

2014 - 2015 COMMUNICATION ON PROGRESS



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

Mines - Quarries - Construction - Seismic - Underground - Aerospace - Security Systems - Fireworks



Introductory letter



On behalf of DAVEY BICKFORD Group, I reaffirm my support to the 10 principles of the UN GLOBAL COMPACT.

This year, we communicate our progresses over the last 2 years, as we have been unable to publish a COP regarding 2014 progresses.

Therefore, I am honoured to communicate the updated Davey Bickford EMEA & Latin America's Anti-Corruption and Anti-Bribery policy, our manufacturing progresses targeting the respect of Labour, Human Rights and Environment.

In that respect Davey Bickford express its intent to advance these principles within its sphere of influence, and to make a clear statement of its commitment to its stakeholders, its customers and its employees.






Our new shareholder, Enaex, and its mother company Sigdo Koppers, as a member of Global Compact, are proud and eager to supporting Davey Bickford commitment to Global Compact.

*Daniel DEGOVE
President*

DAVEY BICKFORD SMITH SAS

Content



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| ANTI-CORRUPTION → Principle 10: Business should work against corruption in all its forms, including extortion and bribery. | <div>  Davey Bickford Latin America (DBLA) Anti-Corruption and Anti-Bribery Policy Joao Campos, senior vice president America </div> <div>  Davey Bickford Europe Middle East and Africa (DB EMEA) Anti-Corruption and Anti-Bribery Policy Laurent Guenneugues, EMEA commercial director </div> |
| LABOUR & HUMAN RIGHTS → Principle 6: The elimination of discrimination in respect of employment and occupation. → Principle 2: make sure that they are not complicit in human rights abuses. | <div>  Davey Bickford Australia (DBA) Various update in quality system on labour condition Paula Downey, QHSE manager </div> <div>  Davey Bickford SAS (factory) Improvement of working conditions Florence Roblet, human resources director </div> |
| ENVIRONMENT → Principle 8: undertake initiatives to promote greater environmental responsibility; and → Principle 9: encourage the development and diffusion of environmentally friendly technologies | <div>  Davey Bickford SAS (R&D) Lead azide usage reduction Sylvain Gwizdala, chemistry manager </div> |



SAFETY & ENVIRONMENTAL KPI

ENVIRONNEMENT – DB France

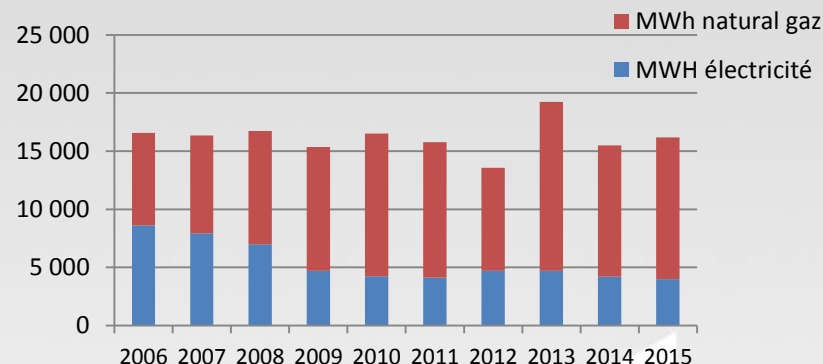
Principle 9: encourage the development and diffusion of environmentally friendly technologies

- Fuel usage, which consumption was low, has now been totally stopped thanks to the progressive shut down of fuel powered furnaces. Fuel has been replaced by natural gas, improving the global carbon footprint of the production site.
- Thanks to further energy efficiency practices, in 2006 50% of energy consumption was electric / 48 % gaz and 2% Fuel. In 2015 75% of energy consumption was gaz/ 25% electric.

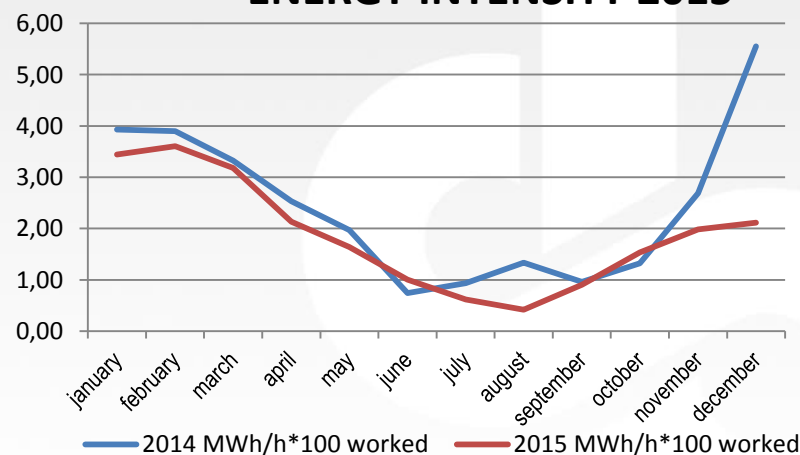
Principle 8: undertake initiatives to promote greater environmental responsibility; and

- DB's energy intensity shows a strong seasonality. An action plan is on going to improve the energy intensity in the next years with the assistance of a specialist energy management company.
- Notable actions for 2015 include :
 - Evaluating the benefits of a new boiler for steam production ;
 - Behavioral changes to foster energy-saving actions by workers.

ENERGY CONSUMPTION



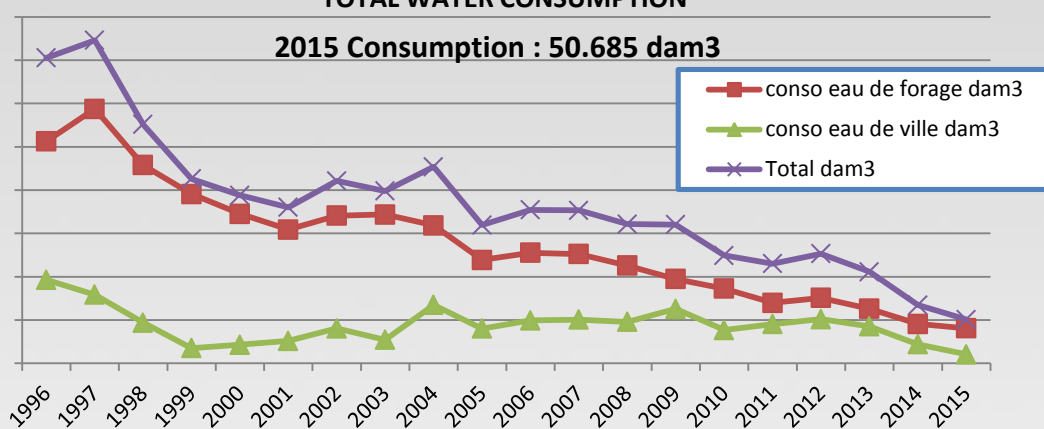
ENERGY INTENSITY 2015



ENVIRONNEMENT

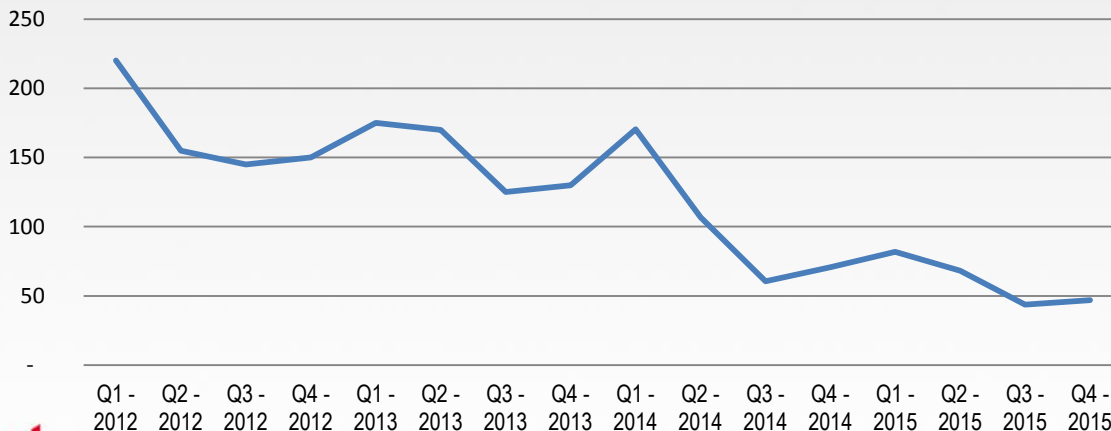
TOTAL WATER CONSUMPTION

2015 Consumption : 50.685 dam³



WATER CONSUMPTION INTENSITY

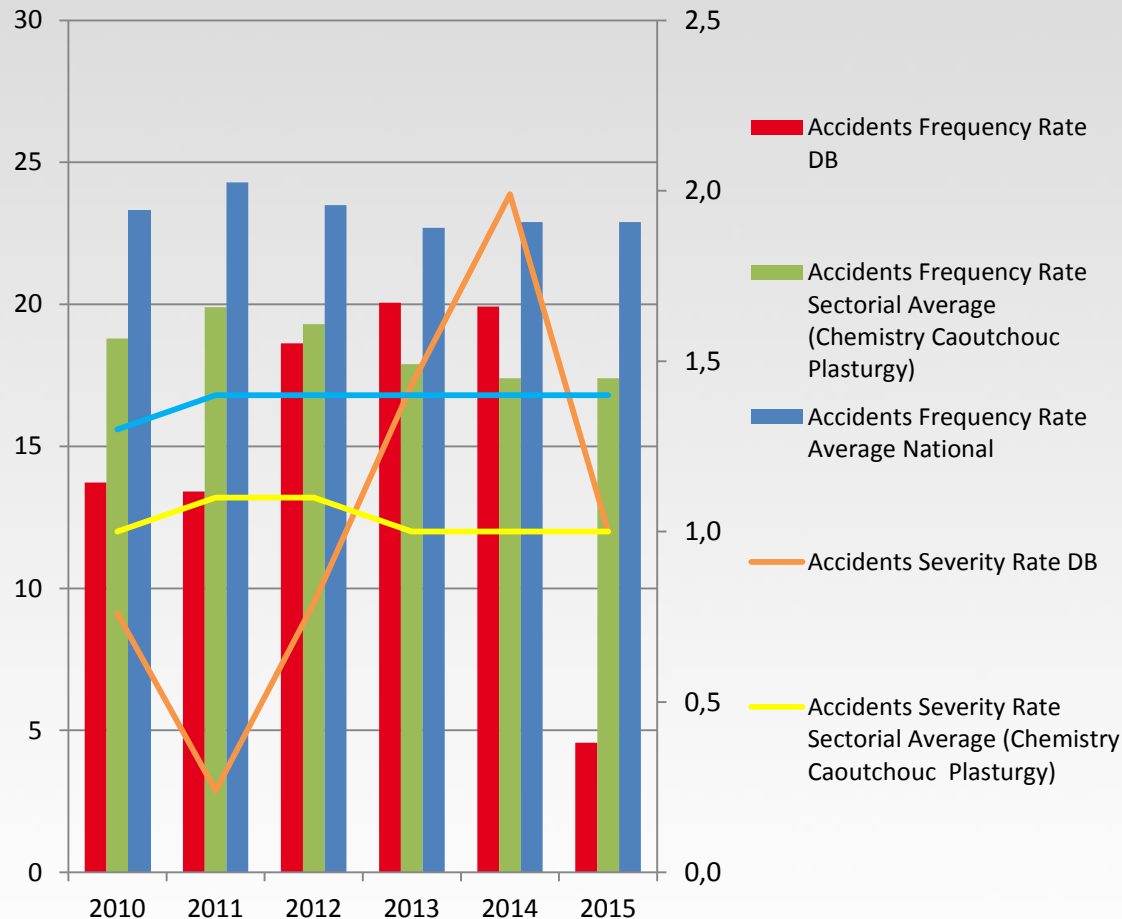
L/h worked



- ☞ In 2012 implementation of an awareness campaign, including the search for water leaks.
- ☞ It has been followed by repairs work between 2012 and 2015 (pipeline).
- ☞ As shown in the graph significant drop in water consumption has been realized (- 60% between 2012 and 2015).

- ☞ A huge efforts in reducing water intensity are shown by this graph : between 2012 and 2013, the average consumption per quarter and per hour worked was cut in half. DB has met at the end of 2013 it objective of 15m³/hr worked. Notable actions were implemented to improve further this KPI included decommissioning and replacing an open-circuit water cooling system. As it appears since the installation a second drop has been done successfully.

SAFETY



After three years of an exceptionally high rate, corrective actions plans were implemented. These actions include a workgroup with the worker health council and the plant operational manager and a diagnosis by a consultant specialized in occupational safety, aiming at promoting a safety culture on plants.

Those actions have started to bear fruit in 2015.

- ANTI-CORRUPTION
 - LABOUR
- HUMAN RIGHTS
- ENVIRONMENT



ANTI-CORRUPTION

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

Davey Bickford LA anti-corruption and anti-bribery procedures

- ANTI-CORRUPTION
- LABOUR
- HUMAN RIGHTS
- ENVIRONMENT

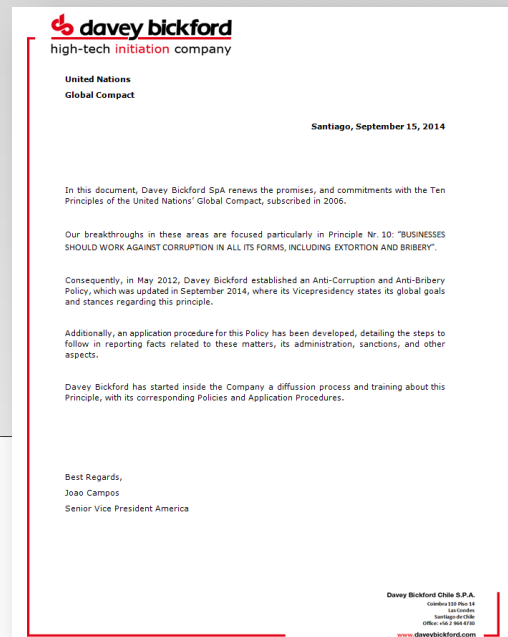
In September 2014, DAVEY BICKFORD CHILE updated its global anti-corruption and anti-bribery policy.

Going forward this policy has been confirmed for immediate enforcement.

Here attached:

- The Vice President of Latin America communication dated Sept. 15th 2014 on this policy.
- The points which have been updated in the policy established in Sept. 2012

This is part of an overall commitment to our Chilean subsidiary to the Red Pacto Global Chile (cf. attached letter)



Davey Bickford LA anti-corruption and anti-bribery policies

- ANTI-CORRUPTION
- LABOUR
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In this document, Davey Bickford S.P.A. renews the promises, and commitments with the Ten Principles of the United Nations' Global Compact, subscribed in 2006.

Our breakthroughs in these areas are focused particularly in Principle Nr. 10:
“BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY”.

Consequently, in May 2012, Davey Bickford established an Anti-Corruption and Anti-Bribery Policy, which was updated in September 2014, where its vice-presidency states its global goals and stances regarding this principle.

Additionally, an application procedure for this Policy has been developed, detailing the steps to follow in reporting facts related to these matters, its administration, sanctions, and other aspects.

Davey Bickford has started inside the Company a diffusion process and training about this Principle, with its corresponding Policies and Application Procedures.

Joao Campos
Senior Vice President America

Davey Bickford LA anti-corruption and anti-bribery policies

- ANTI-CORRUPTION
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Davey Bickford SpA's Vice Presidency (VP) is entitled to act upon the request of any employee in order to investigate any case and circumstances that may involve the commitment of an offense, that may be configured as corrupt activity, perpetrated by a Davey Bickford's employee to the detriment of an asset belonging to the Company, or damaging the rights of a citizen, an employee or a Client.

Davey Bickford's Anti-Corruption and Anti-Bribery Committee shall learn about all reports of offenses and their circumstances, and if the outcomes merit so, the Committee shall escalate its report and recommendations to the relevant public authorities in compliance with the law. The mentioned Committee has also developed inside the Company, a diffusion process of the Anti-Corruption and Anti-Bribery Policy, and its procedures.

Since May 2012, Davey Bickford Chile's Corporative Social Responsibility team participates actively in several areas that provide current information about the activities against corruption, fostering corporate ethics and transparency. This work is done within the framework of the companies that are members of ACCIÓN, body which represents the World Business Council for Sustainable Development in Chile.

Davey Bickford's VP and Anti-Corruption and Anti-Bribery Committee are entitled to prepare and approve the Procedures necessary for the achievement of the targets and objectives laid down by Law 20.393 on Criminal Responsibility of Legal Persons for the Crimes of Money Laundering, Financing of Terrorism and Offenses of Bribery.

Davey Bickford LA anti-corruption and anti-bribery policies

- ANTI-CORRUPTION
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THEREFORE:

The following amendments to the **PROCEDURES MANUAL FOR THE APPLICATION OF DAVEY BICKFORD ANTI-CORRUPTION AND ANTI-BRIBERY POLICY** are approved:

CHAPTER I - GENERAL PROVISIONS

ARTICLE 2 : The responsibility for dealing with the reports of offenses shall fall on Davey Bickford's Anti-Corruption and Anti-Bribery Committee, represented by the General Manager in Chile, who shall carry out all the courses of actions to investigate, learn about, report and issue a recommendation for each case. The General Manager shall inform the President of the Anti-Corruption and Anti-Bribery Committee, represented by the Senior Vice President, who shall pronounce about the procedures to be followed with respect to each report or offense received.

CHAPTER V - ABOUT THE PROCEDURE

ARTICLE 14 : Each report of offense or investigation shall be recorded in a special Book of Entries that shall be kept for this purpose. The pages of the book shall be consecutively numbered and must be authorized by the representative of the Anti-Corruption and Anti-Bribery Committee.

ARTICLE 15 : The Book of Entries shall contain the number assigned to each report or investigation, the date of the report was made, the name of the person accused, the case it refers to, the place it occurs, and the follow-up of the case.

ARTICLE 18 : The Anti-Corruption and Anti-Bribery Committee shall follow-up every report escalated to the relevant Public Authorities, and shall get to know the measures adopted by the said Authorities in relation to the reported case. To these effects, the Committee shall subscribe Inter-institutional agreements or Letters of Understanding, and coordinate with those regulatory bodies, inspection, transparency or justice related entities that fight against corruption.

Davey Bickford LA anti-corruption and anti-bribery policies

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SANCTIONS

Not with standing the eventual criminal responsibilities that the infringement of these provisions may involve under the established Anti-Corruption and Anti-Bribery Policy, such infringement shall also be subjected to corrective measures that Davey Bickford may impose. Such corrective measures include the termination of the employment agreement (at Davey Bickford's sole discretion), since to all legal effects, the infraction is deemed a severe breach of the duties imposed by the said employment agreement.

REPORT OF OFFENSES

No matter its degree of importance, any matter that gives rise to an infringement of this Anti-Corruption and Anti-Bribery Policy shall be immediately reported to this Policy's Administration Body, by email, stating the details of the circumstances and facts that give grounds to the accusation to the following email address: comiteasdb@daveybickford.cl.

Any information provided shall be kept under strict confidentiality and it shall be disclosed only to those people that are taking part of the investigation, and follow- up process.

The above is a key and core principle of the protection and safeguard of the identity and the guarantee for the person who reports infringements in all their rights as long as their reports are done honestly, and in good faith.

Davey Bickford LA anti-corruption and anti-bribery policies

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TRAINING

Davey Bickford shall carry out training activities to the employees in order to clearly state its stance of zero tolerance in relation to corruption, and any other improper practice, or less transparent behavior.

The purpose of these training activities are to assure the full understanding and compliance of this Davey Bickford's Policy and Code of Conduct, addressing subjects as how to stay alert, how to file a report and ways to solve and provide support.

ADMINISTRATORS

This Policy shall be administered by an Anti-Corruption and Anti-Bribery Committee that shall be in charge of the investigation and follow-up of the reports received and which shall inform Davey Bickford's VP of all those cases, that in their opinion, can be considered as an infringement of this Policy. This Committee shall be lead directly by the Vice President, and shall be represented by Davey Bickford Management team in Chile.



Manuel &
procedimiento



Policia Anti
Corruption

Davey Bickford EMEA anti-corruption and anti-bribery policies

- ANTI-CORRUPTION
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- ENVIRONMENT

| Assessment, Policy and Goals | Implementation | Measurement of outcomes |
|--|--|--|
| Policy requiring business partners and suppliers to adhere to the anti-corruption principles | Each DB representative or external commercial consultant is required to acknowledge and sign this commitment in its contract with Davey Bickford. | Example of recent new representation contract including a clause on those topics signed on Sept 18 th 2015 (extract available upon request) |
| Written company policy of zero-tolerance for corruption, bribery and extortion | The charter on HR good practices & anti-corruption has been re-issued and disseminated to all employees. It is permanently available on the newly launched Davey Bickford SAS intranet. | Davey Bickford has never been involved in any legal cases, rulings or other events related to corruption and bribery. |

- ANTI-CORRUPTION
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LABOUR HUMAN RIGHTS

Principle 6: The elimination of discrimination in respect of employment and occupation.

Principle 2: make sure that they are not complicit in human rights abuses.

Factory working conditions (1/2)

- ANTI-CORRUPTION
 - LABOUR
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- ENVIRONMENT

Working condition improvement - Safety

- Davey Bickford applies a permanent campaign of safety awareness with a view to reducing working accidents.
- Objective: raise awareness while communicating on existing risks within their close working environment
- Several departments are engaged in this process:
 - HSEC
 - Human resources
 - Hygiene and Working Conditions Monitoring Committees
 - External consultants specialized in ergonomy
- Several actions have been engaged
 - In May 2015, safety audit conducted by external consultants
 - On-going training through all employees by same consulting company (80.000 euros have been dedicated for those 2 actions)
 - Non-productive manager on-going audits

Factory working conditions (2 / 2)

- ANTI-CORRUPTION
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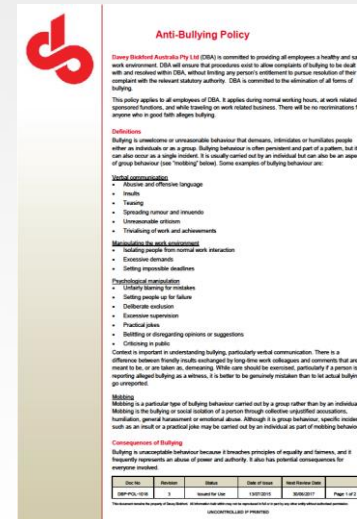
Working condition improvement – Health

- 🔧 150.000 euros have been spent by HSEC department to remove asbestos from production workshops
- 🔧 Audit on tedious working conditions from HSEC department resulting in:
 - substitution of hazardous chemical products
 - Installation of collective protective equipments
 - Work post ergonomy
 - Reduction of carrying loads (limited to 15kg)
- 🔧 Noise reduction thanks to
 - Equipment cowling in the « crimping » sector (opex = 100.000 euros)
 - Change to electric power in the fusehead manufacturing line

Davey Bickford Australia working conditions quality procedures update

- ANTI-CORRUPTION
- LABOUR
- HUMAN RIGHTS
- ENVIRONMENT

- Every 2 years, Davey Bickford Australia updates its quality procedures, including those related to working conditions.
- Paula Downey, QHSE manager, is a dedicated resource in DBA organization to issue and enforce the application of those procedures.
- You will find below some examples of those updated in 2015. They are available upon request.



- ANTI-CORRUPTION
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ENVIRONMENT

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Lead azide usage reduction

- During the 20th century, innovations in the pyrotechnical initiation field were achieved thanks to the usage of lead. Due to its chemical properties, lead became unavoidable in manufacturing primary explosives, delay compositions, igniters or detonators.
- It has been clearly established nowadays that substances containing lead are Carcinogenic, Mutagenic or toxic to Reproduction (CMR) substances. Lead exposure and atmosphere presence is strictly controlled and about to be banned (EU regulation REACH).
- Pyrotechnical delay compositions, which are integrated into electric & non-electric detonators dedicated to blasting activities in mine & quarries, include also a significant quantity of lead under different forms, particularly oxides. Regarding those elements, Davey Bickford has been reducing their usage by
 - Around 50% in 2007
 - Around 80% in 2014
- Beginning of 2014, Davey Bickford has introduced lead azide free igniters for firework initiation.
- However, substituting this substance remains a challenge for the industry as no alternative industrial solution exists today.
- Therefore, Davey Bickford has been engaging in 2015 a research program to find an industrial substitute to lead azide as a primary explosive by end of the decade in cooperation with external research institutes.



THANK YOU

End of COP 2014-2015