

DEFTA GROUP



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

We welcome feedback on its contents.

Communication on 2018 progress

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Drawn up by: Jean-François Ker Rault - Group Buying and CSR director

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1. Declaration of ongoing support

By signing the UN Global Compact on 25 November 2015, Defta made the commitment to comply with the ten founding principles grouped together in the following 4 fundamental topics:

- Human rights;
- Labour standards;
- Environment;
- Anti-corruption.

During this third year, the Defta Group has continued to dedicate itself to promoting the 10 principles of the UN Global Compact within its organisation and among its stakeholders.



Central to the Defta Group's strategic plan is its approach to corporate responsibility for the promotion of sustainable development. The entire community of men and women of the Defta Group is committed to implementing a series of clearly defined progress plans in order to ensure that its profitable growth is compatible with the promotion of social values and the quality of the environment.

In order to promote the deployment of this strategy, the members of the board of directors and the group's central process coordinators have benefited from a programme to build awareness about sustainable purchasing, corporate social responsibility and the fight against corruption.

This year, the group has established a code of conduct to guide all of its teams in the fight against corruption.

By posting this third communication of progress online, we are reaffirming the commitment of the Defta Group to the Global Compact and we are dedicated to following the 10 founding principles.

Chessy, 22 February 2019

Jean-Pierre KER RAULT

Chairman



2. Presentation of the group and its operations

2.1. History: A growing industrial group

Founded in July 2007, **DEFTA** has expertise in the sectors related to the **Découpe** (cutting), **Emboutissage** (press-forming) of **Fil** (wires) and **Tube** (tubes) and the **Assemblage** (assembly process). It is this expertise that forms the initials of its name that enabled it to establish its factories near **global car manufacturers**.



First in Europe (Spain - France - Slovakia - Romania) then in Russia (Togliatti) and we are also present on the Asian continent in Korea. **DEFTA** is therefore pursuing its **industrial strategy** to support global car manufacturers.

The group now employs 1,600¹ people and generates a turnover of more than €200 m.

Its critical size and **recognised expertise** in the areas of **opening mechanisms**, **press-forming** and **cutting**, have seen it acquire the status of a leading player in the automotive components sector.

Chaired by Jean-Pierre Ker Rault, the group has become a local partner of multinational manufacturers thanks to its factories located in close proximity. Its strategic priority is to provide **complete client satisfaction**.

DEFTA is also a **strategic supplier** to major industrial contractors such as Electrolux and Schneider Electric; In 2009, **DEFTA** bought the hinges division of WAGON AUTOMOTIVE, then in 2011 the French leader in gas springs, AIRAX.

Assisted by the FAA (Fond Avenir Automobile) and by Naxicap Partner that provide it with the means to continue its growth, the Defta Group also **designs products and mechanical systems** and holds many patents in its areas of expertise.

¹ including temporary personnel

2.2. Offices and factories



On 31 December 2018, the group was made up of 4 companies based in France:

- Defta SAS (head of the group)
- Defta Services (administrative offices)
- Defta Essômes
- Defta Airax

It also has controlled production sites in Spain and Slovakia.

Furthermore, the Defta Group has concluded joint-venture agreements with Romanian, Russian, Korean and Chinese partners.

The main characteristics of the Defta Group's sites are set out below:



Defta Service

- Head office
- Location: Chessy (77) - France
- Workforce: 41 people

Defta Essômes

- Location: Essômes sur Marne (02) - France
- Workforce: 156 people
- Products: hinges, joints
- Process: press-forming, fine cutting, assembly
- Certifications: ISO 14001, ISO 9001, HSE policy, QSB, IATF 16949



Defta Airax

- Location: Chemaudin (25) - France
- Workforce: 118 people
- Products: gas springs
- Process: machining, surface treatment, painting, assembly
- Certifications: ISO 14001, ISO 9001, IATF 16949



Defta Slovakia

- Location: Zlate Moravce - Slovakia
- Workforce: 145 people
- Products: domestic appliances, seat mechanisms, AVS, electro-mechanical
- Process: press-forming, assembly
- Certifications: ISO 9001, IATF 16949



Deska

- Location: Togliatti - Russian Federation
- Workforce: 91 people
- Process: press-forming, fine cutting, wire and tube forming, surface treatment
- Certifications: ISO 9001, ISO TS 16949



GIC Nosag Metal

- Location: Comuna Bradu, Jud. Arges - Romania
- Workforce: 545 people
- Products: components and seat frames, formed parts
- Process: press-forming, fine cutting, wire and tube forming, surface treatment
- Certifications: ISO 14001, ISO 9001 1 et 2, IATF 16949, OHSAS 18001

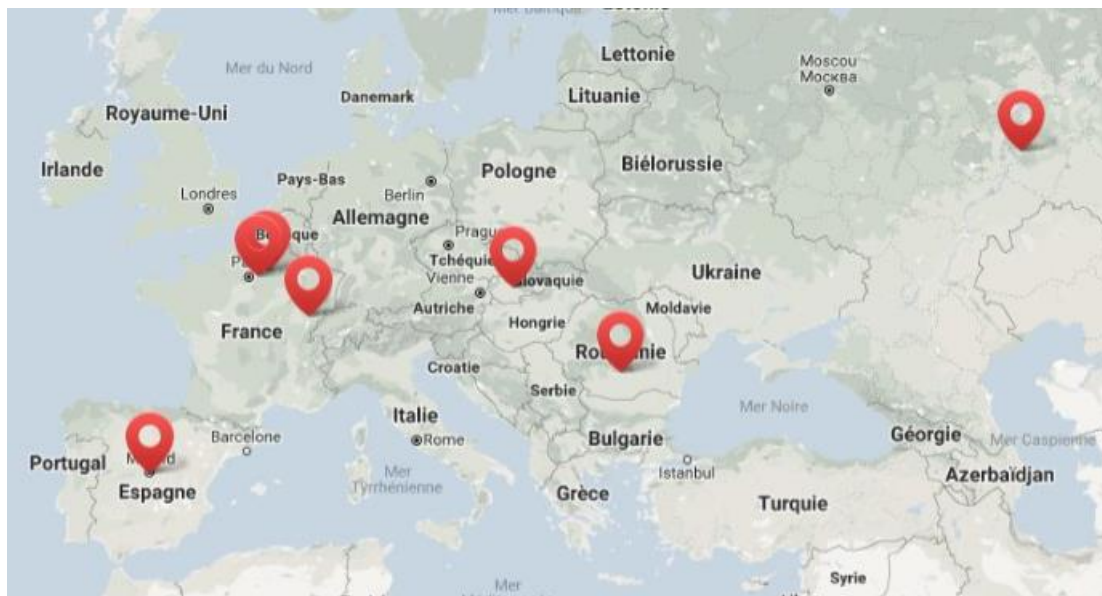


Defta Korea

- Location: Changwon City, Gyung-sangnam-do - Korea
- Workforce: 100 people
- Products: hinges, joints, gas springs



- *ISO 9001: quality management*
- *IATF 16949: quality management in the automotive industry*
- *ISO TS 16949: quality approach in the automotive industry*
- *ISO 14001: environmental management*
- *HSE: Health, safety and environment*
- *OHSAS: Occupational health and safety assessment series*
- *QSB: Quality System Basics (PSA and GM quality)*



2.3. Our clients



TOYOTA



RENAULT NISSAN MITSUBISHI



AVTOVAZ



PSA
GROUPE



RENAULT



Mercedes-Benz



SAAB



NISSAN



Audi



SKODA



Vauxhall



Valeo



BOSCH



HUTCHINSON®



d.st



faurecia



ZF Lenksysteme



TRW



Vibracoustic



Continental
CONTITECH



ADIENT



Freudenberg



Electrolux



SUMITOMO RIKO GROUP
SumiRiko AVS Germany GmbH



LEAR
CORPORATION



Schneider
Electric

2.4. Our products

Ressorts à gaz



Ressorts à gaz



Cage à rotule inclinée pour ressort à gaz

Mécanismes d'ouvrants



Articulations



Gâches



Glissières de vitre



Charnières de porte et Hayons

Moteurs



AVS

Armatures

Supports berceau moteur

Biellettes reprise de couple



Etanchéité



Pièces issues de découpage fin

Fourchettes de boîte de vitesse

Crabots



Divers



Supports échappements

armatures supports

supports berceau moteur

biellettes reprise de couple



Fonction Frein de Parking

Fourchettes de boîte de vitesse

Doigts de boîte de vitesse



Glissières



Accoudoirs

3. The principles we support

3.1. Human rights

3.1.1. Principle 1: Promoting and respecting the protection of international law pertaining to human rights

The Defta Group complies with the principles of the Universal Declaration of Human Rights of 1948, the International Labour Organisation (ILO) and particularly the conventions pertaining to the protection of workers and the prohibition of forced labour and child labour.

The group helps to promote these principles by asking all of its suppliers to sign the Defta Supplier Guidelines. The guidelines formally document the commitments expected by the group in the area of ethics, anti-corruption, respect for human rights and labour standards, protection of the health and safety of people and the protection of the environment.

Via its website, the group raises awareness about the principles of respect for human rights, most notably through its Defta supplier CSR charter.



Pour devenir fournisseur et intégrer le panel fournisseurs DEFTA, une entreprise doit satisfaire aux critères suivants :

- Faire une demande formelle écrite à DEFTA.
- Fournir les comptes officiels de la société (Bilan – compte de résultat). A renouveler tous les ans.
- Fournir les certifications ISO en cours de validité. A renouveler à chaque anniversaire.
- Fournir l'attestation d'assurance « responsabilité civile » avec les risques couverts et leurs montants. A renouveler annuellement.
- Nous retourner « signé et approuvé » la « charte fournisseur DEFTA RSE » (voir pièce jointe dans la colonne de droite)
- Attendre la validation écrite ou formelle des achats centraux.



PACK RFQ DEFTA

- Fiche d'identité fournisseur
- Clause de non divulgation
- Lettre d'intention de DEFTA avant affectation.
- Conditions Générale d'Achats
- Décomposition du prix
- Engagement de faisabilité
- Engagement capacitaire
- Protocole et engagement logistique
- Démarche d'assurance qualité produit process
- Conformité
- Charte fournisseur RSE Defta**

The Defta supplier charter has also been signed by the partners of Defta involved in the joint ventures in Russia, Korea and China.

CHARTRE FOURNISSEUR DEFTA

PREAMBULE

DEFTA et ses filiales se sont engagées dans une démarche volontariste de développement durable dans le cadre de leurs achats et de leurs contrats de sous-traitance.

Destinée à leurs fournisseurs, sous-traitants et prestataires de services (ci-après les « Fournisseurs »), cette charte formalise les engagements attendus par le Groupe en matière d'éthique, de lutte contre la corruption, de respect des droits de l'Homme et des normes du travail, de protection de la santé et de la sécurité des personnes, et de protection de l'environnement.

En adhérant à la charte RSE, le Fournisseur s'engage à faire ses meilleurs efforts pour respecter et mettre en œuvre l'ensemble des principes qui y sont exposés, dans le respect des dispositions contractuelles et des législations nationales applicables. Il s'engage à recevoir, et dans la mesure du possible à faire recevoir par ses propres fournisseurs et sous-traitants, les auditeurs, internes ou externes, qui pourront être mandatés par l'entité concernée du Groupe DEFTA pour en vérifier l'application.

Le Fournisseur se conforme, pour tous les thèmes de la présente charte, aux principes de la déclaration universelle des droits de l'Homme des Nations unies et des Conventions Fondamentales de l'Organisation Internationale du Travail (OIT).

Tout manquement grave et délibéré du Fournisseur aux principes exposés dans cette charte constituera un manquement à ses obligations contractuelles, susceptible d'entraîner, en fonction de la gravité de ce manquement, l'application des mesures coercitives prévues au contrat, pouvant aller le cas échéant jusqu'à la résiliation pure et simple du contrat aux torts du Fournisseur, sans préjudice de tous dommages et intérêts.

Dans le cas où un Fournisseur, en raison de circonstances particulières, ne serait pas en mesure de respecter certaines dispositions de cette charte, il sera tenu d'en faire part à l'entité concernée du Groupe DEFTA, afin de convenir des mesures correctives à mettre en œuvre.

1. ETHIQUE

Les entités du Groupe DEFTA et leurs Fournisseurs ont pour principe la loyauté afin d'instaurer et de maintenir des relations de confiance durables. Le Fournisseur conduit ses activités conformément aux principes d'honnêteté et d'équité et aux règlements applicables en matière de concurrence et d'interdiction de la corruption dans les transactions commerciales. La négociation et l'exécution des contrats ne doivent pas donner lieu à des comportements ou faits pouvant être qualifiés de corruption active ou passive, ou de complicité de trafic d'influence ou de favoritisme.

Les entités du Groupe DEFTA traitent avec honnêteté et équité tous leurs Fournisseurs, quelles que soient leur taille et leur condition, dans le respect du cadre propre à chaque pays, que tout collaborateur s'applique à bien connaître. Les collaborateurs et entreprises du Groupe mènent tout achat en suivant le principe de la concurrence loyale et ouverte.

Le Fournisseur s'interdit de proposer ou d'offrir à tout collaborateur du Groupe, tout cadeau, invitation, acte de complaisance, faveur ou tout autre avantage, pécuniaire ou autre, pour lui ou ses proches, susceptible de corrompre, d'influencer ou d'entraver l'intégrité, l'indépendance de jugement ou l'objectivité dudit collaborateur dans ses relations avec le Fournisseur.

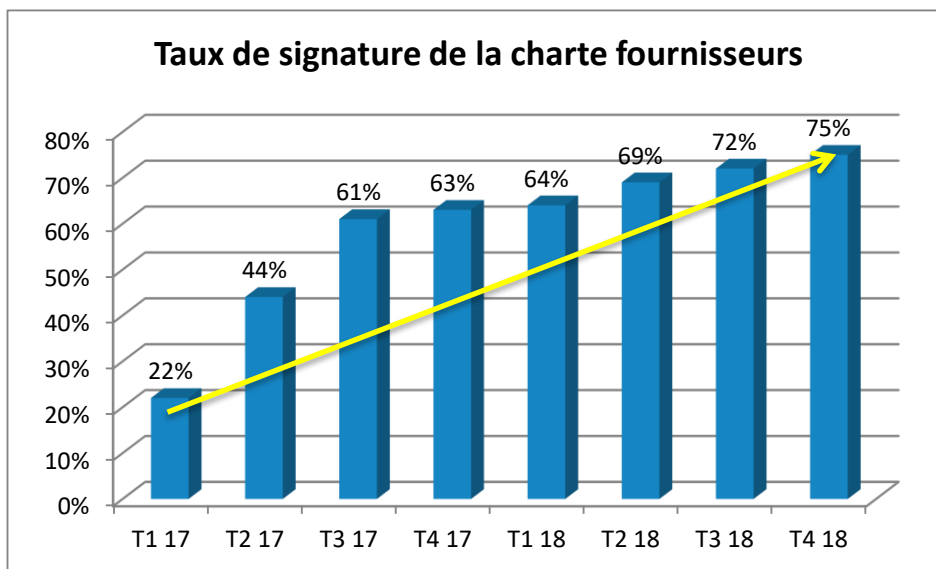
Les cadeaux offerts en tant que simple manifestation de courtoisie ne sont acceptables que s'ils sont exceptionnels, de faible valeur, liés à des occasions qui les justifient (par ex. cadeaux de fin d'année) et conformes aux usages les plus raisonnables du pays et de la profession.

Le Fournisseur s'interdit de prendre à sa charge les frais de voyage ou d'hébergement d'un collaborateur du Groupe, à l'occasion notamment de tous contacts commerciaux, visites de sites, audits ou présentations de produits. Les invitations à des repas ou à des manifestations culturelles, sportives ou similaires doivent conserver un caractère exceptionnel et ne doivent pas représenter des dépenses élevées.

The signature of the Defta supplier charter forms an integral part of the group's buying procedures.

In 2017, the group implemented performance indicators on the signed guidelines, including any exemptions to this charter and any related corrective measures.

Over the last two years, this indicator showed marked progress, demonstrating the efforts made by the group to promote and raise awareness about the protection of human rights among its suppliers.



At the end of December 2018, the charter's signature rate reached 75% of open accounts payable, which represents 80% of purchases in volume.

The Defta Group's medium term aim is to achieve a rate of 75% in the number of suppliers. This objective has already been achieved. The remaining 25% correspond to old suppliers with very low purchase volumes.

3.1.2. Principle 2: Ensuring they are not complicit in human rights abuses

- Suppliers and partners

The Defta supplier guidelines stipulate that any serious and deliberate infringement of the principles set out in the guidelines shall constitute a failure to comply with the contractual obligations and is liable, depending on the seriousness of the infringement, to entail the coercive measures set out in the contract, leading ultimately to the unconditional termination of the contract with costs payable by the supplier, without prejudice and without damages.

A supplier can only reply to a quote request and consequently be included in the group's panel of suppliers if it signs and agrees to the supply guidelines



Visite de fournisseurs proche de Shanghai par J.F. KER RAULT
Directeur des Achats Groupe

It also stipulates that Defta may appoint internal or external auditors to check that the guidelines are being properly applied.

During the 2018 calendar year, the Defta Group visited suppliers and partners representing 80% of its purchases to ensure that the provisions of the charter were being followed. In 2017, the rate was 70%.

No human rights violations were identified during the audits conducted in 2018 and 2017.

In 2018, a supplier audit schedule was drawn up and monitored in each of the group's factories during external supply committees. These audits were carried out with all the group's strategic or risk suppliers.

- Product quality

The Defta Group ensures that its products are designed and manufactured according to the highest standards of quality and qualification in order to minimise any human rights risks associated with its products. All Defta Group sites are certified in accordance with ISO 9001, ISO/TS 16949.

The sites also know how to meet the specific requirements of clients such as VDA-6, QSB+, CQC/CCC, ASES, SAM, etc.



- Safety in the workplace

LA SÉCURITÉ AU TRAVAIL

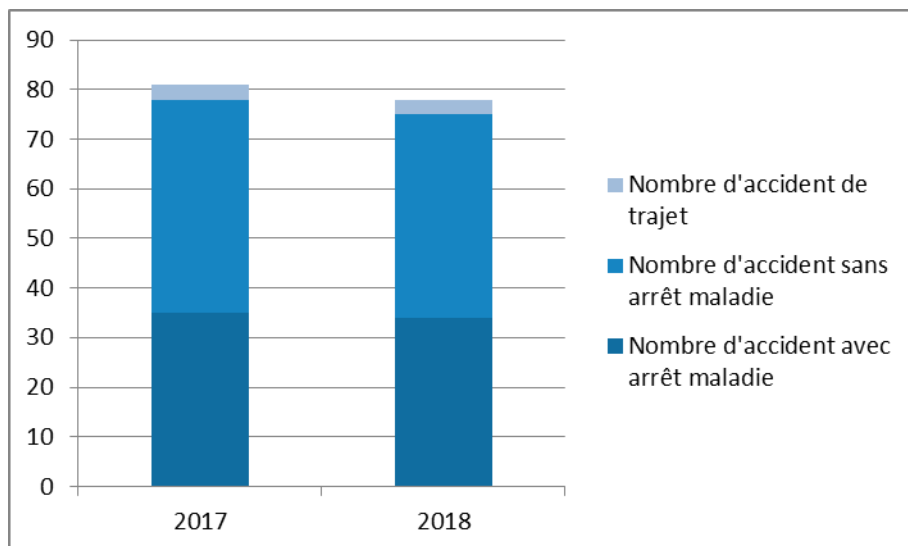
Pour DEFTA, la protection de la santé et la sécurité de nos collaborateurs est l'une des valeurs primordiales. Nous devons maintenir des normes élevées en termes de santé et sécurité au sein du Groupe et nous travaillons chaque jour à la réduction des risques d'accidents.

Committees have been set up in the different sites to identify the causes of the accidents and put together action plans to be implemented in order to minimise these risks.



The group carries out monthly monitoring of the number of workplace accidents and their severity in each of its entities.

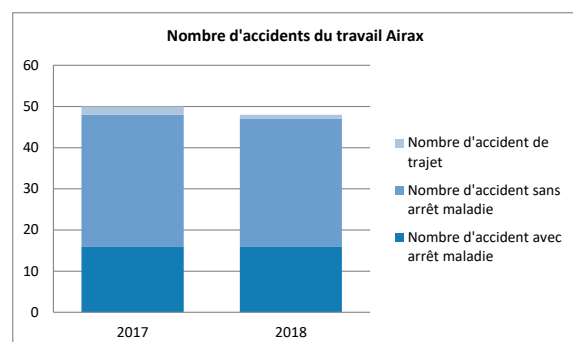
| Accidents de travail | 2017 | 2018 | Variation |
|---|-----------|-----------|---------------|
| Nombre d'accident avec arrêt maladie | 35 | 34 | -2,86% |
| Nombre d'accident sans arrêt maladie | 43 | 41 | -4,65% |
| Nombre d'accident de trajet | 3 | 3 | |
| Total | 81 | 78 | -3,70% |
| Effectif moyen | 1 113 | 1 214 | 9,07% |
| % de l'effectif ayant subi un AT | 7% | 6% | |



In 2018, the number of occupational accidents decreased by -4% with an average workforce increase of 9%.

More than 60% of work accidents were reported at Defta Airax.

This very high percentage is explained by the indicator used by Defta Airax, which takes into account the widest spectrum of accidents (TF3).



The number of accidents with sick leave decreased in 2018 (-1).

3.2. International labour standards

3.2.1. Principle 3: Respecting the freedom of association and recognising the right to collective bargaining.

Given its presence in France, Spain, Slovakia, Romania, Russia and Korea, which are member countries of the ILO, the group monitors compliance with the legislation applicable to the freedom of association and the right to collective bargaining.



In 2017, this commitment resulted in the implementation of a profit-sharing plan for Defta Services employees.

LA PROXIMITE

DEFTA prône une culture proche et à l'écoute de ses collaborateurs. Chacun est conscient de la valeur de l'autre, ce qui permet de créer un environnement de travail respectueux et réactif.

3.2.2. Principle 4: Contributing to the elimination of all forms of forced and compulsory labour

The Defta group functions in accordance with the law and does not use forced labour.

In order to prevent forced labour from being used indirectly through our suppliers and sub-contractors, we ask them to commit to this principle by signing the supplier guidelines.

Our guidelines explicitly stipulate that "the supplier agrees not to use forced or compulsory labour, as it is defined in the C29 and C105 conventions of the ILO. The C29 Convention defines forced or compulsory labour as all works or services which are exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."

3.2.3. Principle 5: Contributing to the effective abolition of child labour

The Defta Group complies with the law pertaining to child labour in the countries in which it is present.

In order to contribute to effectively abolishing child labour, we ask our suppliers, sub-contractors and partners to sign our guidelines that stipulate the following: "The supplier agrees to apply the provisions pertaining to the abolition of child labour and the protection of children and teenagers as defined by the conventions of the ILO. In particular, it agrees not to employ people under the minimum age required for working as stipulated in the C138 and C182 conventions of the ILO."

Provisions of ILO Convention No. 138

| Nature des travaux | âge minimum | Exception possible pour les pays en développement |
|--------------------|--|---|
| Travaux dangereux | 18 ans (16 ans sous certaines conditions) | NA |
| Age minimum de bas | Age auquel cesse la scolarité obligatoire et au minimum 15 ans | 14 ans |
| Travaux légers | 13 - 15 ans | 12 - 14 ans |

Ratification dates of articles C138 and C182 of the ILO by the countries in which the group is present:

| Article | C138 | âge spécifié | C182 | Statut |
|-----------|------------|--------------|------------|------------|
| France | 13.07.1990 | 16 ans | 11.09.2001 | En vigueur |
| Espagne | 16.05.1977 | 16 ans | 02.04.2001 | En vigueur |
| Slovaquie | 29.09.1997 | 15 ans | 20.12.1999 | En vigueur |
| Roumanie | 19.11.1975 | 16 ans | 13.12.2000 | En vigueur |
| Russie | 03.05.1979 | 16 ans | 25.03.2003 | En vigueur |
| Chine | 28.04.1999 | 16 ans | 08.08.2002 | En vigueur |
| Corée | 28.01.1999 | 15 ans | 29.03.2001 | En vigueur |

source : site ilo.org <http://www.ilo.org>

During visits to suppliers and partners, we verify compliance with ILO Conventions C29, C105, C138 and C182.

3.2.4. Principle 6: Contributing to the elimination of discrimination in respect of employment and occupation

The Defta Group selects its employees based on their capacity to fulfil their role without distinction, exclusion or preference based on any other reason.

The group's website publishes our HR policy and highlights in particular our desire to work to eliminate all cases of discrimination:



LA DIVERSITÉ des profils recrutés :

Nous souhaitons attirer et intégrer les meilleurs, en excluant toutes discriminations et en favorisant la diversité au sein du Groupe.

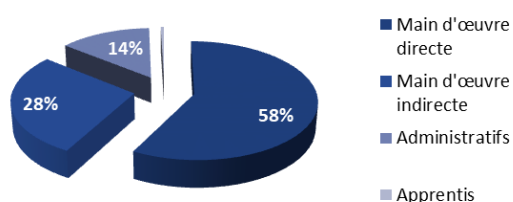
Créer un dialogue économique et social permanent et riche entre salariés, managers et partenaires sociaux.

The characteristics of the group's staff are as follows:

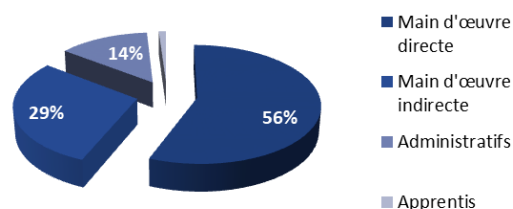
- Staff by socio-professional category

| Effectif à périmètre constant fin déc. | 2017 | % | 2018 | % | Variation |
|--|--------------|-------------|--------------|-------------|------------|
| Main d'œuvre directe | 707 | 58% | 681 | 56% | -4% |
| Main d'œuvre indirecte | 342 | 28% | 355 | 29% | 4% |
| Administratifs | 168 | 14% | 164 | 14% | -2% |
| Apprentis | 6 | 0% | 13 | 1% | 117% |
| <i>Dont Stagiaires</i> | 2 | 0% | 3 | 0% | 50% |
| Total | 1 223 | 100% | 1 213 | 100% | -1% |

Répartition des effectifs 2017

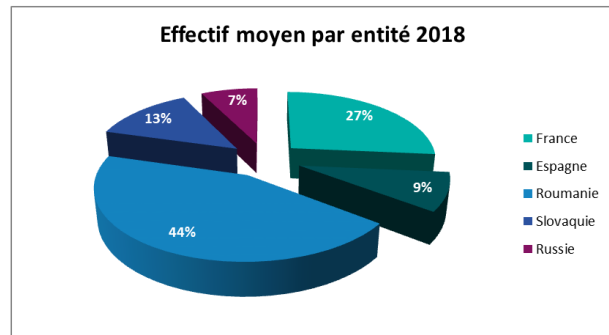
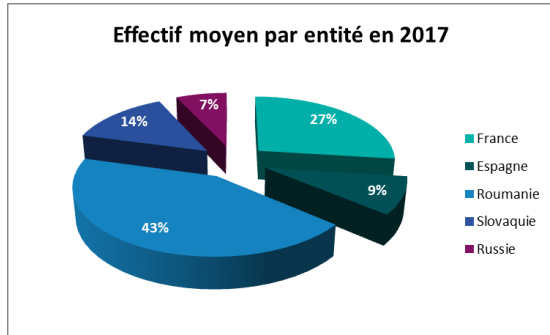


Répartition des effectifs 2018



- Staff by location

| Effectif par entité à périmètre constant fin déc. | 2017 | % | 2018 | % | Variation |
|---|--------------|-------------|--------------|-------------|------------|
| Defta Services | 40 | 3% | 38 | 3% | -4% |
| Defta Essômes | 167 | 14% | 161 | 13% | -3% |
| Defta Airax | 123 | 10% | 121 | 10% | -2% |
| Sous-total France | 330 | 27% | 321 | 26% | -3% |
| Espagne | 111 | 9% | 107 | 9% | -4% |
| Roumanie | 528 | 43% | 536 | 44% | 1% |
| Slovaquie | 169 | 14% | 160 | 13% | -5% |
| Russie | 85 | 7% | 90 | 7% | 5% |
| Total | 1 223 | 100% | 1 213 | 100% | |

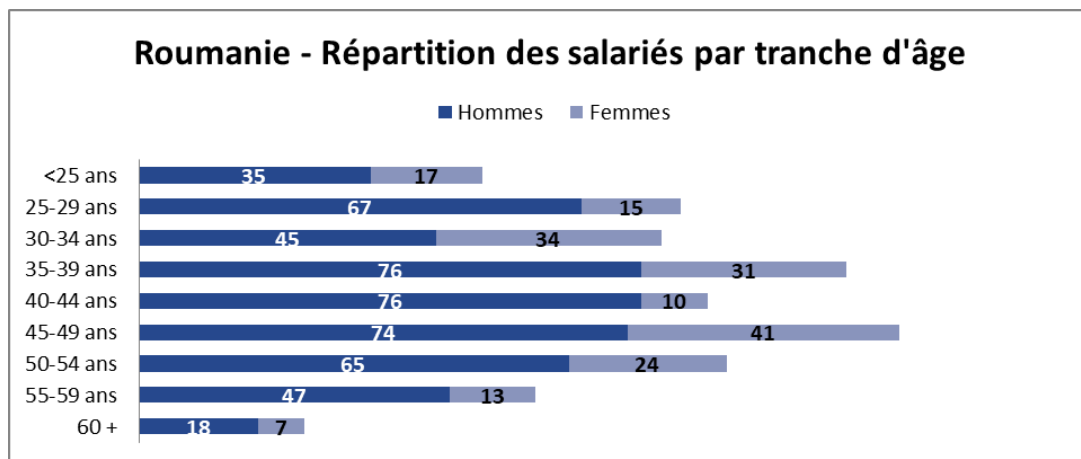


- Average wage

| Salaire moyen | 2017 | 2018 | Variation |
|-----------------------|-------|-------|-----------|
| Masse salariale en m€ | 24 | 28 | 14% |
| Effectif moyen | 1 113 | 1 214 | 9% |
| Salaire moyen en k€ | 22,0 | 23,0 | 4% |

The average salary in the group increased by 4% between 2017 and 2018.

- Breakdown of Defta Romania employees by age group



- Breakdown of staff by gender

| Roumanie | | | | |
|--|------------|------------|------------|------------|
| Effectif par CSP et par sexe au 31.12.2018 | Homme | Femme | Total | % femmes |
| Main d'œuvre directe | 348 | 138 | 486 | 28% |
| Main d'œuvre indirecte | 141 | 37 | 178 | 21% |
| Administratifs | 14 | 17 | 31 | 55% |
| Total | 503 | 192 | 695 | 28% |

Women are less represented than men in the workshops and particularly in direct labour. However, the proportion of women is slightly above average in the administrative workforce.

All the group's board of directors include at least one woman.

- Training

The group invests significantly in the training of its teams.

Training is one of the four pillars of the group's HR policy:

LA FORMATION

Notre politique de formation vise à transmettre le savoir-faire et la culture du Groupe, et adapter les compétences aux nouveaux enjeux.

Des formations de type Hygiène Sécurité et Environnement (HSE) sont mise en place afin de sensibiliser nos salariés sur les questions d'environnement, de santé et de de sécurité et les impliquer dans notre processus d'amélioration continu.

*Certification **ISO/TS 16949** : Cette norme définit les exigences en matière de système de management de la qualité pour la conception, le développement, la production, l'utilisation, et les prestations de service associées aux produits du secteur automobile.*

The number of training hours increased considerably in 2018 but with a decreased budget of -20% between 2017 and 2018.

Training therefore reached 51,482 hours in 2018, equal to 42 hours per employee and an average cost of €250 per employee, a decrease of -19%.

| Formations | 2017 | 2018 | Variation |
|---|--------|--------|-----------|
| Dépenses de formation en K€ | 376 | 303 | -20% |
| Nombre d'heures de formation | 41 518 | 51 482 | 24% |
| Nombre moyen d'heure de formation par salarié | 34 | 42 | 25% |
| Coût moyen par salarié en € | 308 | 250 | -19% |

The group is mindful to distribute training evenly between socio-professional categories and between men and women.

For example, at Defta Essômes, the training budget represented 2.50% of the payroll in 2017 and the average number of training hours was close to 30.

| Defta Essômes - Données 2017 | Main d'œuvre directe | Main d'œuvre indirecte | Administratifs | Total |
|--|----------------------|------------------------|----------------|-------|
| Heures de formations réalisées | 1 077 | 2 815 | 918 | 4 810 |
| Nombre de formation données | 176 | 141 | 43 | 360 |
| Nombre d'heure moyen par formation | 6 | 20 | 21 | 13 |
| Effectif | 80 | 64 | 22 | 166 |
| Nombre d'heure moyende formation par salarié | 13 | 44 | 42 | 29 |

- Temporary contracts

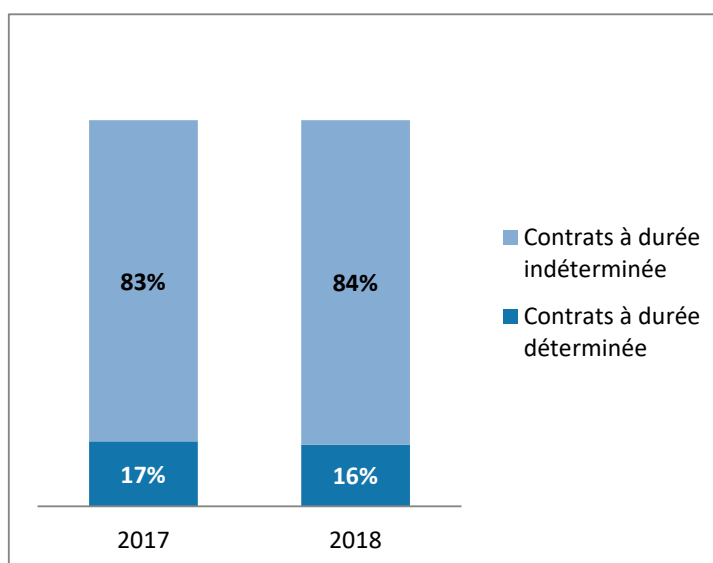
| Nombre d'ETP ayant des contrats à durée déterminée | 2017 | % du total des ETP | dont France | dont Roumanie | 2018 | % du total des ETP | dont France | dont Espagne | dont Roumanie | Variation |
|--|------------|--------------------|-------------|---------------|------------|--------------------|-------------|--------------|---------------|------------|
| Main d'œuvre directe | 198 | 28% | 45 | 145 | 184 | 27% | 24 | 3 | 157 | -7% |
| Main d'œuvre indirecte | 6 | 2% | 6 | | 8 | 2% | 7 | 0 | | 32% |
| Administratifs | 2 | 1% | 2 | | 1 | 1% | 1 | | | -33% |
| Total | 206 | 17% | 53 | 145 | 193 | 16% | 33 | 3 | 157 | -6% |

In 2018, 16% of the group's employees had temporary contracts compared with 17% in 2017. The proportion of fixed-term contracts therefore slightly decreased.

The proportion is high for direct labour (27% of the workforce), particularly in Romania.

The group monitors the changes in staff levels with temporary contracts on a monthly basis in order to ensure that this proportion remains reasonable.

It cannot, however, arbitrarily limit the use of this type of contract given its need for temporary staff to fulfil occasional increases in its production plans.



3.3. Environment

3.3.1. Principle 7: Supporting a precautionary approach to environmental challenges

The Defta Group is committed to implementing a series of clearly defined progress plans in order to ensure that its profitable growth is compatible with the promotion of environmental quality.

In this regard, the sites of Defta Essômes and Defta Airax in France and GIC Nosag Metal in Romania are ISO 14 001 certified. These entities cover more than 70% of the group's business.

For your information, the ISO 14 001 standard is a framework that sets out rules for incorporating environmental concerns within the activities of an entity so that it can control the impacts on the environment and thereby reconcile the operational demands of the organisation with respect for the environment. It concerns the environmental aspects associated with the activities, products and services of the entity (interactions between the activities, products and services and the environmental components). This standard is internationally recognised.

In order to comply with these requirements, an environmental management system must be implemented, including the following:

- an environmental analysis that can be used to draw up an inventory of the activities, the regulations that apply to the latter and the environmental impacts that they entail;
- an environmental policy that is made up of a commitment to continuously improve and prevent pollution, to comply with the law and the applicable environmental regulations and the other requirements to which the organisation is committed;
- the organisational structure, planning activities, responsibilities, practices, procedures, processes and resources for developing, implementing, completing, reviewing and maintaining the company's environment policy.

The implementation of an environmental management system in accordance with the reference document of the ISO 14 001 standard is based on a determined approach to enable the following:

- better understanding the environmental impacts generated by the organisation's activities;
- ensuring that the regulations are respected and being in a position to anticipate future changes to the latter;
- being in a position to improve practices in keeping with the continuous improvement principle aimed at reducing environmental impacts.

The environmental management system plays a direct role in integrating sustainable development principles within the company's operations.

The certification, in accordance with the ISO 14 001 standard, of an environmental management system is obtained following an audit carried out by an independent approved body. In order to maintain the certification over time, the system's compliance

with the standard must undergo regular verifications and the certification must be renewed (every 3 years) by an independent body.

3.3.2. Principle 8: Undertaking initiatives to promote greater environmental responsibility

In order to monitor their impact on the environment, the different sites of the group have set up indicators to identify the action plans and measures needed to reduce the negative consequences of their activity on the environment and measure their effectiveness.

The indicators of each of the sites have not yet been standardised and cannot therefore be used to monitor the performance of the entire group using consolidated figures. Given this situation, the Defta Group decided to set up a specific reporting system containing the relevant environmental indicators and to set overall medium-term objectives for each of the relevant indicators that will be monitored.

A first quarterly indicator (KwH ratio consumed per productive m²) was monitored during 2017.

Since 2017, the group's actions have focused on the following points:

- Reduction of electricity consumption by implementing machine stops
- Reduction of oil consumption by better controlling production parameters
- Reduced carbon impact by promoting carpooling and cycling.

Below is a list of the monitored indicators and some of the actions implemented by Defta Essômes, Defta Airax and GIC Nosag Metal (Romania) to illustrate the initiatives taken by the group to promote greater responsibility in relation to the environment.

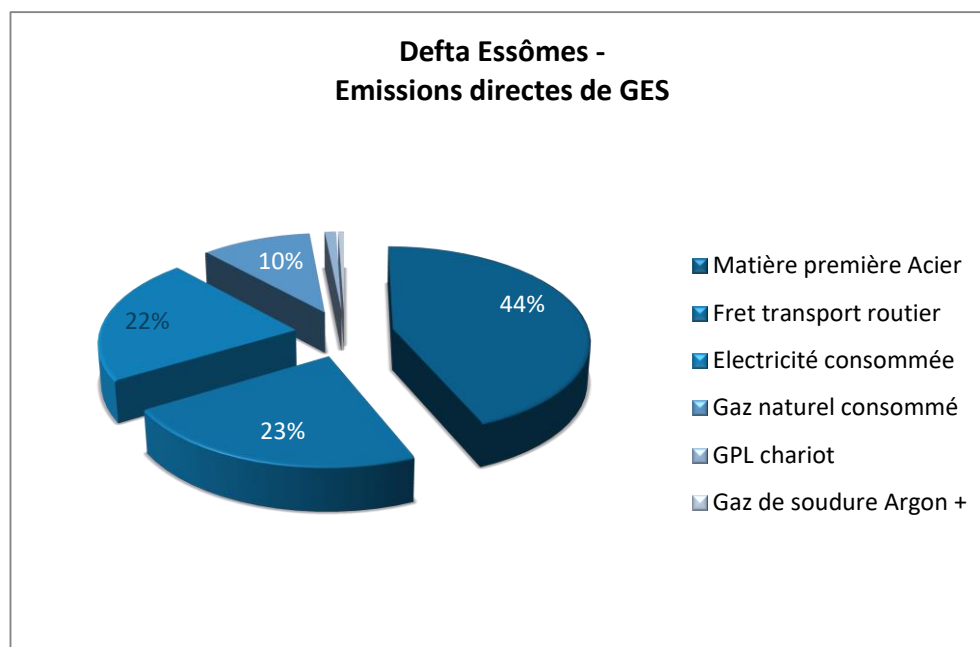
Defta Essômes

- Greenhouse gas emissions

In 2018, Defta Essômes carried out an assessment of its greenhouse gas emissions to identify the main sources of emissions and be able to draw up action plans to be implemented to reduce these emissions.

The results of this carbon assessment were as follows:

| Defta Essômes Emissions directes de GES (TeCO2) | 2018 | % |
|---|--------------|-------------|
| Matière première Acier | 579 | 44% |
| Fret transport routier | 301 | 23% |
| Electricité consommée | 289 | 22% |
| Gaz naturel consommé | 136 | 10% |
| GPL chariot | 14 | 1% |
| Gaz de soudure Argon + | 7 | 1% |
| Total | 1 326 | 100% |

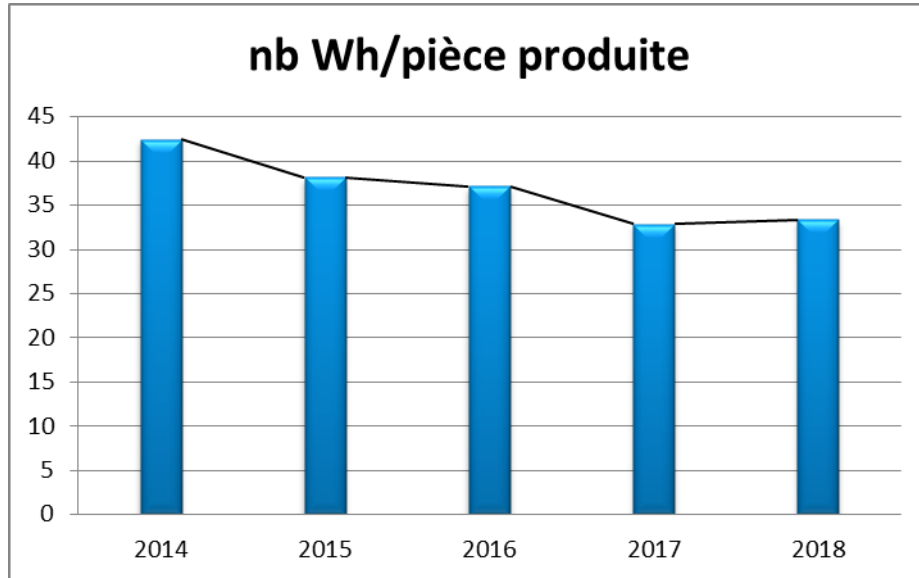


The main indicators monitored by Defta Essômes are as follows:

- Electrical consumption per part

The company has set itself the medium-term objective of attaining a consumption of 35Wh per part produced. This objective was not only reached but exceeded in 2017 and 2018:

| Defta Essômes | 2016 | 2017 | 2018 | Variation |
|----------------------------|------------|------------|------------|-----------|
| Consommation en kWh | 3 099 344 | 3 049 181 | 3 212 376 | 5,4% |
| Nombre de pièces produites | 83 635 085 | 92 985 521 | 96 522 382 | 3,8% |
| wH par pièce | 37,06 | 32,79 | 33,28 | 1,5% |



The objective of reducing electricity consumption has been achieved thanks to several actions such as:

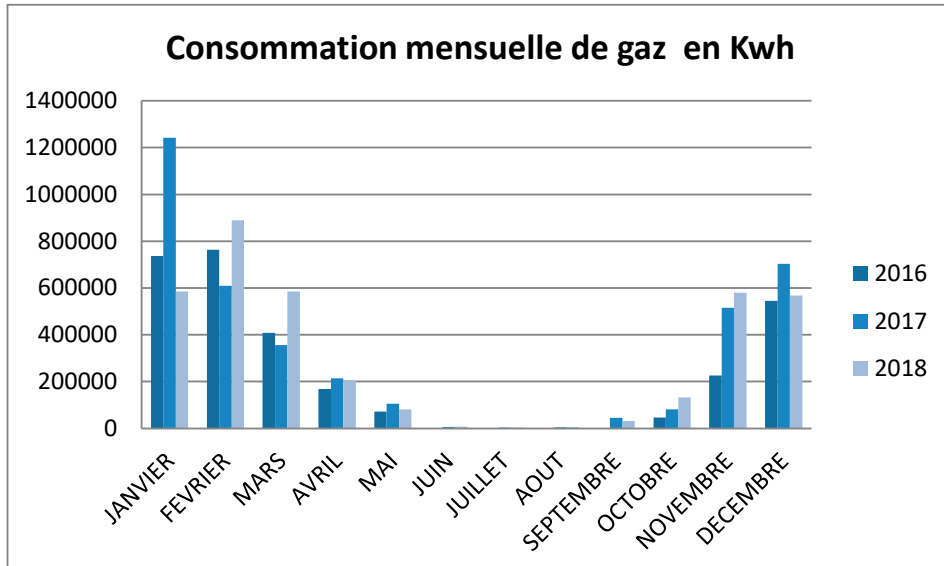
- Investing in a variable-flow compressor that tailors the flow to the needs of the workshop
- Installing motion-sensor systems that regulate the lighting in the administrative building
- Communicating best practices for reducing electrical consumption (switching off machines, lights, etc.)

• Gas consumption

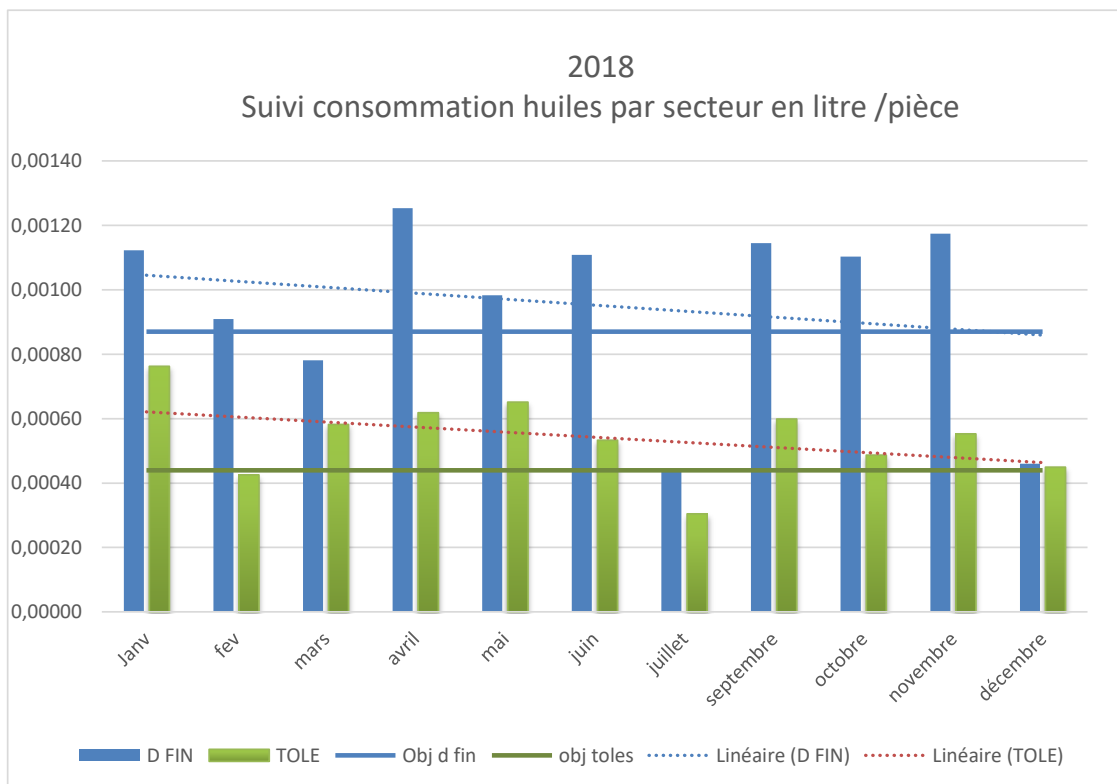
The consumption of gas is monitored and analysed on a monthly basis.

The consumption observed in 2018 fell slightly compared to 2017:

| Defta Essômes | 2016 | 2017 | 2018 | Variation |
|----------------------------|-----------|-----------|-----------|-----------|
| Consommation de gaz en Kwh | 2 968 736 | 3 886 339 | 3 677 593 | -5,4% |



• Oil consumption



Defta Essomes gave itself the objective of reducing its oil consumption to 0.5ml per press stroke by 2020. Achieving this goal requires fine control of the parameters.

- Protection of natural sites

The Defta Essômes site is located near to a river. The water quality of this river is regularly monitored to check that it is not polluted.



- Waste recycling and management

All hazardous waste is passed on or sold on to official recycling channels.

| Defta Essômes en tonnes | 2016 | 2017 | 2018 | Variation |
|-------------------------------------|------------|------------|------------|-----------|
| Déchets hydrocarbonés | 158 | 171 | 177 | 3,6% |
| Déchets Industriels Dangereux (DID) | 22 | 17 | 23 | 31,6% |
| Boue Meulure d'acier | 13 | 0 | 5 | |
| Autres déchets dangereux | | 1 | | |
| Total | 193 | 189 | 204 | 8% |
| Nombre de pièces produites | 83 635 085 | 92 985 521 | 96 522 382 | 3,8% |

The other waste is sorted according to the standards of the automotive industry.

| Defta Essômes en tonnes | 2017 | 2018 | Variation |
|-------------------------------|------------|------------|------------|
| Déchet Industriel Banal (DIB) | 17 | 23 | 31% |
| Papier/carton/Plastiques | 22 | 30 | 35% |
| Bois | 192 | 177 | -8% |
| Total | 231 | 230 | -1% |

Defta Airax

Defta Airax started to formalize an environmental dashboard in 2017. This dashboard aims to track energy consumption, greenhouse gas emissions, water consumption, waste management, plastic and wood recycling.

Please find below a summary of the data from the environmental dashboard.

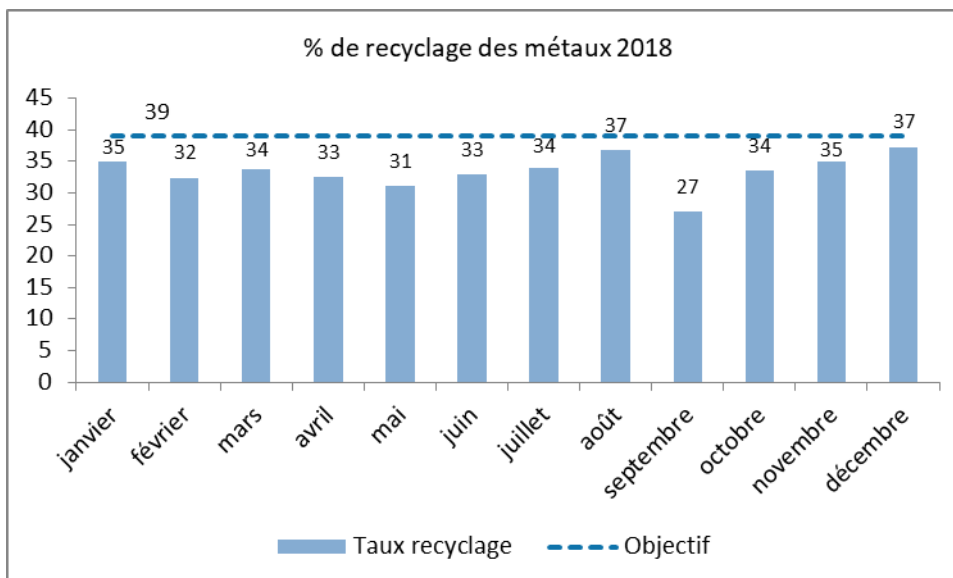
| Defa Airax Consommation d'énergie | 2017 | 2018 |
|-----------------------------------|-----------|-----------|
| Consommation d'énergie* | 7 119 910 | 6 191 413 |
| Nombre de pièces produites | 8 094 743 | 8 020 212 |
| Wh par pièce | 0,88 | 0,88 |

* électricité et gaz

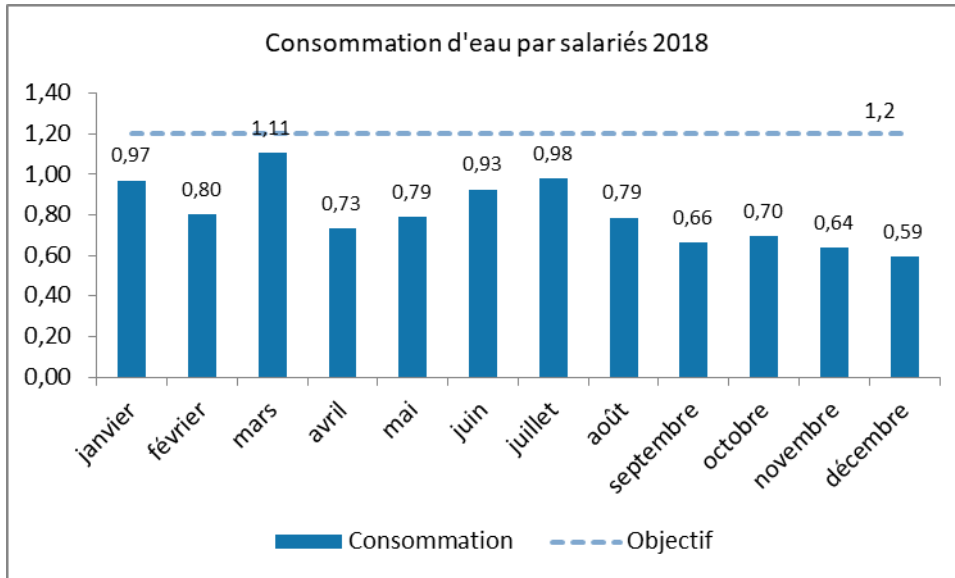
| Defa Airax - Emission GES en kg CO ₂ | 2017 | 2018 |
|---|---------|---------|
| Emissions CO ₂ Propane | 262 048 | 221 663 |
| Emissions CO ₂ Consommation électrique | 359 130 | 313 910 |
| Emission GES globale | 621 178 | 535 573 |

GIC Nosag Metal

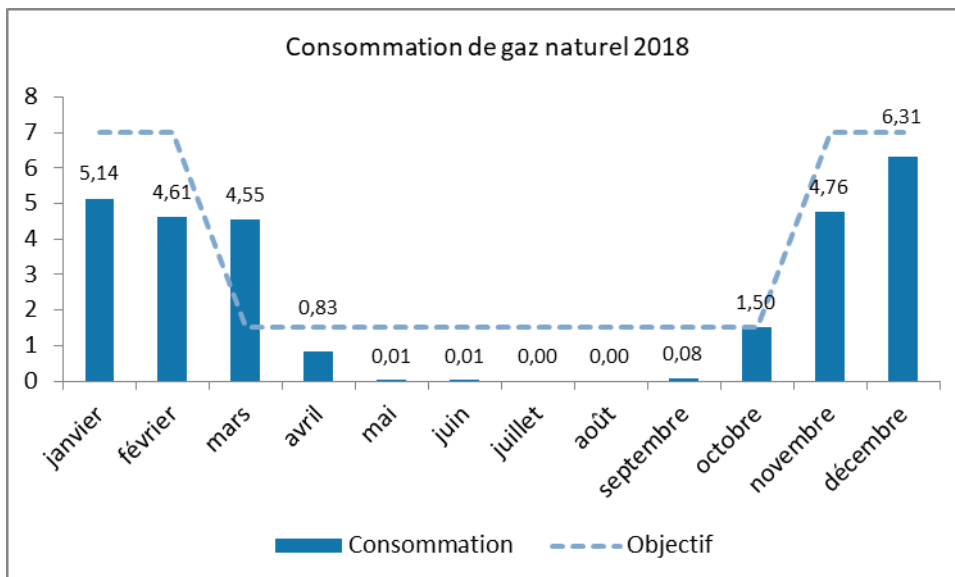
The company sets targets for metal recycling and compares its achievements against these targets. In 2018, the recycling rate achieved was below the target (33 compared to 39).



The results recorded for water consumption per employee are very encouraging with an objective largely achieved (0.81 compared with a target of 1.2).



The same is true for gas consumption, which averaged 2.32 in 2018 compared with a target of 3.33.



3.3.3. Principe 9: Encouraging the development and diffusion of environmentally friendly technologies.

The Defta Group seeks technological solutions to reduce the negative impact of its activities on the environment.

For example, Defta Airax launched an ambitious project to prevent exposure to chemical products in its chrome-plating and QPQ workshops. The objective is to find a substitute to Cr VI. The feasibility studies have been completed. The shutdown of the chrome-plating chain took effect at the end of 2016 and the process for substituting it with gas nitriding is in place.

The new nitriding workshop will significantly reduce the environmental impact of Defta Airax.

Furthermore, the group's buying guidance letter sets out the guidelines of the buying policy for the next three years, which includes encouraging innovation and sustainable development by minimising environmental impacts.

Le 4 janvier 2018

Les « Achats » du Groupe DEFTA ont pour finalité le développement d'un panel fournisseur permettant de satisfaire le besoin de fourniture externe des sites en CQD.

Cette politique est une déclinaison des axes du plan stratégique définis et validés par le Comité de Direction DEFTA. Elle s'inspire des méthodes de notre démarche d'amélioration continue « DCI »

Les orientations de la politique d'achat pour les 3 années à venir sont :

- *Contribuer à l'amélioration des performances financières et à l'atteinte des objectifs d'entreprise.*
- *L'optimisation constante des processus administratifs par la réduction des délais et coûts.*
- *Consolider les évaluations fournisseurs afin de mesurer leur performance.*
- *Rechercher l'amélioration continue et la poursuite des relations commerciales avec les fournisseurs les plus performants.*
- *Favoriser l'innovation et le développement durable en limitant l'empreinte environnementale (charte RSE)*

Nous attachons également une grande importance à l'aptitude de nos fournisseurs à nous accompagner dans le développement de nos activités.

Le « Comité de Fourniture Extérieure », la mise sous « plan de progrès » des fournisseurs défaillants, l'harmonisation des procédures achats Groupe sont les moyens retenus, pour nous permettre d'assurer un suivi et une mesure des avancées, visant au respect des orientations définies dans cette politique par chacun des sites DEFTA.

Jean-François KER RAULT
Directeur Achats Groupe
Manager Groupe RSE

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Whether it relates to the product or the manufacturing process, technical, environmental or economic advances, Defta teams have an insatiable appetite for innovation and continuous improvement.

Many of these innovations, both with and without patents, have now come to fruition:

- Over-moulding of strike plate
- "Pedestrian impact" lock
- Commercial vehicle hinge
- Lumbar adjustment on backrest cover
- Automation and standardization of assembly methods: for large production lines, DEFTA designs and builds fully automatic assembly units. These units can be identically replicated across different sites, closer to the geographic need of customers, with the same performance and cost criteria.
- Taking into account the working conditions (safety, ergonomics, prevention of RSI, etc.) and quality in the optimisation of production methods benefits all employees whichever site they work on



3.4. Anti-corruption

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

The Defta group complies with the regulations, including those that pertain to anti-corruption laws.

This commitment is communicated to the suppliers and sub-contractors through the supply guidelines in particular.

The group also makes regular commitments to its clients by adopting their codes of conduct, e.g. signature of the U-Shin Code of Ethic.

The group's buying manager also signed the code of conduct of the "Syndicat des Fabricants d'Equipements et de Pièces Automobiles" (union of automotive components and parts manufacturers).

The group had an objective to formalize its commitment to the fight against corruption. This was made formal when it required all group members to sign an anti-corruption code in March 2017.



Conférence au palais BRONGNIART de l'international Corporate Governance Network (ICGN)

I

Code de conduite

Avant-propos de la convention des nations unies contre la corruption, 2004

« La corruption est un mal insidieux dont les effets sont aussi multiples que délétères. Elle sape la démocratie et l'état de droit, entraîne des violations des droits de l'homme, fausse le jeu des marchés, nuit à la qualité de la vie et crée un terrain propice à la criminalité organisée, au terrorisme et à d'autres phénomènes qui menacent l'humanité. »

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2- Règles fondamentales et ses applications

- 2-1 Cadeaux, signes de courtoisie et d'hospitalité, divertissements
- 2-2 Règles spécifiques aux agents publics
- 2-3 Dons à des organisations caritatives ou politiques
- 2-4 Mécénat, sponsoring
- 2-5 Paiements de facilitation
- 2-6 Engagement de surveillance des tierces parties
- 2-7 Conflits d'intérêts
- 2.8 Enregistrements/Contrôles internes

3- Mise en application

- 3-1 Formation
- 3-2 Assistance/Signalement de pratiques non conformes - Protection contre les représailles
- 3-3 Dispositifs d'alerte professionnelle / Protection des données personnelles
- 3-4 Violation du présent code
- 3-5 Mise en œuvre : responsabilité et surveillance

The group's code of conduct is now in force. In France, it has been presented to staff representatives and been made a part of the internal regulations.

The group has also appointed an ethics representative and set up a system for reporting alerts via the opening of a dedicated email address.