communication and regular sustainability reporting, guided by frameworks such as Global Reporting Initiative (GRI), European Sustainability Reporting Standards (ESRS), and the Greenhouse Gas (GHG) Protocol. We foster a culture of continuous improvement, where every employee is empowered to contribute to our sustainability goals and help shape the future of XAL Group.

We expect all XAL Group entities, our supply chain, communities, affected groups, and stakeholders connected to our business, products, and services to follow this policy. Our commitment is reflected in our management systems and our continuous pursuit of improvement. Each section of this ESG Policy outlines the standards and expectations that guide our actions and define our responsibility as XAL Group.

We are committed to adhering to this ESG Policy across all levels of management and in all areas of business at all company locations.



Martin Dlaska
Managing Director of XAL Holding GmbH

1. Environment

At XAL Group, environmental responsibility is an integral part of our identity and our commitment to sustainable innovation. We recognize that protecting the environment is essential for the well-being of our employees, customers, communities, and future generations. Our approach is guided by internationally recognized standards such as ISO 14001. XAL Group regularly reviews its environmental standards and encourages all employees, suppliers, and partners to support continuous sustainability improvements.

1.1 Environmental Permits and Reporting

We obtain, maintain, and keep all required environmental permits, approvals, and registrations up to date. XAL Group complies fully with all operational and reporting requirements, ensuring transparency and accountability in our environmental practices.

Our sustainability reporting is aligned with internationally recognized standards and covers all major sites and activities. We continuously improve data quality and transparency. We will further expand our reporting standards and encourage our suppliers to adopt similar frameworks.



1.2 Hazardous Substances

Hazardous chemicals, waste, and other materials are identified, labelled, and managed to guarantee safe handling, storage, use, recycling, and disposal. We ensure that all hazardous substances are controlled in accordance with legal requirements and best practices, protecting both people and the environment.

Our approach is further guided by international conventions such as the Minamata Convention on Mercury and the Stockholm Convention on Persistent Organic

Pollutants. These frameworks reinforce our commitment to chemical safety and environmental protection. We will continue to push for the elimination of substances of concern and require our suppliers to transition to safer alternatives. We expect all stakeholders to support our commitment to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances) compliance and to proactively seek out new, safer materials and processes.

1.3 Pollution Prevention and Resource Reduction

We are dedicated to minimizing or eliminating emissions, discharges, and waste at the source. This is achieved through advanced pollution control technologies, continuous process optimization, and responsible resource management. We conserve natural resources – including water, energy, and raw materials – by prioritizing reuse, recycling, and sustainable sourcing throughout our operations. We promote innovative solutions for material efficiency and circular economy principles.

1.4 Solid Waste

XAL Group implements systematic approaches to identify, manage, reduce, and responsibly dispose of or recycle solid waste. We strive to minimize landfill use and promote circular economy principles wherever possible. In line with the Basel Convention, we ensure that hazardous waste is handled, transported, and disposed

of in a manner that protects human health and the environment. We are committed to advancing circular economy principles, including the reduction of plastic use, innovative packaging solutions, and maximizing resource efficiency throughout our operations.

1.5 Air Emissions

We monitor, control, and treat air emissions – including volatile organic compounds, particulates, and combustion byproducts – prior to discharge. Our operations comply with the Montreal Protocol on substances that deplete the ozone layer and all applicable regulations.

Performance of air emission control systems is routinely assessed to ensure effectiveness. We will continue to set ambitious targets for reducing air emissions through continuous improvement and adoption of best available technologies.

1.6 Materials Restrictions

We adhere to all relevant laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in our products and manufacturing processes. This includes proper labelling for recycling

and disposal. We will further increase the share of recycled and low-impact materials in our products and require suppliers to support innovative, sustainable material choices.



1.7 Water Management

XAL Group is working on implementing a comprehensive water management program that documents, characterizes, and monitors water sources, usage, and discharge. We actively seek opportunities to conserve water and

prevent contamination. All wastewater is treated and monitored to ensure regulatory compliance and environmental protection.



1.8 Energy Consumption and Greenhouse Gas Emissions

We set ambitious corporate-wide goals for reducing greenhouse gas emissions. Energy consumption and emissions (Scopes 1, 2 and 3) are tracked, documented, and publicly reported. We continuously seek ways to improve energy efficiency and minimize our environmental footprint through innovation in product development and

operational excellence.

We require all operations and suppliers to actively support climate action in line with the goals of the Paris Agreement. This includes promoting science-based approaches to emission reduction.

2. Social – Labour

The XAL Group is committed to upholding the human rights of all employees and treating every person with dignity and respect – whether they are temporary workers, migrants, students, contract or direct employees – at all locations and throughout the supply chain. Our policy is based on international standards, in particular those of the International Labour Organisation (ILO) and the UN Global Compact Initiative. We promote an inspiring working environment that enables personal responsibility and collaborative development, and we are committed to respecting human rights within the XAL Group and in our supply chains.

2.1 Freely Chosen Employment

We strictly prohibit any form of forced, bonded, or involuntary labour, including human trafficking. All employment at XAL Group is voluntary, and workers are free to leave at any time. Employment agreements are transparent and provided in a language that is easily and clearly understood by each employee. We do not tolerate the withholding of identity documents or the charging

of recruitment fees. XAL Group will continue to require all sites and partners to uphold these standards and to proactively monitor and prevent any form of forced labour or exploitation. We expect all parties involved to report concerns and, where applicable, participate in regular audits and training to ensure compliance with regulations.

2.2 Protection of Young Workers

Child labour is categorically excluded at XAL Group. The term “child” refers to any person under the age of 14, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. We verify the age of all employees and ensure that young workers are protected from hazardous tasks, night shifts, and overtime. Apprenticeships and internships are managed responsibly, with fair compensation and support for personal development.

XAL Group will further strengthen the support for young workers, apprentices, and interns. We expect all partners to promote safe, meaningful learning opportunities and to actively prevent any risk of child labour in the supply chain. Apprenticeship mentoring and practice-oriented learning are essential components of our training culture, and we support apprentices in pursuing advanced qualifications where applicable.



2.3 Fair Working Hours

We ensure that working hours comply with local laws and international standards. A work week must not exceed 60 hours, including overtime, except in emergency or exceptional situations. All overtime is voluntary and compensated appropriately. Employees are guaranteed regular rest periods and must have at least one day off every seven days to maintain a healthy work-life balance.

XAL Group will continue to promote healthy work-life balance and expects all partners to monitor working hours, prevent excessive overtime, and support flexible working arrangements where possible. Our internal standards meet or exceed national benchmarks, and we emphasize individual needs in work-life balance planning.

2.4 Wages and Benefits

XAL Group pays fair and transparent wages, always at least in line with legal minimum wage requirements and all legally stipulated benefits. Compensation for overtime is provided at rates higher than regular hourly pay, in full compliance with local laws. Deductions from wages as a disciplinary measure are not permitted. For each pay period, employees receive a timely and understandable wage statement with sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch, and outsourced labour is strictly within the limits of local law. We aspire to provide a living wage that covers all basic necessities for life as defined in its local context.

XAL Group continues to set high standards for fair compensation and benefits and provides a living wage to all employees. Our salary scheme is transparent and qualification-based, and we benchmark against collective agreements and industry standards.



2.5 Humane Treatment

We maintain a zero-tolerance policy for any form of harassment, abuse, or inhumane treatment – including violence, bullying, or public shaming. Disciplinary procedures are clearly defined and communicated.

XAL Group will continue to require zero tolerance for any form of harassment or abuse. Sexual and gender-related harassment is not tolerated and may result in legal consequences.

2.6 Non-Discrimination and Inclusion

Diversity and inclusion are core values at XAL Group. We do not tolerate discrimination or harassment based on race, gender, age, sexual orientation, gender identity or expression, disability, religion, or any other protected characteristic. Equal opportunities are ensured in recruitment, training, and career development, and – where applicable – reasonable accommodations for religious practices are provided. Harassment and abuse are strictly prohibited and defined as follows:

1. Any form of – or threat of – physical violence, including slaps, pushes, or other forms of physical contact, is never used as a means to maintain labour discipline.

2. Any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, is never used as a means to maintain labour discipline.

3. Sexual harassment of any kind is not tolerated.

XAL Group is committed to fostering a respectful, inclusive, and safe working environment for all employees. We actively promote equal opportunities from hiring to career advancement and expect respectful interaction across all levels and with external partners. We will continue to set high standards for diversity, inclusion, and equal opportunity.



2.7 Freedom of Association and Collective Bargaining

We respect the right of all employees to form and join trade unions, bargain collectively, and engage in peaceful assembly. Open communication between employees and management is actively encouraged, free from fear of reprisal or discrimination. XAL Group will continue to

support freedom of association and collective bargaining and expects all stakeholders to foster open communication, protect workers' rights, and encourage constructive dialogue between employees and management.

3. Social – Health and Safety

At XAL Group, a safe and healthy work environment is fundamental to our success and the well-being of our employees. We are committed to minimizing work-related injuries and illnesses and recognize that ongoing employee input and education are essential for identifying and solving health and safety issues. Our approach is guided by internationally recognized standards, including ISO 45001 and the principles of the UN Global Compact Initiative, to which XAL Group is a committed participant. We continuously strive to go beyond legal requirements and foster a culture of proactive safety and well-being.

3.1 Occupational Safety and Risk Prevention

We systematically identify, assess, and control health and safety hazards – including chemical, electrical, fire, vehicle, and fall risks – using the Hierarchy of Controls. Where hazards cannot be eliminated, we provide appropriate personal protective equipment and ongoing

training. Special consideration is given to pregnant and nursing employees, ensuring their safety and providing reasonable accommodations. We apply certified safety management systems and conduct regular audits to ensure compliance and continuous improvement.



3.2 Occupational Injury and Illness Management

Robust procedures are in place to prevent, manage, track, and report occupational injuries and illnesses. Employees are encouraged to report incidents, and all cases are investigated to implement corrective actions

and facilitate safe return to work. We maintain transparent reporting structures and encourage open communication without fear of retaliation.

3.3 Physically Demanding Work

We identify, evaluate, and control risks associated with physically demanding tasks, such as manual handling, repetitive lifting, prolonged standing, and forceful assembly work. Ergonomic assessments and workplace adaptations are part of our continuous improvement efforts.

3.4 Hazardous Materials and Handling

Exposure to chemical, biological, and physical agents is carefully managed. We seek to eliminate or reduce hazards wherever possible and provide protective equipment and educational materials free of charge. The substitution principle is a key guideline for decision-making

regarding hazardous substances – both during the selection and approval process and for substances already in use. Non-hazardous or less hazardous alternatives must be preferred, and the use of hazardous substances must be reduced to a minimum.



3.5 Health and Safety Communication

All employees receive clear, accessible health and safety information and training in a language they understand. Training is mandatory and repeated on a regular basis. Safety information is posted in visible locations, and workers are encouraged to raise concerns without fear of retaliation.

3.6 Emergency Preparedness and Response

We maintain comprehensive emergency plans and conduct regular drills. Facilities are equipped with fire detection and suppression systems, clear evacuation routes, and emergency contact information. Plans focus

on minimizing harm to life, the environment, and property. Our emergency protocols are reviewed regularly and aligned with ISO standards for safety and environmental protection.

3.7 Building, Electrical and Fire Safety

All buildings and equipment are regularly evaluated for safety hazards, and appropriate fire safety measures are maintained. We also maintain fire safety protocols

across all locations, including regular inspections, staff training, and clearly defined emergency procedures to ensure preparedness and minimize risk.

3.8 Machine Safeguarding

Machinery is assessed for injury risks, and physical guards, interlocks, and barriers are provided and maintained.



3.9 Sanitation, Food, and Housing

Employees have access to clean toilet facilities, potable water, and sanitary food preparation and eating areas. Worker housing, where provided, is clean, safe, and

equipped with emergency exits, hot water, adequate lighting, ventilation, and secure storage.



4. Governance – Business Ethics

Ethical conduct and integrity are fundamental to the XAL Group. We set clear standards for ourselves, our employees and our partners, and ensure that all business activities are conducted in a transparent, fair and responsible manner. As a participant in the UN Global Compact Initiative, we are committed to the highest ethical standards and sustainable development. We expect all parties involved, including those in the supply chain, to have zero tolerance for unethical behaviour and to actively implement integrity and transparency. Unethical behaviour in organisations and supply chains should be proactively monitored, reported and prevented. Compliance is a conviction for us and is reinforced through open communication and ethical leadership at all levels.

4.1 Business Integrity and Anti-Corruption

We uphold the highest standards of integrity in all business interactions. XAL Group maintains a zero-tolerance policy for bribery, corruption, extortion, and embezzlement. No bribes or improper advantages are promised,

offered, given, or accepted – directly or indirectly. Robust monitoring, record keeping, and enforcement procedures ensure compliance with anti-corruption laws.

4.2 Transparency and Disclosure

All business dealings are performed transparently and accurately reflected in our books and records. We disclose information on labour, health and safety, environmental practices, business activities, and financial performance in accordance with regulations and industry standards. Falsification or misrepresentation is strictly prohibited.



4.3 Responsible Use of Artificial Intelligence

XAL Group is committed to using Artificial Intelligence (AI) responsibly and ethically. We apply AI technologies in ways that respect privacy, avoid bias, and support transparent decision-making. All employees

and partners are expected to use AI in line with legal requirements and internal policies, ensuring human oversight and accountability. Responsible AI use reflects our values and supports sustainable innovation.



4.4 Intellectual Property and Data Protection

We respect intellectual property rights and safeguard customer and supplier information. Technology and know-how are transferred in a manner that protects these rights, and privacy is maintained for all stakeholders. XAL Group complies with all privacy and information security laws when collecting, storing, processing, transmitting, and sharing personal data. We are committed to protecting intellectual property and personal data as part of our broader responsibility to stakeholders, and we continuously adapt our practices to meet evolving legal and technological requirements. Stakeholders are expected to report any breaches or concerns immediately.



4.5 Fair Competition and Advertising

We uphold standards of fair business, advertising, and competition, ensuring that our market conduct is ethical and honest. Our brand communication is guided by integrity and transparency, and we avoid misleading claims or unfair practices in all promotional activities.

4.6 Whistleblower Protection and Non-Retaliation

Confidentiality, anonymity, and protection for whistleblowers are guaranteed. All employees and stakeholders can raise concerns without fear of retaliation, supported by clear and accessible reporting channels. XAL Group

provides a secure and anonymous reporting system (Trust Line) to ensure that violations of the Code of Conduct, ESG Policy or applicable laws can be reported safely and responsibly.

4.7 Responsible Sourcing

We exercise due diligence in sourcing minerals and materials, ensuring compliance with international guidelines such as the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Our supplier Code of Conduct reflects

our expectations for ethical sourcing and compliance throughout the supply chain. We expect all suppliers to adopt responsible sourcing policies and to provide transparent documentation of their supply chains.

5. Governance – Management Systems

Robust management systems form the basis for compliance, risk management and continuous improvement in all areas of the XAL Group. We set clear expectations for ourselves, our employees, suppliers and partners to ensure the highest standards of social, environmental and ethical responsibility. Our systems are based on international standards such as ISO 9001 (implemented in Austria, Slovenia and China), ISO 14001 and ISO 45001 (implemented in Austria and Slovenia) and are regularly evaluated and recertified. They ensure measurable, transparent and continuously optimised practices. We continuously strengthen our management systems and expect all stakeholders to be actively committed to compliance and continuous improvement.

5.1 **Commitment and Accountability**

Our executive management endorses and regularly reviews our social and environmental responsibility policies, which are communicated transparently throughout the organization and posted in accessible languages. Senior leaders are clearly identified and held accountable for the effective implementation and ongoing improvement of our management systems. They review the status of the management systems on a regular basis. This commitment is embedded across all leadership levels and business units.



5.2 **Legal and Customer Requirements**

We maintain processes to identify, monitor, and understand all applicable laws, regulations, and customer requirements. Compliance with these requirements – and with the standards set out in this Policy – is a core expectation for all XAL Group entities and partners.

5.3 **Risk Assessment and Management**

We systematically assess and manage risks related to legal compliance, environmental impact, health and safety, labour practices, and business ethics. Risk assessments cover all relevant areas, including production, storage,

facilities, laboratories, sanitation, and – if applicable – worker housing. Controls are implemented to mitigate risks and ensure regulatory compliance.



5.4 Continuous Improvement and Objectives

We set clear performance objectives and targets for social, environmental, and health and safety outcomes. Progress is regularly assessed, and improvement plans are updated to drive ongoing advancement in all areas.

Our improvement efforts are guided by measurable indicators and verified through third-party certifications, including ISO and environmental product declarations (EPDs).

5.5 Training

Comprehensive training programs are provided for managers and employees to ensure understanding and effective implementation of XAL Group's policies, procedures, and improvement objectives. Training is

designed to meet all applicable legal and regulatory requirements and to empower staff at every level to contribute to our social, environmental, and ethical goals.



5.6 Communication

We ensure transparent and consistent communication of our policies, practices, expectations, and performance across all stakeholder groups through established processes and channels. We maintain an open communication culture, enabling active participation and feedback across all levels.

5.7 Feedback, Participation and Grievance Mechanisms

We maintain safe and effective channels for worker feedback, participation, and grievances. Employees are encouraged to share concerns and suggestions without fear of reprisal, supporting a culture of transparency

and continuous improvement. Our Trust Line reporting system ensures secure and anonymous feedback and is accessible to all employees, suppliers and external persons.

5.8 Audits, Assessments and Corrective Actions

Regular self-evaluations, audits, and assessments are conducted to ensure conformity with legal, regulatory, and customer requirements. Timely corrective and preventative actions are taken to address any identified deficiencies.

5.9 Documentation and Records

We create and maintain all necessary documents and records to ensure regulatory compliance and adherence to company requirements, with appropriate confidentiality to protect privacy.

5.10 Supplier Responsibility

XAL Group communicates its requirements to all suppliers and actively monitors supplier compliance. We expect our partners to uphold the same standards and to participate in ongoing improvement efforts. Suppliers are required to submit self-assessments and cooperate

during audits. We will continue to strengthen supplier engagement and monitoring and expect all suppliers to demonstrate commitment to our standards.



Questions about the ESG Policy

If you have any questions about the ESG Policy the Legal, Corporate & Sustainability team will be happy to answer them in person or by email (compliance@xal.com). We look forward to your feedback.

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