

COMMUNICATION ON PROGRESS

*“A long-term commitment to the Global Compact :
the worldwide pact”*



www.lisi-automotive.com



H.E Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Delle, the 4th June 2011

Dear M^r Secretary-General,

I am pleased to confirm that LISI AUTOMOTIVE has issued its COP for 2012 and support the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations. LISI AUTOMOTIVE will make a clear statement of this commitment to our stakeholders and the general public in particular through its annual report 2011.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within *one year* of joining the Global Compact, and *annually* thereafter according to the Global Compact COP policy.

Sincerely yours,

Gilles KOHLER
CEO

MESSAGE FROM CHIEF EXECUTIVE OFFICER

Further to our COP dated 2011, I want to highlight the development of Global Compact at LISI AUTOMOTIVE in terms of Strategy, commitments, and governance of the Departments (1), in terms of objectives (2), in terms of implementation of the ten Principles of Global Compact (3), in terms of control and monitoring of their implementation (4).

1°) Strategy, commitments, governance

LISI AUTOMOTIVE continues to include the Ten Principles in its long term strategy, in particular for the development of its relations with its stake holders (Human resource, suppliers, customers, finance partners..). I think that the Business ethics is a key behavior that allows sustainable development of the Company acting with its stake holders.

The Global Compact scheme has been entrusted to a senior executive who works with his colleagues of the departments involved in the implementation of this strategy. This senior executive is the number two of the Department Strategy.

As such, the governance of Global Compact is conducted at the best possible level bearing in mind that the Director of Strategy reports to me directly.

2°) The LISI AUTOMOTIVE objectives with regards to the Ten Principles of Global Compact

LISI AUTOMOTIVE is a worldwide leading Company in its Industry. The subsidiaries in Check republic, in Germany, in Spain and in China are requested to implement Global Compact. The Ethics of LISI Group, and of LISI AUTOMOTIVE by way of consequence already deals with human rights, with labor law and environment respect, and with the finance control to cope against corruption.

3°) The implementation of Global Compact:

Our Human resource Department controls that in all the Companies of the Group, and especially, in the subsidiaries, the trade unions and the social committees can exercise all their rights in accordance of the local law, whether in China or in Europe.

Our HR Department cares that the personal benefits of an appropriate social protection. It guarantees that no children work in our subsidiaries and that there is no discrimination in the subsidiaries.

Our Health and safety department is in charge of putting in place the best practices in terms of protection of the environment, in terms of sustainable development, and in terms of health and safety of the personal and in particular, of our workers in all the subsidiaries of the world.

Our Finance department has put in place for a long time finance internal procedures that aims at controlling the purchase decisions, the bank operations and a cash pooling agreement with a Bank located worldwide enables to control the cash transfers.

Our Purchasing Department has drafted with the Legal department a Supply agreement and a Supply Charter at the Group level. It clearly refers to the ten principles of Global Compact.

When signing this Agreement and this Charter, the suppliers, everywhere in the world commits to comply with Global Compact when they work with LISI AUTOMOTIVE.

This legal measure is also a mean of communication and of proselytism in support of Global Compact.

4°) The control and monitoring of the implementation of Global Compact

The relevant departments involved in the Global Compact strategy have to report to the senior officer at the Strategy Department when they put in place a measure in line with their commitments.

This reporting allows LISI AUTOMOTIVE to draft its Communication On Progress.

Gilles KOHLER
CEO

ACTIONS LEAD IN 2011

LISI AUTOMOTIVE is committed itself to reduce the impact of its activities on the environment and to guarantee health, safe working conditions for all its employees as well as for its service providers, under the framework of Global Compact.

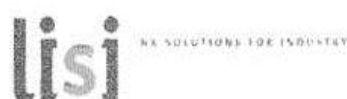
Ten major principles have been selected, concerning 4 categories:

- ✚ human rights,
- ✚ labour law,
- ✚ environment
- ✚ and the fight against corruption.

GLOBAL COMPACT PRINCIPLES

✚ HUMAN RIGHTS

The company respects the Universal Declaration of Human Rights. We use a provider charter based on the Global Compact principles outlining our commitments to human rights and our expectations of suppliers with whom we work. This is our supplier charter:



September 2011

SUPPLIER CHARTER

The hereinafter LISI Group SUPPLIER CHARTER applies indifferently to the Group's three divisions (LISI AEROSPACE, LISI AUTOMOTIVE, and LISI MEDICAL).

Selected suppliers should have introduced a continuous improvement process in any domain which is a key success factor for LISI's overall performance. This relates especially to productivity, quality, accountability and reliability of the supplies.

LISI expects from its suppliers improvements in line with the "best in class" companies in their market segment which in turn meet LISI's specific requirements.

As for quality, minimum ISO 9001 certification is required, completed with ISO/TS 16949 for LISI AUTOMOTIVE, EN 9100 for LISI AEROSPACE and ISO 13485 for LISI MEDICAL.

Quality of the supplies should comply with the highest standards required by LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL, respectively.

Suppliers must have taken out insurance policies which will enable them to support any cost in case of failure of their supplies and any resulting financial consequences within the complete supply chain up to the final user.

Risk management should be a key criterion in suppliers' activities.

Suppliers must make sure to introduce any suitable measure in order to protect LISI's image at any time.

The reliability of the supplies is key. LISI processes cannot afford to tolerate any delay. Expected service rate should tend towards 100%. Moreover, LISI requires the use of state-of-the-art logistic tools such as "Just in time" deliveries, KANBAN Call-offs and Consignment stock.

Suppliers are selected based on their skills and knowledge especially in the business areas where LISI operates. Suppliers are expected to share all innovations with LISI so as to creating mutual competitive edges.

LISI's suppliers shall abide by the ISO 14001 principles and aim at being certified. They shall also apply the ten basic principles of the United Nations' "Global Compact" program (Corporate Social Responsibility which encompasses Human Rights, Labor Standards, the Environment and Anti-corruption notably).

Best terms and conditions allocated by suppliers to LISI should apply indifferently to any plant of the group, whatever its division and location. Global suppliers should be able to consolidate their total sales to LISI.

All of LISI's orders and/or contracts are part of a sustainable, win-win relationship which should ensure long-term common success.

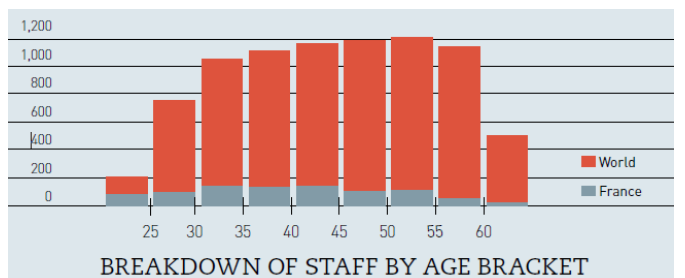
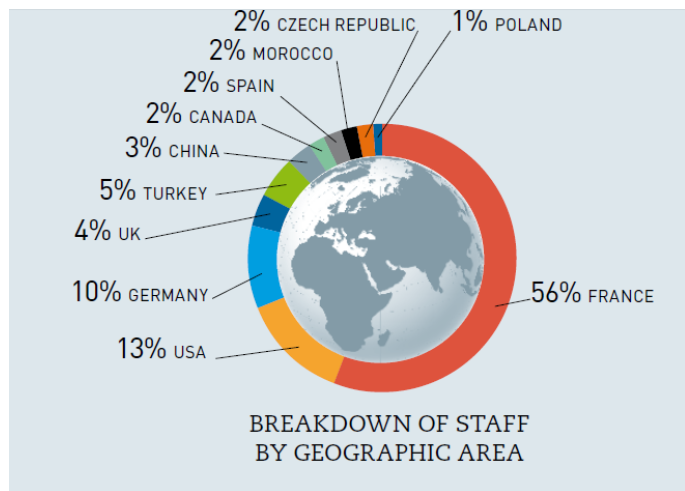
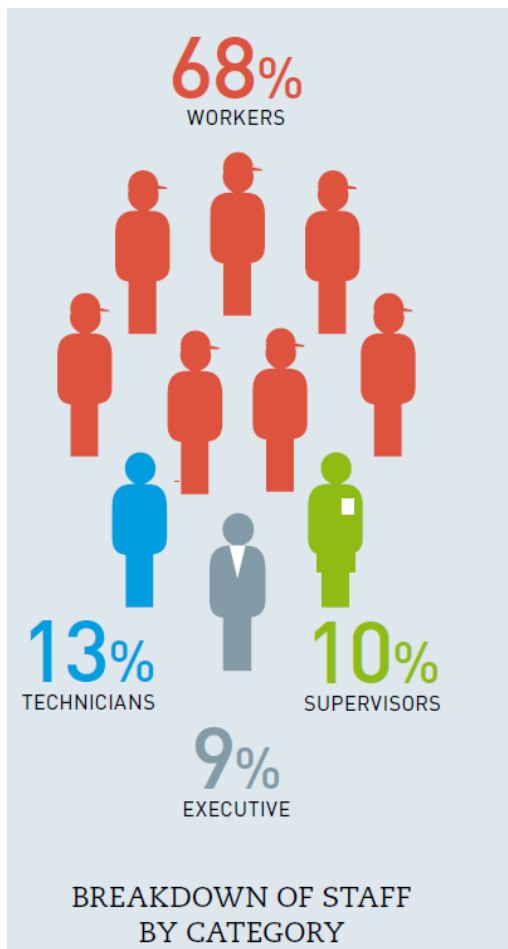
LABOUR

LISI AUTOMOTIVE pays attention to the principles of equality within the company, particularly between men and women employed by the Group. Many progresses have been made in this direction. The indicators presented by LISI AUTOMOTIVE's gender equality committee show that the workforce became significantly more feminine: the number of female employees has increased from 19% in 2001 to 24% in 2010.

For several years already, we are developing professional courses that are recognized and lead to Certificates of qualification in metallurgy (CQPM).

Since 2005, we are engaged with AFPI, in a training course program targeted at our supervisors.

During 2011, LISI AUTOMOTIVE entered into several progression agreements on issues considered to be priorities by the Group's Executive Committee: support for older people, arduous work, psychosocial risks and profit-sharing bonuses.



 **ENVIRONMENT**

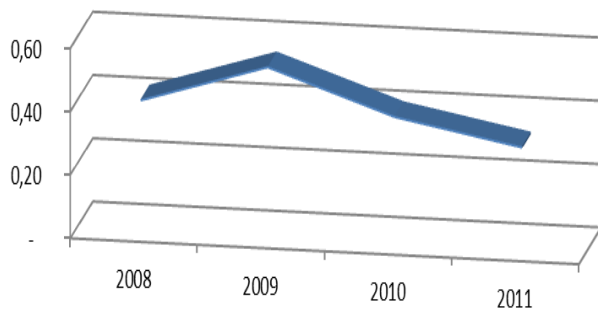
LISI AUTOMOTIVE has been engaged for several years in the process of optimizing and improving its environmental footprint. This commitment was further strengthened with the organization of a new HSE Forum which was, for the most part, dedicated to Workplace Safety.

We provide our commitments about Global Compact and Sustainable Development (SD) on the website. On thereon, we are committed to a SD and we select its suppliers based on their levels of commitment to the ten principles of Global Compact, SD and respect for the Universal Declaration of Human Rights. For this, the company has developed a "Request For Information".

Each year, LISI monitors some environmental indicators in order to track the impact of its production plants on the environment. The energy consumption was reduced by 14%, the waste by 17% and the water consumption by 19% compared to 2010. Thanks to everyone's behavior – even outside the company – they are contributed to reduce the impact of human activities on the environment.

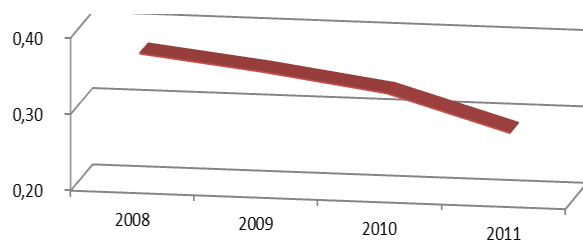
Water consumption

Consumption in M³/€K produced



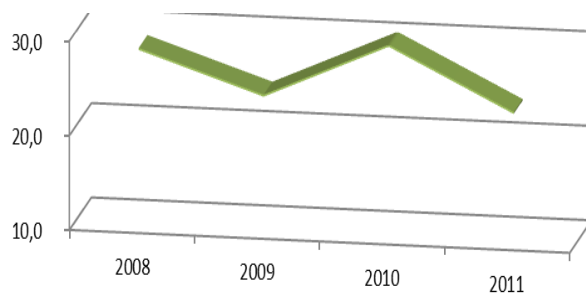
Energy consumption

Consumption in MWH/€K produced



Waste

Production in KG/€K produced



According to the European law, it is mandatory to fulfil the VOC-guideline in order to reduce the solvent consumption and the emissions of carbon into the air. It may not exceed 50mg Carbon/m³ instead of 20mg, when we treat the solvents in the exhaust air with thermal methods like burning.

LISI AUTOMOTIVE designs and manufactures automotive parts following different processes: cold heading and forging, heat treatment, surface treatment. These facilities reject to the atmosphere some Volatile Organic Compounds (VOC). In order to treat it, LISI AUTOMOTIVE decided to adopt a biological system.

The process established by LISI AUTOMOTIVE enables to eliminate pollutants with microorganisms (bacteria) which will use the solvents as a food source and will destroy them.

Unlike technologies destroying Volatile Organic Compounds by thermal oxidation, this process does not consume fossil energy such as gas or oil. Emissions of greenhouse gases are very low and the impact on carbon footprint is reduced.

This biofilter system has been set up on one of our production sites in Germany, Kierspe. Later, this project will extend over several production sites of the division.



ANTI-CORRUPTION

The fight against corruption is a key value for the smooth running of our business, LISI AUTOMOTIVE is committed to fight fraudulent practices against third, in its supplier charter and in these finance procedure.

We export close to our customers and suppliers the best practices related to Global Compact and confirm to us their commitment to respect the 10 principles of Global Compact. This is an example of a clause in commercial contracts that we sign with our worldwide customers.

ANTI-BRIBERY COMPLIANCE.

26.1 The parties irrevocably and unconditionally represents and warrants to:

(a) comply with all applicable laws, and regulations relating to anti-bribery and anti-corruption including but not limited to the US Foreign Corrupt Practices Act 1977 and the UK Bribery Act 2010 and not engage in any activity, practice or conduct which would constitute an offence under those Acts;

(b) comply with anti-bribery policy annexed to this Agreement as may be updated from time to time by

(c) have and maintain in place throughout the term of this Agreement its own policies and procedures to ensure compliance with the foregoing, and will enforce them where appropriate;

(d) promptly report to any request or demand for any undue financial or other advantage of any kind received by the Supplier in connection with the performance of this Agreement;

(e) immediately notify in writing if a public official becomes an officer or employee of the Supplier or acquires a direct or indirect interest in the Supplier (and the Supplier warrants that it has no public officials as officers, employees or direct or indirect owners at the date of this Agreement);

(f) when requested certify to in writing signed by an officer of the Supplier compliance with this clause by the Supplier and all persons associated with it and provide such supporting evidence of compliance as may reasonably request.

26.2 The parties shall ensure that any person associated with it who is performing services or providing Products in connection with this Agreement (including agents and subcontractors and’s customers) does so only on the basis of a written contract which imposes on and secures from such person terms equivalent to those imposed on the Supplier in this clause.

26.3 Breach of this clause shall be deemed a material breach of this Agreement.

Extract of Indian supplier who implement to the Global Compact:

To,
Lisi Automotive
28 Faubourg de Belfort
B.P. 19
F 90101 DELLE cedex

Date: November 11th, 2011

We confirm our commitment to the ten principles of the Global Compact, which we have implemented for coming 5 years within our business practices.

Thus within the scope of our business ethic, we refers to the United nations 10 principles of Global Compact program, and in particular we refers to the requirement for integrity, valuing long-term, valuing our employees, and demanding fair relationships with our own suppliers.

We takes care of the same business ethic are developed by our suppliers and partners.

Sincerely,

For  Limited
Authorized Signatory.

REGD. OFFICE:
Industrial Estate, New Delhi-110015 India

In accordance with the principle 10, LISI AUTOMOTIVE sensitizes its employees and recalls the Excellence Charter of LISI AUTOMOTIVE. Especially on the rigor and the integrity: we prioritize the long term, in accordance with our strategic development plan. We always act with fairness and integrity. We respect laws and regulations and are committed to protection of the environment. All our decisions take into account our corporate and social responsibilities.