

United Nations Global Compact



Communication On Progress 2014

LISI AUTOMOTIVE supports the Global Compact.

STATEMENT OF CONTINUED SUPPORT OF THE UNITED NATIONS GLOBAL COMPACT PRINCIPLES

LISI AUTOMOTIVE has a strong commitment to responsible business practices and recognizes the importance of balancing the interests of all its key shareholders - its clients, its employees, and communities in which it works. LISI AUTOMOTIVE enhances the achievement of the United Nations Global Compact Principles through the services it offers to its clients and in its operations and interactions with the community around it.

Every day, as a responsible firm, we work towards finding ways to continue to protect our environment in a world of increasingly finite resources, to help our people to live safer and to have healthier lives and to make our society better.

By delivering this Communication on Progress, we reaffirm our continued adherence to the Global Compact and our voluntary commitment to implement the Global Compact and its ten principles within the firm, and to address them as a key issue in our dealings with partners and implementation parties.


LIOTARD François
Managing Director
LISI AUTOMOTIVE

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About Us

LISI AUTOMOTIVE is the automotive division of the LISI Group, a world leader in the design and manufacturing of fasteners and assembly solutions for automotive, aerospace and medical sectors.

As an ISO/TS 16949 and ISO 9001 certified corporation, LISI AUTOMOTIVE features a wide range of automotive fasteners and assembly solutions (threaded fasteners, clipped solutions and safety mechanical components). Whenever needed, customized fasteners and assembly solutions can be designed and manufactured to meet suppliers' requirements.

LISI AUTOMOTIVE's expertise is the result of the successful integration of the experience and know-how of the following companies: FORMER, MECANO, MOHR & FRIEDRICH, NOMEL, KNIPPING and RAPID.

Our vision

LISI AUTOMOTIVE works to ensure that, worldwide, human resources management focuses on common principles that comply with the Group's values. Our Human Resources policy, which is structured and offers high performance, is based on 2 main orientations:

- A single human resources management model for all sites in all countries.
- Each employee must feel that he or she belongs to the same group, and to the same team.

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Dear Readers,



As a member of the United Nations Global Compact, we reaffirm our commitment to align our strategic plans and operations, internal and external, to our Corporate Social Responsibility (CSR) Policy.

Our CSR Policy says “LISI AUTOMOTIVE prides itself in having a deep heritage of operating at the highest level of integrity. We have a strong commitment to responsible business practices and recognize the importance of balancing the interests of all our key shareholders – employees, clients and communities in which we work with.”

I hope you enjoy reading.

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1. Human Rights

LISI AUTOMOTIVE recognizes that Human Rights are an integral part of corporate citizenship, and we respect and support the Universal Declaration of Human Rights.

The first two principles of the UN Global Compact, which are derived from the Universal Declaration of Human Rights, are:

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

Against discrimination

LISI AUTOMOTIVE does not adopt and allow employees to expose the others to humiliating and embarrassing situation of any nature: gender, race, color, creed, religion, age, ethnic origin or moral, marital status or parenthood, function, or any other expression that will result in practical and emotional harm to a worker.



LISI AUTOMOTIVE supports the employment of seniors

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LISI AUTOMOTIVE has decided to coordinate its social schemes

Several actions were conducted in 2013

A visit of the manufacturing plant of Delle was organized for a group of youngsters of the section “SEGPA” of the college of Delle (Sections of Adapted General Education and Professional Training). They really appreciated to discover the functioning of a plant and a production line.

The Saint Florent plant participated at the intercompany challenge in Bourges. Different companies of the Cher department have competed in three relay races: canoeing, biking, and running. This event was an opportunity for LISI AUTOMOTIVE employees to relax and meet collective challenges outside the workplace.



LISI AUTOMOTIVE team at Bourges

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LISI AUTOMOTIVE welcomed Chinese students into their plants thanks to the cooperation with the UTBM School (Territoire de Belfort, France). These experiences allowed LISI AUTOMOTIVE to develop its knowledge of the Chinese market.



LISI AUTOMOTIVE Chinese students

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2. Labor

The Global Compact's labor principles are derived from the ILO Declaration on Fundamental Principles and Rights at Work:

- 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 labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Improvement of working conditions of employees on LISI AUTOMOTIVE Dasle

LISI AUTOMOTIVE has decided to invest and modernize for 2013-2014 its French factory of Dasle (Doubs, France). This investment will modernize the factory and, as a result, broaden the client base.

On our historical plant, we invested € 12 million in new equipment to improve security and reduce pollution in the production lines. The work will be finished by the end of 2014.

Follow LISI AUTOMOTIVE on YouTube to see the several stages of the project and the progress in reconstruction and development, just as if you were there: <https://www.youtube.com/watch?v=03BD90OkyR8>.

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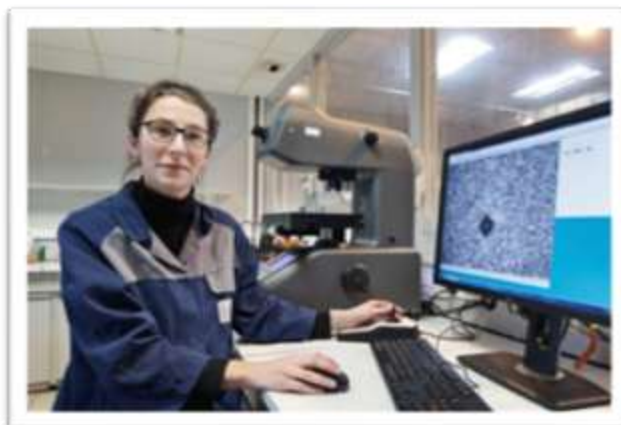
New equipment for factory

Jobs that are becoming feminized

The distribution of staff shows consistency for each of the age brackets between 25 and 55 years. As for 2012, the average age of employees is between 41 and 45 years. The breakdown by sex shows a slight feminization of employment in the group. The proportion of women in office has indeed increased from 21.75% in 2012 to 22.15% to end 2013. LISI today counts 2,046 employed women (+6% in one year).

22 %

of LISI AUTOMOTIVE
employees are women



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Integrating young people and attracting talents

During 2013, LISI welcomed 661 interns, 174 apprentices and 82 work experience contracts across all its sites. Professionalization and apprenticeship contracts are formulas that allow strengthening the adequacy between the training content and the company needs.

70% of the employees the automobile section trained in 2013.

In 2013, the budget for internal and external training for all the sites of LISI amounted to €4.6M, or 1.6% of the section's total payroll. This budget enabled provision of more than 260.000 hours of training to employees of the company on all sites, representing 1.7% of the total hours worked over the year. In total, more than 6500 employees could benefit from a training of at least seven hours, which represents an increase of nearly 20% from 2012.



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3. Environment

The UN Global Compact’s environment principles are derived from the Rio Declaration on Environment and Development.

The three principles are:

- 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.

Focus on operational improvement

The operational implementation of the LEAP (LISI Excellence Achievement Program) Program speeded up in 2013. The road map established in the strategic plan could be applied in every LISI AUTOMOTIVE factory.

The strengthening of the first Independent Production Units (IPU) and Independent Production Groups (IPG) and the deployment of monitoring methods for production and problem solving (Problem Solving Management) have greatly contributed to the improvement of performance in safety, quality and optimization of service rates with customers.



LEAP strategy

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Rationalization and optimization of processes

The general application of Lean Manufacturing methods, for optimizing production flows with Value Stream Mapping (VSM), lay out of work stations (5S) and changes to production runs (SMED) have facilitated the rationalization of the use of space, of the means of production, and reducing Lead Times.

For example, work in progress could be reduced after adopting the 5S and VSM methods. The change time for production runs went down with the installation of SMED work places.

Some figures:

- 100% of A3 formalized
- 80% of staff trained at LEAP
- Creation of PSM 1, 2 and 3 in 100% of plants
- 110 improvement projects made (Standard Workstation Management, 5S, SMED, VSM,)

Gemba Walk to avoid waste

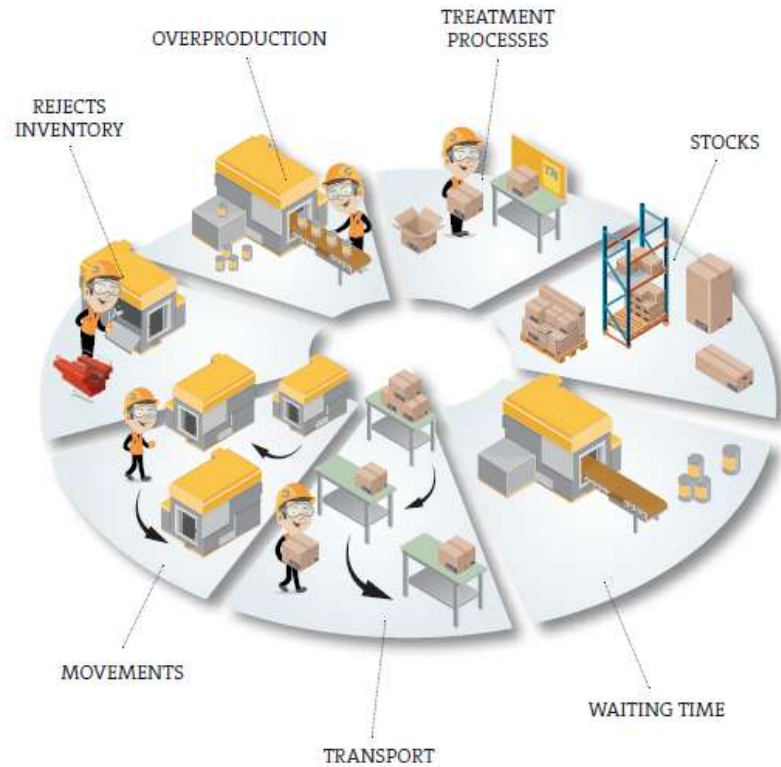
GembaWalk is an essential tool of Lean Management, and lets operators better understand their work, step back to assess what they have to do, identify the risks and highlight possible sources of waste.

This optimization method through observation, for which training was provided during the LEAP Basics stage, allows each employee to take a different look at his or her daily work.

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Deployment of a week dedicated to the environment in the Cejc plant

Certified ISO 14001, the Cejc plant decided to involve its employees in order to have the best rate frequency and more prevention in its plant.

Examples of simple ideas proposed by the team in order to improve social climate:

- Creation of MENDOMI concept: “How to better take care of our employees in order to improve globally their engagement toward company”



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- Improvements of 5S: elimination of injuries and strong focus on prevention / 5S



- Improvements of working conditions: establishment of new offices for employees.



- Fitting out of new area in expedition: increase safety for external drivers and decrease risks of expedition mistakes



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- Implementation of HENKATEN Management for better visualization of processes



- Improvements to fight against frauds : electronic gate at the entrance to the administration



Improving working conditions

The GembaWalk, which have been prepared during preparation of the working areas, help the fight against waste and increased safety for operators. It is one of the central features of LEAP in order to work under the best possible working conditions while not harming the environment. This approach makes our activities more ordered, more reliable and more competitive.

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Creation of a training school at Delle

LISI AUTOMOTIVE decided to create a training school of HSE to form teams. Since September 2012, the school allows new comers to be more responsible. A funnier and participatory way to learn to "Hunting risk" and "Sorting Waste" more automatic way at work.



HSE referents at each site

In order to ensure and to achieve this ambition, LISI AUTOMOTIVE has a HSE (Hygiene, Health and Environment) policy and organization built on the OHSAS 18001 international references. It aims to determine the main paths of progress, to prioritize its objectives, and to deduce the appropriate actions. Each production site has at least one HSE facilitator who is guarantor of the implementation of the Group policy on these issues.

Several LISI AUTOMOTIVE plants have received award for safety: Cejc, Heidelberg, Lure, Melisey and Shanghai.



Safety Award Shanghai

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The environmental requirement

The environmental requirement now applies to each and every one. It is the responsibility of the company to manage its resources and to optimize all of its production methods in order to reduce its environmental footprint and to ensure sustainable growth.

 **0.52 m³**

WATER PER
K€ PRODUCED

 **9%**

ENERGY SAVINGS
IN 2013

 **230 g**

HAZARDOUS
PRODUCTS
CONSUMPTION /
K€ PRODUCED

 **25.8 kg**

WASTE
PRODUCTION /
K€ PRODUCED

Control over water and energy

Even if it hardly intervenes in the manufacturing processes being implemented (it is necessary for washing of parts and surface treatment), each of the LISI sites recycle all processed water. Added to the many, local and supported initiatives, the Group has managed this year to decrease its relative consumption in terms of production by 8.7%.

Waste management

The LISI Group very closely monitors the direct environmental impact of its production sites, and in particular the management of waste. In 2013, the group generated 25.5 kg of residue for €1000 parts produced, or 12.8% less than in 2012. The share of sorted waste (95.6%), equivalent to last year, remains very high. It is basically recyclable metal residue (55% of the

total quantity of waste produced). Sorted hazardous waste (32% of waste from the Group), are treated or disposed of through authorized and regulated channels. The remaining quantities concern garbage produced by production-related activities (sanitary facilities, canteens, etc.).

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4. Anti-corruption

The Global Compact Anti-Corruption principle is derived from the United Nations Convention against Corruption.

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

The purchasing direction of LISI AUTOMOTIVE set up a supplier global quality approach. This process mainly concerns strategic suppliers of LISI AUTOMOTIVE (about 30 suppliers). Each year, LISI AUTOMOTIVE carries out a complete performance document with its partners, and asks them to confirm in writing the putting into practice of the principles of Global Compact. In this way, several KPI indicators are reviewed in order to improve the relationship between our suppliers and us, and avoid corruption.



Code for Responsible Sourcing of Arcelor Mittal

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