

**THE SUSTAINABLE LINK FOR YOUR SUCCESS**

**Communication On Progress  
2013**



WE SUPPORT

**lisi** AUTOMOTIVE

## A long-term commitment to the Global Compact

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I am pleased to confirm that LISI AUTOMOTIVE has published its COP for 2013 and support the ten principles of the Global Compact with respect to:

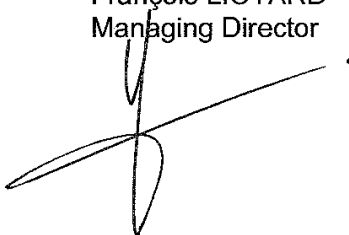
- human rights,
- labour,
- environment and
- anti-corruption.

With this communication, we express our intent to advance those principles within our sphere of influence. We are committed to respecting the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to be involving in collaborative projects which advance the broader development goals of the United Nations.

LISI AUTOMOTIVE will make a clear and public statement of this commitment and will inform stakeholders, employees, business partners and customers.

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.

François LIOTARD  
Managing Director



# INTERNATIONAL PRESENCE

LISI AUTOMOTIVE develops its solutions everywhere where the problems are complex and bring added value and innovation.

**LISI  
AUTOMOTIVE**

**426,6 M€**

Sales revenues 2012

**27,6 M€**

Investments 2012

**3213**

Employees 2012

CLIPPED SOLUTIONS



THREADED FASTENERS



SAFETY MECHANICAL COMPONENTS



## IMPLEMENTATION OF ACTIONS BY THE COMPANY IN 2012 IN ORDER TO RESPECT THE PRINCIPLES OF GLOBAL COMPACT

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### Actions concerning Human Rights

- Principle 1: *Businesses should support and respect the protection of internationally proclaimed human rights; and*
- Principle 2: *make sure that they are not complicit in human rights abuses.*

LISI AUTOMOTIVE respects the Human Rights agreements in France, its birthplace where its Headquarters and factories are based, and internationally, in its other subsidiaries.

In 2012, in order to ensure that its suppliers' manufacturing sites and the products to be conform with ethical standards, LISI AUTOMOTIVE established a corporate responsibility initiative based on:

- A supplier selection strategy, in accordance with corporate responsibility criteria;
- A corporate responsibility review protocol which includes:
  - Risk assessment
  - Ensuring manufacturing sites comply with three sets of standards:
    - ✚ The LISI AUTOMOTIVE CSR Charter;
    - ✚ The 1948 Universal Declaration of Human Rights;
    - ✚ The core Conventions of the International Labour Organization (ILO);
    - ✚ Local regulations in the country of production;
- Communicating these ethical supplier evaluations to our customers.

As far as we are concerned, our suppliers are an integral part of our business; this is why we strive to create stable, proper and ethical relationships with them in order to be able to provide our customers with guarantees not only as to the origin of our products but also the quality of the environment in which they have been created.

## Actions on labour conditions

- Principle 3: *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*
- Principle 4: *the elimination of all forms of forced and compulsory labour;*
- Principle 5: *the effective abolition of child labour; and*
- Principle 6: *the elimination of discrimination in respect of employment and occupation.*

LISI AUTOMOTIVE has boosted its competencies considerably by creating a major new area of its Human Resources policy. This actions allows its employees to operate at the highest possible level of skill within an automotive market which is subject to rapid technological change and which is highly competitive. LISI AUTOMOTIVE is committed to ensuring that every single employee, whatever their age or role, has access to the training resources they need at every stage of their working life, to enable them to pursue a successful career and keep pace with the latest industry developments. In 2012, 73,927 hours of training were carried out, a 17% increase on 2011.

There has been a particular focus on the following:

### **LEAP Training to Ensure Excellence**

Designed to help boost LISI AUTOMOTIVE's profitability and sustainability, LEAP (LISI Excellence Achievement Program) applies LEAN Manufacturing principles to LISI AUTOMOTIVE issues. This method of working relies on the involvement of all staff, and aims to eliminate wastage and unproductive activity by analysing and optimising workflows. LISI AUTOMOTIVE launched its widespread LEAP training induction programme in 2011, with the ultimate aim of ensuring all staff has received this training by the end of 2013.

## Careers in France

Over the last few years, LISI AUTOMOTIVE has been developing specific vocational training courses, based on our strategic areas of expertise:

- for cold-forging operators at Dasle, Delle, La Ferté-Fresnel, Mélisey, Saint-Florent and Thiant;
- for heat treatment operators at Delle, Puisieux and Saint-Florent;
- for machining operators at Mélisey and Dasle;
- for machining unit adjusters at Mélisey;
- for rolling equipment operators at Delle and Saint-Florent;
- for rolling at La Ferté-Fresnel;
- for Supervisory Officers at all French LISI AUTOMOTIVE sites.



*Supervisory Officers at LISI AUTOMOTIVE*

In 2012, over 7,000 hours were devoted to these vocational training courses, and since 2010, 40 professional metalworking qualifications (CQPM, *Certificat de Qualification Paritaire de la Métallurgie*) have been awarded.

- 8 cold-forging operatives (2 at Dasle, 2 at Delle, 2 at La Ferté-Fresnel and 2 at Mélisey) were awarded a “cold forging machine operator” CQPM qualification, validating the former level 2.1 training for professional cold forging operatives. It is worth emphasising that this training has over the last few years been completely revised: the CQPM has been updated so it is now more relevant to our industry, a test with over 230 questions has been created, programme documentation rewritten and training materials formalised.
- 26 machine operators (23 at Mélisey and 3 at Dasle) have been awarded a CQPM in “numerically-controlled machine-tool metal cutting operation”. The Mélisey site plans to train some 31 machine operators over a 4-year period.
- At Mélisey, 6 unit operators have been awarded an “Automated machining system technician” CQPM. The Mélisey site plans to train a total of 10 system operators.

### **Internal Expertise**

Most of our training are provided by LISI AUTOMOTIVE colleagues who get involved in order to share their technical and professional knowledge and expertise. All those involved take a course on workplace training. 12 new internal trainers gained accreditation in 2012.

### **Language Learning**

Led by the international nature of our business, language learning provision continued apace in 2012. Almost 6000 hours were devoted to learning English, French, German and Chinese, often down to individuals taking up their right to staff training provision at our French sites.

### **Diversity and equal opportunities**

LISI AUTOMOTIVE considers the diversity as a wealth. The fight against all kinds of discriminations is an unavoidable precondition in order to all the colleagues, whatever

their age, sex, ethnic origin, religious convictions or other, could open up in their professional life and give their best without being judged on their differences.

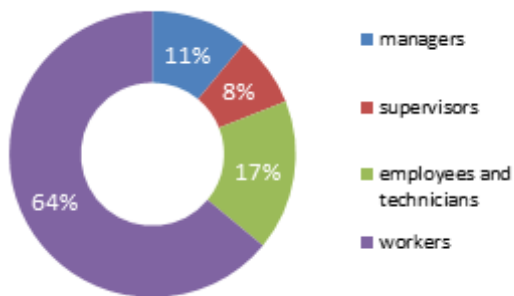
In this sense, several agreements have been finalized with the trade union organizations:

- LISI AUTOMOTIVE Former: a Men/Women equality agreement has been approved on November 28, 2012 (extension of the agreement signed on December 1st, 2009) by all the trade union organizations. It stimulates the women's recruitment and intends measures aiming for guarantee the parity (integration of the maternity and the adoption in the career management, consideration of the constraints of family in the work...).
- LISI AUTOMOTIVE Former: a Disabled Workers agreement has been approved on November 28, 2012 (extension of the agreement signed on December 1st, 2009) by all the trade union organizations. It stimulates the disabled persons' recruitment and integration, and guarantees the lasting employment of these (work stations adaptation...)
- LISI AUTOMOTIVE KKP (Mellrichstadt): team working hours are especially adapted to the mothers.

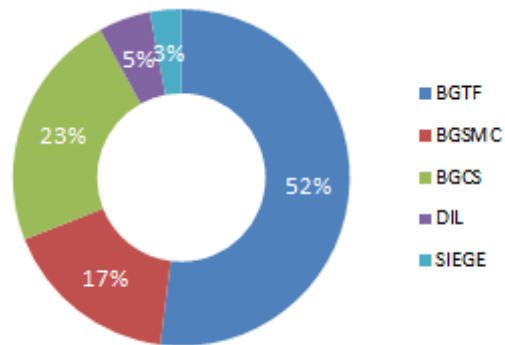


## The results

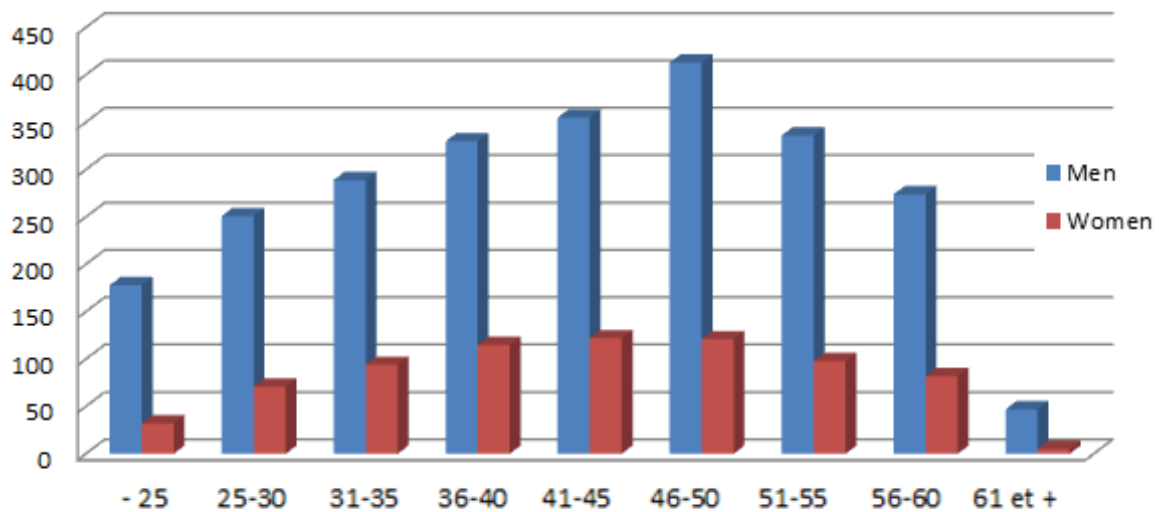
**BREAKDOWN OF EMPLOYEES BY CATEGORY (STATUS OF PERIOD)**  
BREAKDOWN OF EMPLOYEES



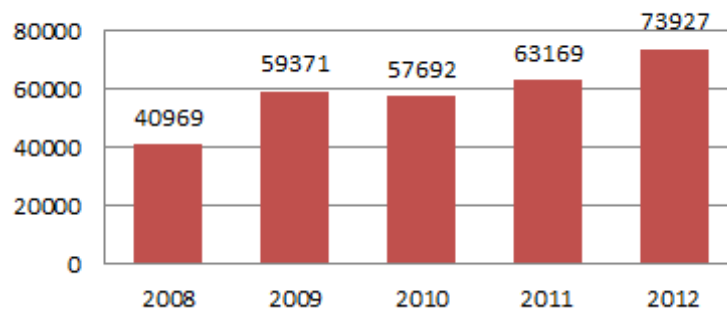
**BREAKDOWN OF EMPLOYEES BY BUSINESS GROUPS (status end of period)**



**BREAKDOWN OF EMPLOYEES BY AGE AGE (status end of period)**



**TRAINING HOURS**



## Safety

An analysis of workplace accidents revealed that in 75% of cases, human behaviour was a factor.

All LISI AUTOMOTIVE staff must be trained in accident risk awareness.

To this end, LISI AUTOMOTIVE has deployed various tools and processes at its sites, for example “safety meetings” and “the hazard awareness process” developed by IBS; these are based on 2 main areas:

- The tools required to eliminate conscious behavioural errors (when people think that they don't need to abide to rules because it's redundant and when they underestimate the risks);
- Training on how to avoid unconscious errors (when people make some mistakes and take some risks because of the automatic routines and the uncontrolled instincts).

In 2012, those sites which have implemented these initiatives have seen their rates of workplace accidents fall since the start of 2011.

Here is the result of this approach:



## Improvement of the people work and environment conditions

Concerning the Grandvillars site modification, we have improved the people's work and environment conditions:

- The old unhealthy lavatories have been replaced
- An area for eating has been created
- New offices have been built taking care of handicapped people access
- In the workshops, the old heating system has been replaced by a new one much more efficient
- In the coating workshop, we have automatized the handling bridge to eliminate chemical risk for people
- The cooling water consumption has been reduced from 800m<sup>3</sup> per day to 75 m<sup>3</sup> per day
- In all workshops the diesel lifts have been replaced by GPL lifts.



*Environment conditions at Grandvillars plant*

## LISI AUTOMOTIVE actions concerning the environment

- Principle 7: *Businesses should support a precautionary approach to environmental challenges;*
- 
- Principle 8: *undertake initiatives to promote greater environmental responsibility; and*
- 
- Principle 9: *encourage the development and diffusion of environmentally friendly technologies.*

At a time when the environmental issues of the world are becoming more important and serious, LISI AUTOMOTIVE continues its approach to environmental protection. LISI AUTOMOTIVE has implemented new systems that reduce energy consumption, pollution and waste in its factories. And this, while respecting safety and working conditions of its employees.

### Environment

Concerning the environment, some sites have implemented systems to reduce waste production and the consumption.

#### ***The management of waste***

LISI AUTOMOTIVE has devised a machine which can clean forging shavings at its Cejc plant in the Czech Republic. This recently-opened site has the capacity to process 24 tons of shavings per day in 3x8 hours and has an automated production line capable of carrying out all the processes involved in creating different cold forged components.

The aim of this project was to come up with an innovative technique which could optimise the sale price of degreased shavings which are often higher than the price of greased shavings. This has also the effect of reducing the quantity of oil purchased.

This new technology enables us to recycle as much oil as possible to help protect the environment. The idea is that recycled oil is processed through a filtration unit and then stored for future reuse.



*A machine which can clean forging shavings at Cejc*

This solution enables us to reach our target of “not a single drop of oil on the ground”. Moreover, it is an efficient way of reducing the risk of oil spillage when transporting waste products.

This project consolidates the position of our Czech Republic factory as a key player in the assembly solutions market, and shows its commitment to our environmental initiatives at staff level.

### ***Control of electric consumption***

Our Beijing site which is specialised in clipped solutions has been busy setting up a cooling tower with a view to reducing electricity consumption and to maintain vital health and safety standards at work.

The project specifications were drawn up by LISI AUTOMOTIVE Beijing and its design was completed by an outside company in order to prevent disruption to plant productivity.

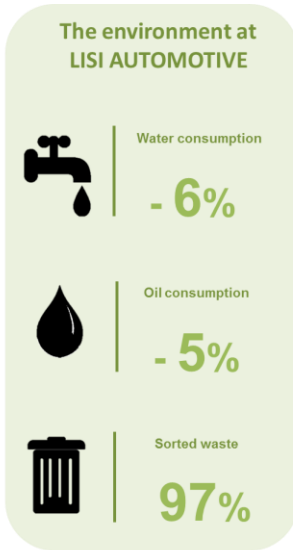
This new project is part of the overall strategy to reduce temperatures inside the building in summer, such that the heat produced by the cooling of plastic injection moulds outside of the building is rejected whilst reducing energy consumption.



*A machine enabling to reduce electricity consumption at Beijing*

This works through a more energy-efficient cooling technique that replaces freons and compressors with water sprinklers and ventilators.

This machine has enabled eight cooling units to be replaced, freeing up space within the workshop. This project is all part of LISI AUTOMOTIVE's on-going commitment to energy reduction and environmental protection.



The reduction of the environmental footprint is now part of the business culture of the LISI Group. Currently, all the Group's sites are certified ISO 14001 – apart from Casablanca and Szediszow, which was recently acquired from the Creuzet Aéronautique group and for which the certification is in progress. The sites have great autonomy in the pursuit of their continuous improvement programs. LISI AUTOMOTIVE is following this approach reducing its water and oil consumptions and managing its waste.

## Quality suppliers

The Industrial Quality and Performance Division now bring together the Quality Division, Health, Safety & Environment and Continuous Improvement groups. It is an independent body within the company and reports directly to the CEO of LISI AUTOMOTIVE. Our commitment to standards of social and environmental responsibility is transmitted downstream, outside of LISI AUTOMOTIVE's direct remit, and to certain of our suppliers and sub-contractors.

The standards which we so proudly champion on French soil we do so equally internationally, at whichever geographical location we may be based. In order to continue the work of the Purchasing Division which encourages our suppliers to adhere to the core values of our Global Compact, our Quality and Performance Division carries out audits and visits to prospective suppliers to ensure that their company philosophy is in accordance with the values that LISI AUTOMOTIVE upholds.

During these visits and audits, we make an evaluation using our own set of Group benchmarks and questionnaires, which cover the following issues:

- Staff working conditions: hours, facilities, standards on the premises;
- Company employees: introductory support facilities, average age, the assessment of new employee and foreign worker training;
- Workplace culture;
- Site cleanliness;
- Communication methods within the company;
- Environmental issues including certification and compliance with national and international regulations, detected pollution risks;
- Health and safety of goods and especially personnel.

We have never witnessed child labour being deployed at any of our suppliers' or subcontractors' sites and any non-compliance with the points above will necessarily require corrective action on their part, if not lead to a negative view of the possibility of future work with this company. On these various visits, we therefore wish to ensure that there is compliance with the principles of our Global Compact, which we consider to form an essential basis for trusted relationships with our supplier partners.

Furthermore, LISI AUTOMOTIVE is keen for its suppliers to work towards implementing health, safety and environmental management systems and to gain ISO14001 & OHSAS18001 certification. Where suppliers are not ISO1400 and/or OHSAS18001-certified, the relevant lead buyer will send them a HSE evaluation questionnaire. This questionnaire will then be sent to the HSE Department for their review. Depending on their responses, appropriate action will be taken in collaboration with the purchasing, HSE and possibly the commercial divisions.



## Our actions against corruption

- Principle 10: *Businesses should work against corruption in all its forms, including extortion and bribery.*

The Customs AEO status allows many controls for the exporter and administration Customs. The bribery may apply and occur in many occasions within the scope of the international trade.

Nevertheless, LISI AUTOMOTIVE (manufacturer for fasteners, and then, world large exporter) would focus on the advantages and profits of the Custom organization for an exporter. Indeed, apart from the issues of the international embezzlement of money or assets, the risk of bribery in the international trade is *also* the goods and products diverting from their initial or contractual destination.

In 2011 the US Custom organization has set up a new system aiming at a strict following up of the goods imported in the USA: Custom Trade Protection Against Terrorism. Then, the purpose was to ensure security and safety of the goods imported, but, to monitor the logistic flow too. In response to this US procedure and to harmonize with it and so, to ensure a smooth fluidity in the international trade, the European Union's Custom authorities have developed the status of Authorised Economic Operator.

This status is granted after severe audits of the Exporters that request the benefit of such a status.

LISI AUTOMOTIVE wants to highlight the fact that the implementation of such an AEO's procedure helps :

(i) to better involve the staff who work for the various operations of the export of goods (packaging, storage, handling, transport, invoicing...).

(ii) to put in place a very efficient traceability of the goods, within the manufacturing plant itself, but also, during transport, because the exporter knows where and when its goods have left the European Union's territory and by which means of transport (even if the Incoterm is EXW).

(iii) thus, the exporter can put together the various documentation of its export: customer's order, identification of the goods to be manufactured and delivered through a bar-code control at each and every step of the processing operation before delivery Ex Works (Incoterm EXW).

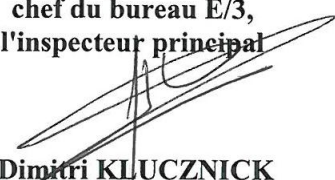
(iv) the exporter may know the details of the logistic actors in this supply chain, at least, the actors that intervene to the place of exit of the EU's territory (harbour, freight airport...).

As a direct consequence of the above, this AEO status allows a better traceability of the supply chain and so, avoid in a way the possible goods diverting which may be one of the bribery means.



COMMUNAUTÉ EUROPÉENNE

Certificat AEO  
N° FR00001268

<p><b>1. Titulaire du certificat :</b> <b>LISI AUTOMOTIVE RAPID</b></p> <p>N° EORI : FR582041471</p> <p>1 rue de Pontoise 95650 PUISEUX PONTOISE</p>	<p><b>2. Autorité de délivrance : FR 750681</b> <b>Direction Générale des Douanes et</b> <b>Droits Indirects</b></p> <p>P/ L'administrateur des douanes, chef du bureau E/3, l'inspecteur principal</p>  <p><b>Dimitri KLUCZNICK</b></p>
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Le titulaire mentionné dans la case 1 est un

**Opérateur Économique Agréé**

Simplifications douanières ✓

Sécurité et sûreté

Simplifications douanières / Sécurité et sûreté

3. Date de prise d'effet du certificat : 18/03/2013



Certification OEA de LISI AUTOMOTIVE Rapid