



Communication on Progress 2016





OUR COMMITMENT

Davey Bickford in a nutshell

- ◆ Since July 2004 we sustain our support to the Global Compact 10 principles.
- ◆ In Davey Bickford we promote these principles within our spheres of influence, and make a clear statement of our commitment to our customers, suppliers and other stakeholders.
- ◆ We followed the progresses of the COP 21 with interest, especially when Barack Obama and his Chinese counterpart Xi Jinping handed over their ratification documents to Ban Ki-Moon, the UN Secretary-General in September 2016 in Hangzhou.
- ◆ That's why in the COP 2016, we decided to highlight our environmental actions :
 - ▶ Modify and renovate facilities to improve quality of life at work,
 - ▶ Implement environmental friendly technologies,
 - ▶ Reduce energy and water consumption,
 - ▶ Strengthen awareness through internal communication campaign.
- ◆ We also wanted to share a structural effort carried out through the years by our research teams to comply with and go beyond the REACH European Directive.
- ◆ Finally after highlighting our South American subsidiary actions last year, we present the results of the great job done by Davey Bickford USA.

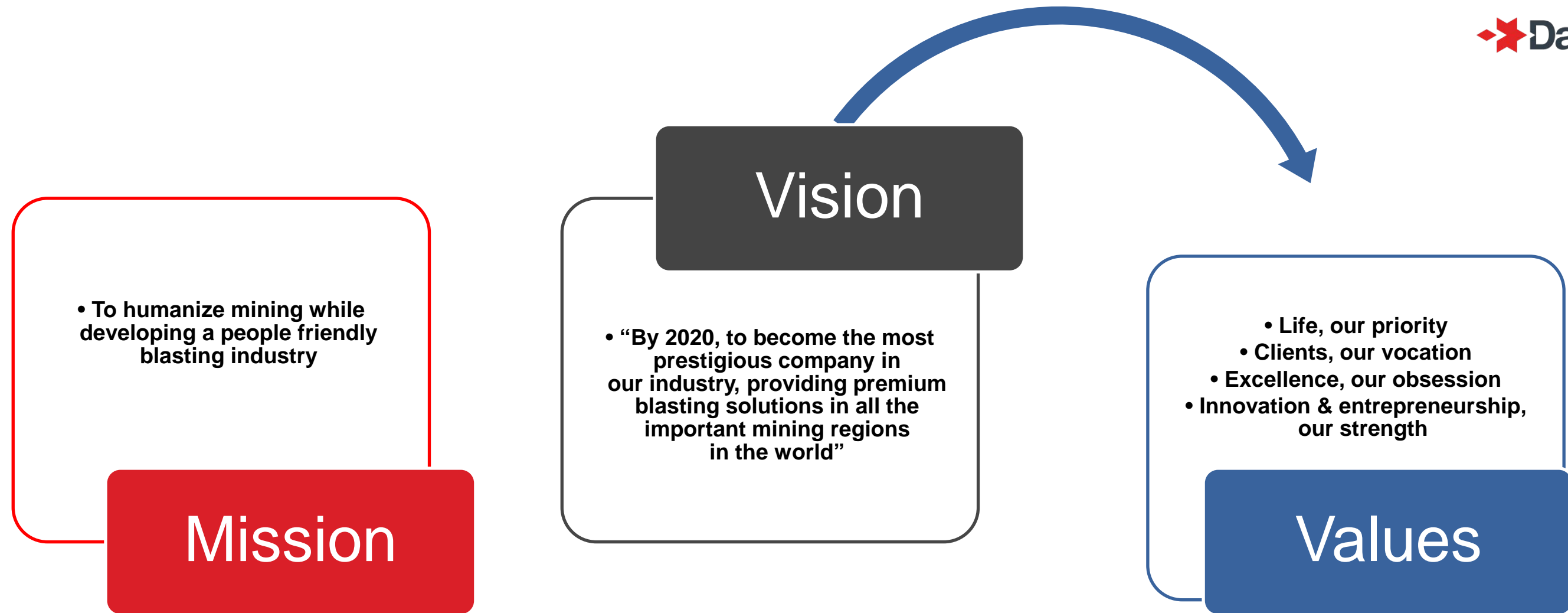


CORPORATE INTRODUCTION

Davey Bickford in a nutshell

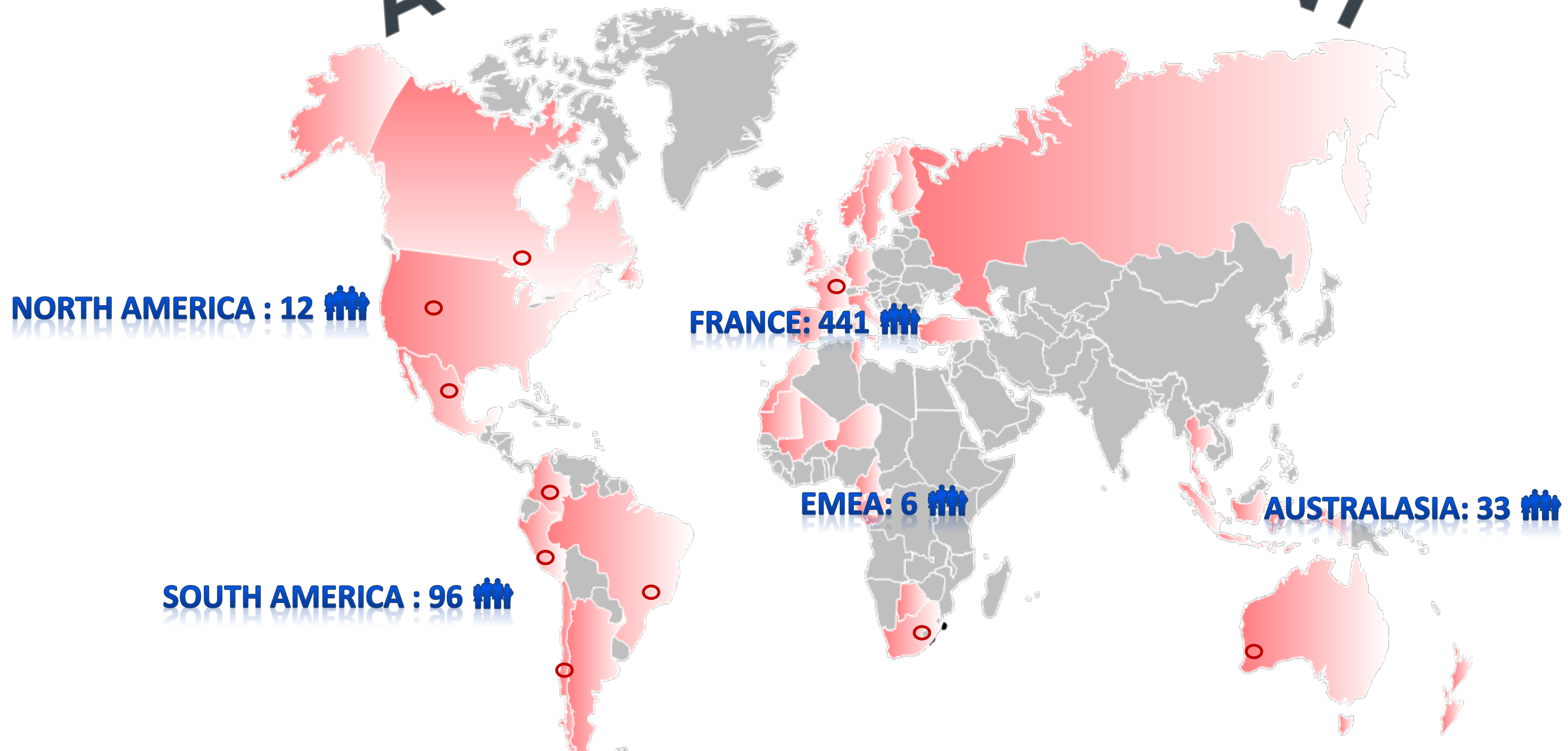
- ◆ A leading global company designing, manufacturing and selling initiation systems (detonators & igniters) for civil explosives and specific applications in defense, security & entertainment
- ◆ Strategy:
 - ▶ focusing on mining, quarrying, construction & earthwork markets requiring Premium Electronic Initiation Systems for civil explosives through a direct added-value approach with end customers.
 - ▶ promoting abroad our know-how for defense activity
- ◆ Founded in 1831 – Unique production site in Héry, Yonne, France created in 1906
- ◆ Sales & operations in around 40 countries in all continents
- ◆ Around 600 employees across the globe
- ◆ Since July 7th 2015, part of Enaex Group, Chilean leader in ammonium nitrate & civil explosives in South America.







A GLOBAL FOOTPRINT

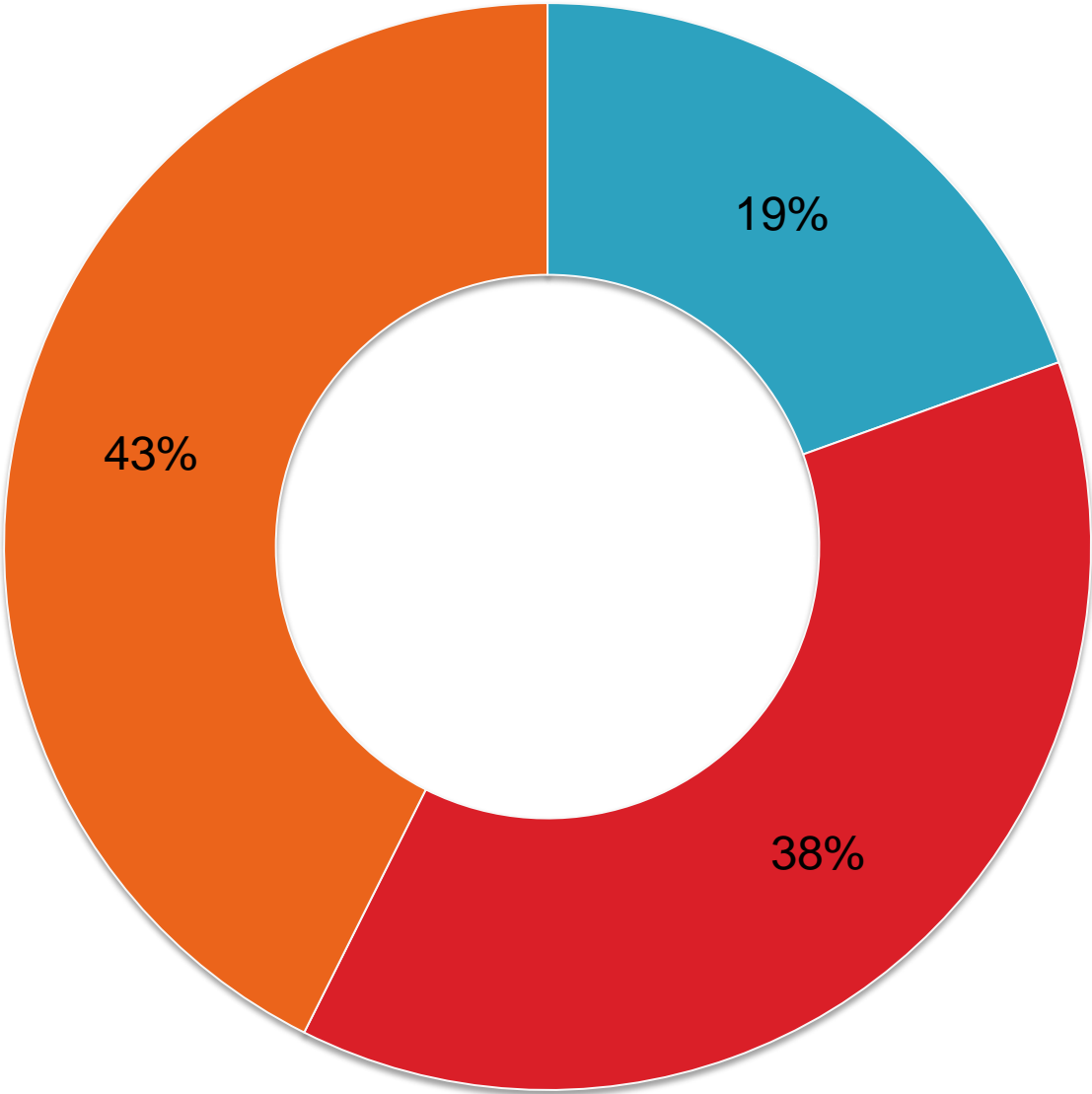


 Davey Bickford subsidiaries

85% of our business outside France
65% outside Europe

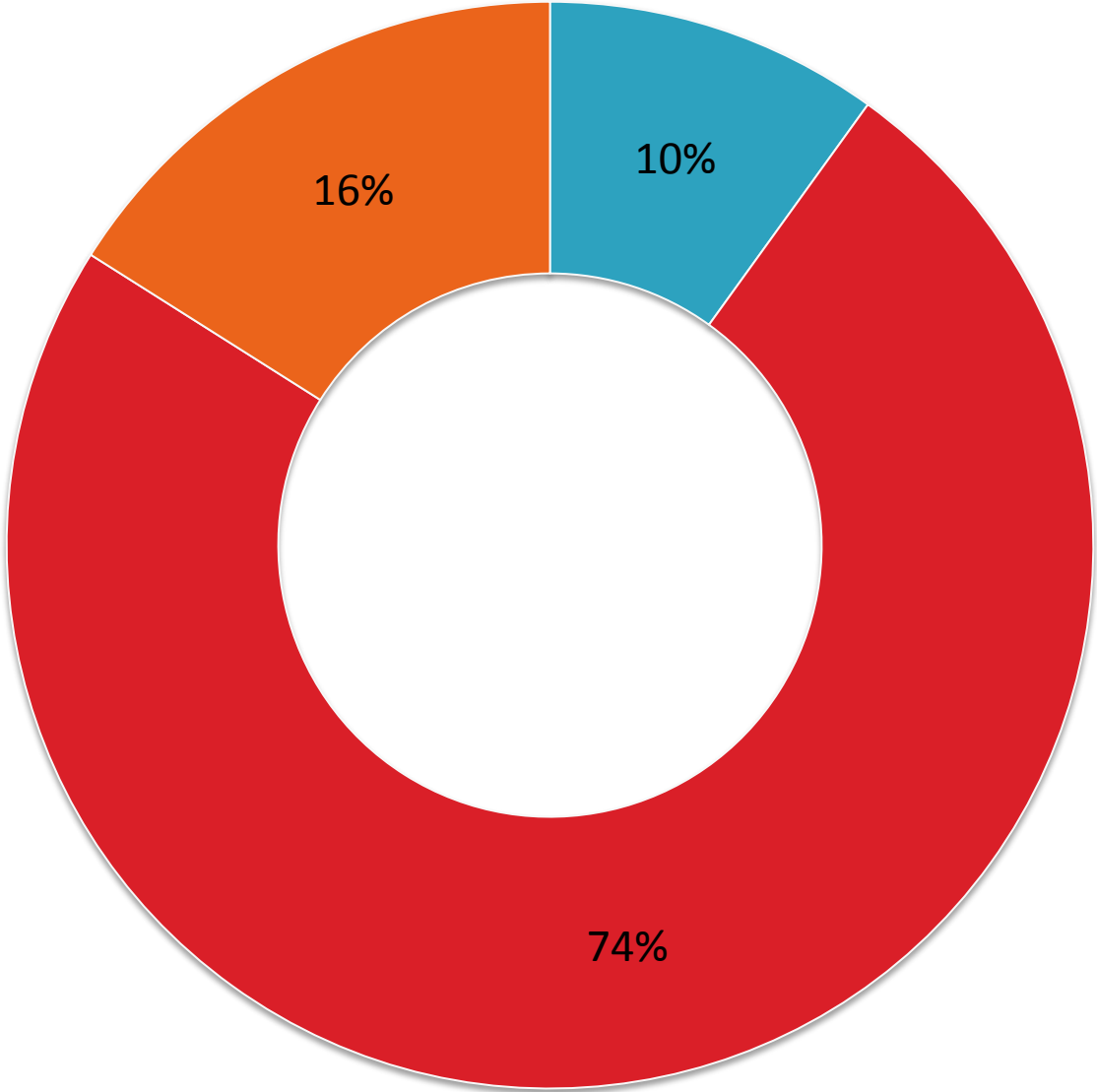
Our 89 millions € business split...

2016 - Revenue per zone %



■ Australia / Oceania ■ EMEA ■ Americas

2016 - Revenue per activity %



■ Defence & Security
■ EIS : Electronic Initiation Systems & associated services
■ Conventional detonators (non-electric, electric, detonating cord)



2016 GLOBAL COMPACT INITIATIVES

2016 actions performed in consistence with the 10 principles



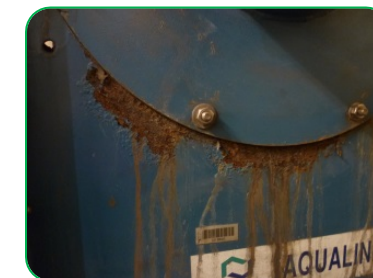
LEAD AZIDE DUST FILTRATION

Environment – Principle 9:

Encourage the development and diffusion of environmental friendly technologies

Current dusting press

- ◆ The old equipment:
 - ▶ No longer compliant with current environmental standards
 - ▶ Difficulties in supplying spare parts
 - ▶ Severely attacked by corrosion
- ◆ Its overall condition no longer allowed performing sustainable repairs
- ◆ As the dusting press was installed in the same workshop as the loading press, the loading press was exposed to dust contamination
- ◆ Risk of fire due to the cell containment, making cleaning operation extremely difficult to perform.
- ◆ Lack of accessibility to the hydraulic unit during maintenance and replacement of press heads



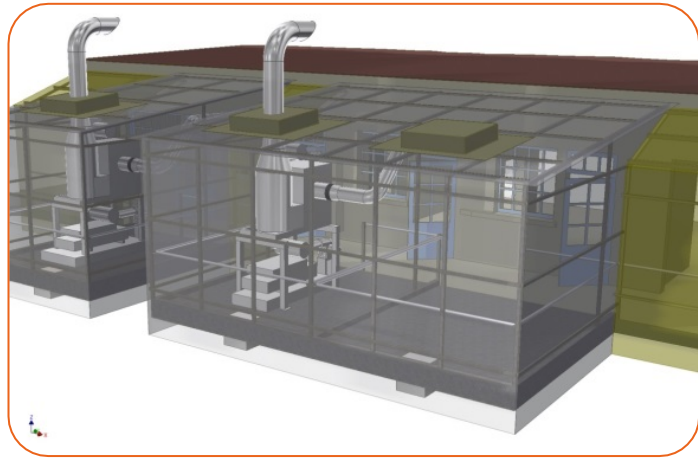
New dusting press

- ◆ Respect environmental constraints as targeting the "0 emission" objective.
- ◆ Better working conditions while
 - ▶ improving operator protection to the risks related to lead dust exposure.
 - ▶ making maintenance operations safer (accessibility to the dust collector).
- ◆ Reduce fire hazard by easing the cleaning operations in the press workshop.
- ◆ Use of stainless steel to allow a better resistance to corrosion



New device dusting press

Plan



Construction work



Building n°223 today



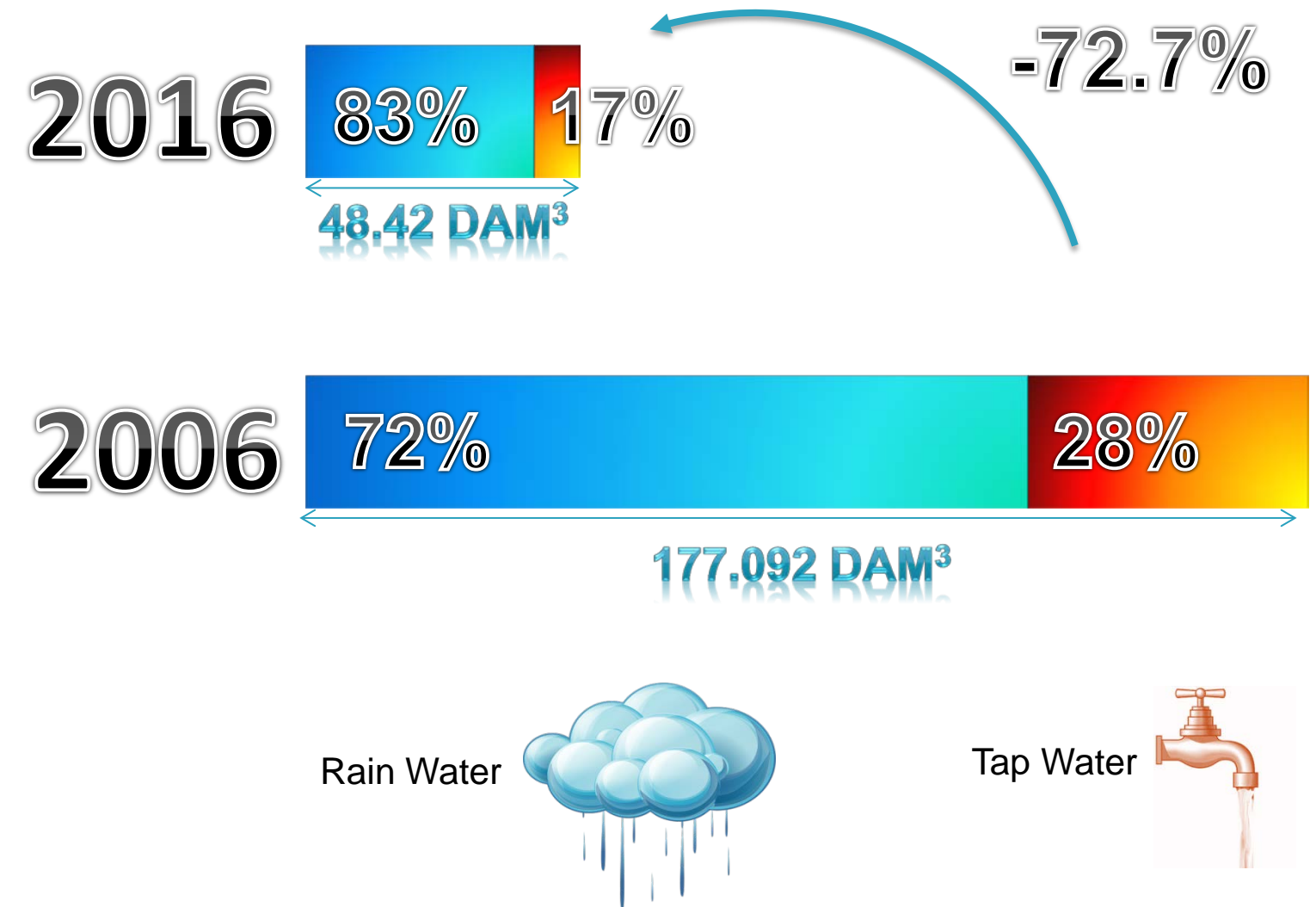
CHANGE AND REDUCE OUR CONSUMPTIONS

Principe 9:

Encourage the development and diffusion of environmental friendly technologies

Reduce water consumption

- ✦ In 2012, implementation of an awareness campaign, including the search for water leaks.
- ✦ It has been followed by repairs work between 2012 and 2015 (pipelines).
- ✦ Not only the usage of rain water has been significantly increased in proportion, but more important, the overall water consumption has been divided almost by 4 in 10 year time.



REACH REGULATION AND DAVEY BICKFORD

Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

REACH Regulation: a European directive to reduce & eliminate noxious substances

◆ REACH

- ▶ a regulation of the European Union
- ▶ improve the protection of human health and the environment from the risks from chemicals
- ▶ enhancing competitiveness of the EU chemicals industry
- ▶ also promotes alternative methods for the hazard assessment of substances in order to reduce the number of tests on animals.

◆ REACH applies to all chemical substances

- ▶ industrial processes
- ▶ day-to-day consumer products, for example in cleaning products, paints as well as in articles such as clothes, furniture and electrical appliances.
- ▶ the regulation has an impact on most companies across the EU.

◆ To comply with the regulation, companies must identify and manage the risks linked to the substances they manufacture and market in the EU. They have to demonstrate to ECHA (European Chemical Agency) how the substance can be safely used, and they must communicate the risk management measures to the users.

◆ REACH stands for Registration, Evaluation, Authorization and Restriction of Chemicals. It entered into force on 1 June 2007.

👉 For more information ECHA official website : <https://echa.europa.eu/fr/home>

There are 3 lists of chemical products to be addressed:

◆ The « candidate » list

- ▶ This list can be considered as the first step before restriction or authorization of use for a substance. In general terms an SVHC (**S**ubstance of **V**ery **H**igh **C**oncern) is a substance meeting one or more of the following criteria:
 - ▶ Class 1 or 2 carcinogen, mutagen, or toxic for reproduction (CMR)
 - ▶ Substance which is PBT (persistent, bio-accumulative and toxic) or vPvB (very persistent and very bio-accumulative) in accordance with Appendix III of REACH
 - ▶ Other substances for which there is evidence of equivalent degree of concern (e.g. endocrine disruptors)
- ☞ Note that there are over 1000 substances that potentially fulfill these criteria.
- ☞ In terms of REACH compliance, SVHC refers specifically to those substances that meet the hazard categories mentioned AND that have been placed by the Commission on the Candidate List of substances considered for authorization.

◆ The « annex » lists -

- ▶ Annex XVII: this list limits the manufacture, use or placing on the market of substances, mixtures and articles which entail an unacceptable risk to human health or the environment. Examples of targeted substances include mercury applications such as in thermometers, certain phthalates in toys, etc.
- ▶ Annex XIV: this list applies to substances for which manufacturing is strictly prohibited unless a special authorization has been delivered by the ECHA (such authorization being applicable for a limited period of time and for a given duly declared application)

Davey Bickford's commitment: become REACH proactive leader in our industry

- ◆ Our commitment is that 100% of Davey Bickford's products are REACH compliant
- ◆ For our needs, preference is given to “clean” substances rather than special authorizations (in case of substances in the authorization list). Accordingly, R&D resources are allocated in priority to “REACH” programs
 - ▶ Defence & Security sector: >83% of budget allocated to REACH related developments
 - ▶ Chemical lab: 100% of resources are dedicated to REACH related developments
- ◆ We also commit to anticipate all REACH restrictions to make sure that our customers don't face a break in their supply chain. We know that the replacement of materials or substances submitted to restrictions or obsolescence is a long and expensive process. For this reason we pay efforts to anticipate and continuously inform our customers of the evolution of the above lists

Some examples of REACH targeted substances:



◆ Example 1: the ammonium dichromate (CAS # 7789-09-5)

- ▶ Listed in Annex XIV, this substance is used in one of our pyrotechnic composition. This substance will be prohibited from 21/09/2017 onwards.
- ▶ Anticipating the above *sunset date*, the formulation of a replacement solution has been started and a REACH compliant solution has been available for a few years. Since 2017, this solution has already been qualified on many programs, in cooperation with our customers (according to their technical specifications).
- ▶ Several of our major customers have already confirmed their satisfaction with this new solution which permit to ensure the continuity of strategic space, defence and aeronautics programs

◆ Example 2: the lead tetroxide (CAS # 1314-41-6)

- ▶ This substance is in the candidate list. It is used in several pyrotechnic compositions manufactured by Davey Bickford.
- ▶ Development effort has been started to formulate and manufacture a replacement solution offering at least the same performances. We shall be soon able to start validation tests in partnership with our customers.

A significant reduction in using lead tetroxide for delay compositions (kg/year)

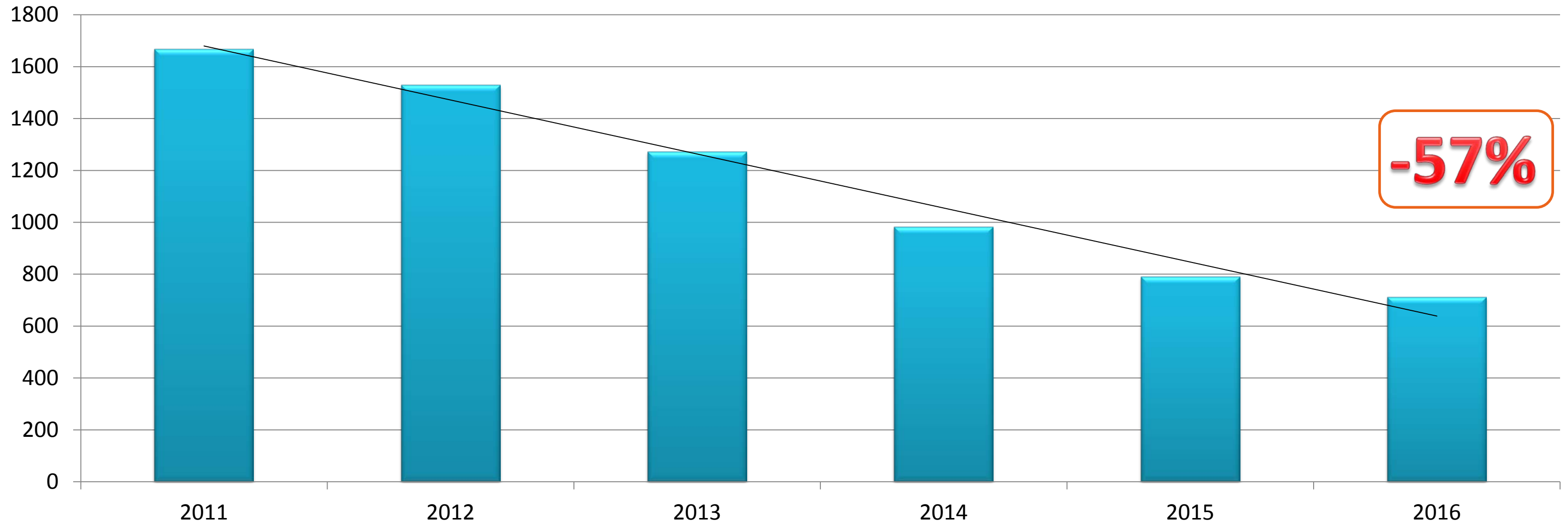


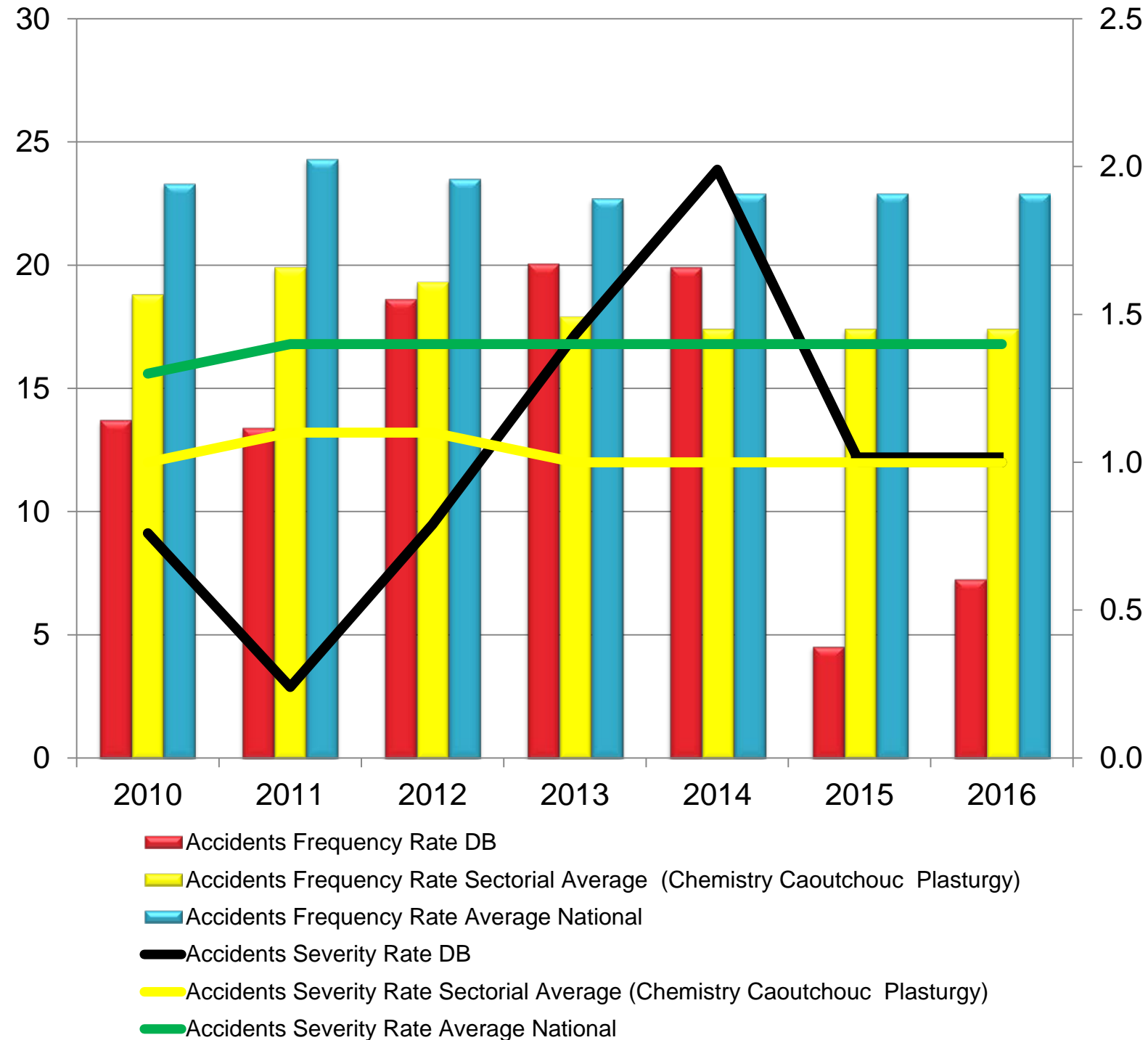
Illustration of example 2 (previous page): Lead tetroxide consumption from 2011 to 2016.
This substance is on REACH « candidate » list.



HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights



- ◆ Historically low rate in 2015.
- ◆ A slight raise in 2016 but it has to be highlighted that it still remain far from French Industry standard records.
- ◆ 2016 report is, however, already taken into account in 2017 with an enhanced communication awareness on safety at work.



EXAMPLE OF DAVEY BICKFORD NORTH AMERICA

Davey Bickford North America: fully engaged in complying with Global Compact principles

Last year we have made a focus on South America, this year we propose a wink to USA :

- ◆ Subscribe to United Nations Global Compact since 2015.
- ◆ **Human Rights:** Davey Bickford USA Inc. fully recognize Employee Rights under the National Labor Relation Act (NLRA). A notice is given to each Employee for a general information about his rights, and about obligations of employers and unions under the NLRA.
- ◆ **Labour :** The company operates under the Utah Occupational Safety and Health Act of 1973.
- ◆ **Environment:** Davey Bickford USA Inc. is an active member of the International Society of Explosives Engineers and participates in its HAS committee meetings. The meetings provide a forum to discuss latest industry practices, use of technology and benchmarking in HSE management system.
- ◆ **Anticorruption:** All employees are required to sign the Code of Conduct at the time of joining. The company promote fair business practices and ensures compliance with regulatory and legal requirements.

👉 For more information, full report available here:

