



INNOVATIONS IN PROCESS

# COMMUNICATION ON PROGRESS

REPORT 2018



**DRADURA**

## CONTENTS

CHIEF EXECUTIVE'S STATEMENT	03
COMMUNICATION ON PROGRESS	
HUMAN RIGHTS	04
LABOR	06
ENVIRONMENT	09
ANTI-CORRUPTION	11



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



## CHIEF EXECUTIVE'S STATEMENT

Dradura joined the United Nations Global Compact four years ago now and we continue to support their mission to make business a force for good. The expressed commitment to sustainability and belief that businesses can play an active role in creating a better world are both aspirations that are close to our heart.

Since joining the Compact, we have made its 10 universal principles a cornerstone for all our actions, both within our immediate field of business and in terms of how we interact with the societies in which we operate. We see the goal of creating a sustainable and inclusive economy that achieves lasting benefits for people, communities and markets as not only achievable but deeply necessary.

By making this public commitment, we are also actively communicating our willingness to protect human rights, labor rights and the environment, and to fight corruption. These things have always been part of our DNA and we are more than happy of the opportunity to demonstrate those values and encourage others to adopt them. Since making corporate compliance central to our activities in 2015,

we have taken a proactive stance on raising awareness of these issues, both inside and outside the company.

Within this context, we set down our own corporate philosophy and code of conduct back in 2016. These documents have given a clear lead to our employees, business partners and other stakeholders, and are fully in line with the principles and goals of the Global Compact. At the same time, we continue to build on our comprehensive environmental management system to ensure that we honor our own rules. We are also constantly implementing measures and looking for new ways to improve our environmental performance.

This report has been compiled in the spirit of the Global Compact and sets out the concrete actions we have undertaken to support its goals. We are proud of the progress we have made and the evidence of our efforts that is contained in these pages. We look forward to continuing our support of the United Nations Global Compact as an initiative to achieve positive social, economic and environmental change across the globe.

Sincerely,

Matthias Kreye  
CEO  
DRADURA HOLDING GMBH & CO. KG.

# Communication ON PROGRESS

## HUMAN RIGHTS

No matter where in the world Dradura is active today, we are guided by the same standards and values that have made us so successful throughout our long history. First and foremost, respect. Respect for each other. Respect for other people. Respect for the environment.

This naturally also means that we respect all applicable laws and meet all non-statutory requirements for occupational health and safety at all our sites. Our membership of the Global Compact, whose goals we have unreservedly supported since we joined in 2015, is not the only way of ensuring this. A further guarantee is that we have built up a comprehensive compliance management system that ensures that we not only meet our legal obligations, but also meet all the targets we have set ourselves in these areas. Specifically, these include the ten principles of the Global Compact. It is therefore self-evident throughout our company that we will not tolerate child labor or other unfair exploitation in any of our areas of activity, and that we will adhere to honest business practices and not gain illegal or unjustified advantages.

### **More than the sum of the individual measures**

In addition to these commitments, we have in the past year implemented a whole series of individual measures at our various locations

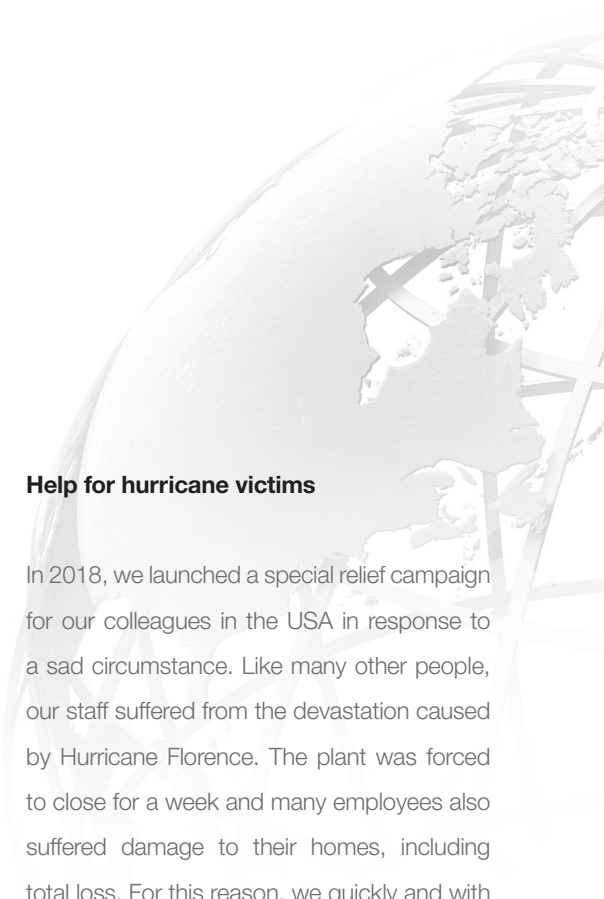
that document our actions and our progress in achieving the targets we have set ourselves.

As a company, we recognize the value that our employees bring and we express our appreciation of their contributions. One example of this is our annual festive dinner for employees at our Cusset site in France. On this occasion, we invite the entire team to join us for an evening of good food and entertainment at a selected restaurant. The highlight of the event is the presentation of medals of honor to any employees who are celebrating a significant anniversary in that year.

### **Participation**

Having respect for people also means accepting them as they are, which is why we actively support physically or mentally handicapped people. At our plant in Cusset, we have set up a workplace for six people with disabilities that enables them to participate in everyday life. We took their special needs into account when setting up the workplace, just as we do when organizing work and planning working hours.

Furthermore, we support people outside our company who need help in one way or another. In 2018, as every year, our US branch in New Bern supported various charitable projects. These include the YMCA, West Carmen High



School and the New Bern Breakfast. All these activities are aimed at improving the lives of young people from less affluent backgrounds. Similarly, our site in Poland has launched a campaign in support of children. As part of a major fundraising initiative, employees donated old clothes, toys and other items. The proceeds went to a foundation that cares for sick children.

With our sponsorship of the “Pfalz Trail” (Palatinate Trail, Germany), we are also supporting a campaign that we feel is well worthy of promotion. This is an annual cross-country run contested over different distances and in different categories. This year, alongside hundreds of other runners, several of our colleagues from the German Altleiningen site took part in the event.

### **Help for hurricane victims**

In 2018, we launched a special relief campaign for our colleagues in the USA in response to a sad circumstance. Like many other people, our staff suffered from the devastation caused by Hurricane Florence. The plant was forced to close for a week and many employees also suffered damage to their homes, including total loss. For this reason, we quickly and with no administrative fuss paid a bonus to our staff there so that they could continue to pay their bills and not be left penniless or without food and shelter.

## LABOR

Our colleagues are our most important capital. With their commitment and willingness to perform, they determine whether or not our company is successful. Inspired by this appreciation, we have implemented or initiated various measures in the past year to make work more pleasant for our employees and to help them stay healthy and enjoy coming to work.

### Protection and provision

While comprehensive health insurance is standard in European countries, basic health provision in the USA is relatively inadequate and everyone has to take care of his or her own healthcare needs. This is why, for the past ten years, we have been offering our US employees health insurance with all kinds of additional benefits and life insurance. As a result, they are covered for all eventualities and can also benefit from health-preserving medical care without having to worry about costs. A further measure to maintain health is Fruit Day, on which we make a selection of fresh, healthy fruit available to all employees every week, free of charge.

We also organize free flu and tetanus vaccinations at our Cusset plant in France as a way of maintaining good health. Every year, dozens of our employees make use of

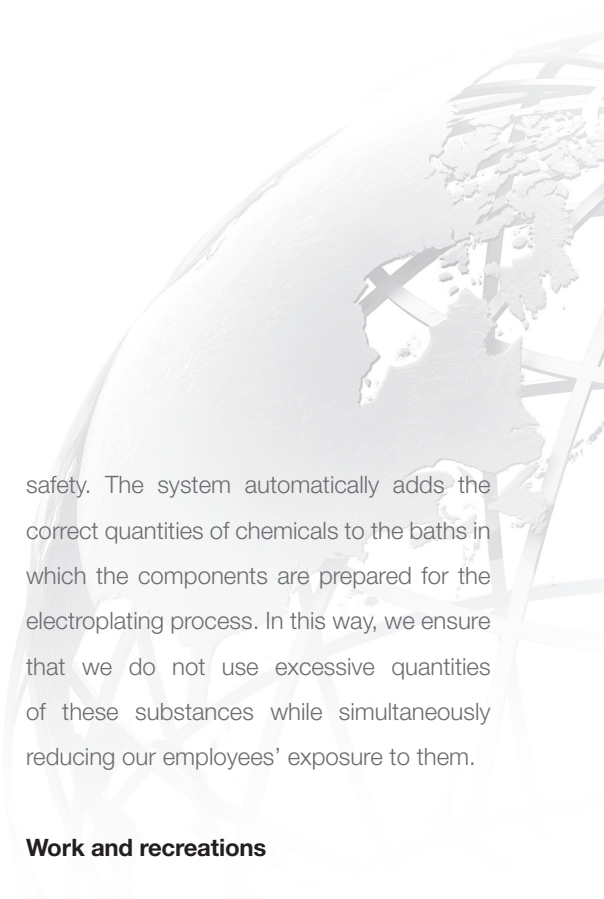
this opportunity and are given free protection against these diseases at their workplaces.

### Stress reduction

At all our locations, we try to spare our employees from particularly strenuous work. One example is the automation of packaging at one of the production lines in Cusset, where we have installed an automatic packaging system that ties the shafts into handy bundles and packs them in cartons. Instead of doing this tedious and fatiguing work by hand, the operator now monitors several of these machines. Our project in our Polish plant in Lodz goes far beyond such individual measures. Following very positive experiences in Germany, we also initiated a process in Poland to hand over more personal responsibility to production employees and to improve communication. This gives them much more freedom to handle things as they see fit within their individual spheres of influence. Experience has shown us that this makes people more willing to contribute their own expertise, makes production more productive and increases worker satisfaction. Both sides benefit tremendously.

As well as the opportunity to take on more responsibility in the workplace, we provide our employees with various opportunities for





further development. Language courses in English and German are offered in France and Poland at the company's expense. On the one hand, this simplifies communication in our widely diversified company. At the same time, our people also acquire qualifications that help them in many situations. The same applies unreservedly to our Leader Training program in Italy, where participants learn from an external expert how to further develop their soft skills.

### **Safety is our top priority**


At Dradura, compliance with occupational safety regulations is not negotiable – not even by our employees themselves. For example, because the obligation to use a seat belt was repeatedly ignored when operating forklift trucks in Cusset despite all requests, we decided to purchase a new forklift truck that can only be started when the seat belt is fastened. At our San Dona site in Italy, on the other hand, we eliminated the need for forklift trucks in parts of the production process altogether. Where it was viable, we introduced new transport systems that automatically move the various parts. In these areas, for example, we have significantly reduced the risk of accidents involving warehouse trucks. In addition, we have installed an automated dosing system at the plant as a further measure to increase occupational

safety. The system automatically adds the correct quantities of chemicals to the baths in which the components are prepared for the electroplating process. In this way, we ensure that we do not use excessive quantities of these substances while simultaneously reducing our employees' exposure to them.

### **Work and recreations**

To ensure that our employees feel comfortable and can recover as effectively as possible during their breaks, there are of course break areas in all our locations. In San Dona, we set up an additional break room in 2018 where staff can relax. To support relaxation, the rest area is separated from the production area. Here, staff can buy coffee or snacks from the vending machines or eat the food they have brought with them. For staff who prefer a breath of fresh air, we have upgraded the outdoor areas to create an agreeable ambiance for a refreshing break.

We take our responsibility for our employees very seriously. Nevertheless, it is not always possible to avoid having to part with some of them for economic reasons. For instance, we were forced to reduce our workforce in San Dona so as to preserve the remaining jobs.



We naturally tried to make these measures as tolerable as possible. 35 employees took advantage of our severance offer and left the company voluntarily. With the help of external training measures, we have made another 15 employees fit for other tasks and placed them into new employment. We were able to retain the remaining employees because the workforce agreed to a part-time arrangement that enabled us to bring personnel capacities into line with production requirements and thus safeguard the future of the site.

#### **More efficient warehouse, less overtime**

We also intervene in the opposite case, when there is more work than the employees can handle during their normal working hours. This was the case in our warehouse in Altleiningen, Germany. There we were able to significantly increase efficiency by reconfiguring incoming and outgoing goods processes and the way the warehouse was organized. As a result, our warehouse teams can now find where items are stored more quickly, get to them faster and have increased the speed of deliveries. In this way, we are saving our employees around 400 overtime hours a year.



## ENVIRONMENT

Dealing sparingly with natural resources makes economic sense and is also an important aspect of environmental protection. At our main plant in Altleiningen in Germany, we have optimized our planning processes in prefabrication and have improved not just the flow of materials. We have also succeeded in significantly reducing scrap and waste when cutting sheet metal and wire to size. Elsewhere, as part of our Operational Excellence initiative, we optimized processes at our site in Lodz, Poland, and have been able to reduce scrap by five to ten percent, depending on the department. At our plant in Conzano, Italy, we succeeded in reducing the scrap rate by as much as 30 percent by modernizing a raw basket production line. In the USA, we also managed to reduce the waste ratio by modernizing our production facilities.

### Recycling

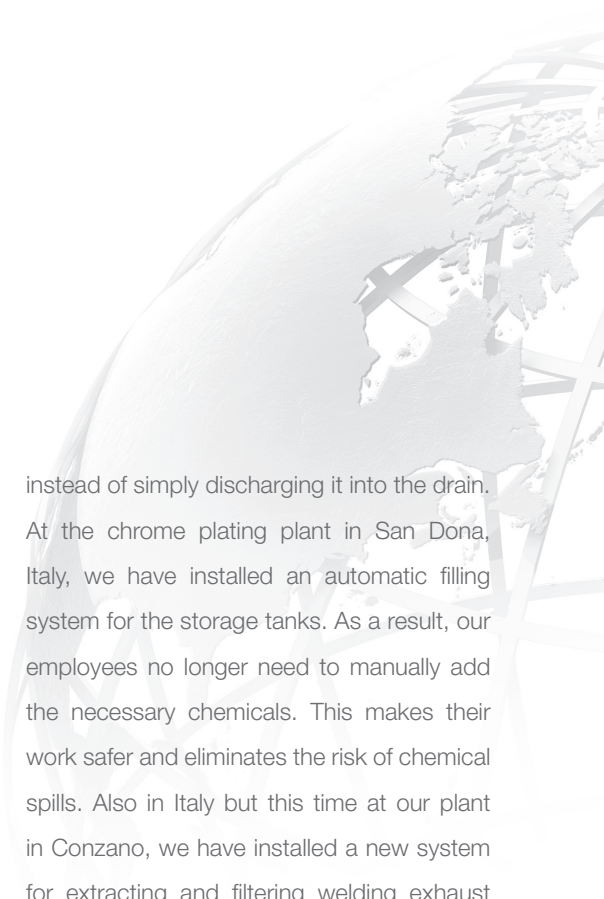
Alongside waste avoidance, the recycling of raw materials is an important aspect of our efforts to conserve resources. In Altleiningen, Germany, we have installed a new system that removes excess coating granulate from components more efficiently and collects it in such a way that it can be reused instead of being thrown away. While waste separation is a matter of course at our European sites, it is

far less common in the USA. For this reason, we launched our own recycling program at our US site in 2015. This means that used pallets, packaging, batteries, beverage cans and bottles are all now being recycled.

### Better light, less energy consumption

A project that has been running for years in all our locations is the conversion of lighting from conventional light sources to energy-saving LED lighting. In Cusset in France, Conzano in Italy and New Bern in the USA, we converted further areas of our plants in 2018. This not only reduced energy consumption but, in most cases, also optimized the illumination of the respective areas, thus creating a more pleasant working environment. Another measure to reduce energy consumption was the introduction of an energy-monitoring system in Lodz, Poland. By keeping a close eye on the energy consumption of individual areas and making monthly comparisons with other areas, we can pinpoint optimization potential and systematically reduce energy consumption.

As well as reducing electricity consumption, we are looking at other areas to see what improvements we can make. Last year in San Dona, for example, we replaced another burner in the heating system with a modern



one. This is around 23 percent more efficient than its predecessor and reduces CO2 emissions by about 20 percent. Another measure in Conzano was to replace the compressor that supplies the plant with compressed air with a newer and more economical model. In Germany, we installed a water pump in the cooling water supply system at our main plant, which is around 15 percent more energy efficient than its predecessor.

In the USA, we have purchased a new truck to transport our wire goods to our customers. This was not only welcomed by our drivers but has also reduced fuel consumption by five percent compared to its predecessor.

### **Careful handling of chemicals**

Particularly in areas where we need to use potentially environmentally hazardous chemicals in our production processes, we are constantly looking for ways to reduce the quantities used, make handling as safe as possible or use less hazardous substances whenever possible. In Lodz, for example, we have converted the wastewater treatment system at the electroplating plant. Instead of sulfuric acid, we now use the much less dangerous hydrochloric acid for neutralization. Moreover, we can reuse the neutralized rinsing water in a closed circuit

instead of simply discharging it into the drain. At the chrome plating plant in San Dona, Italy, we have installed an automatic filling system for the storage tanks. As a result, our employees no longer need to manually add the necessary chemicals. This makes their work safer and eliminates the risk of chemical spills. Also in Italy but this time at our plant in Conzano, we have installed a new system for extracting and filtering welding exhaust gases, which cleans the exhaust air.

In Altleiningen, we use spring water from the on-site source as cooling water in our production facilities. To guarantee that this water complies with all standards and is free from bacterial contamination, we have installed a new water treatment system to ensure that the water is safe.

## ANTI-CORRUPTION

### **Our commitment to ethical business practices**

In many parts of the world, the culture of inducements continues to present a challenge to maintaining ethical business practices. However, thanks to our clear and uncompromising approach in this area, we are confident that we can adequately protect our own employees and stakeholders while sending a clear signal about our values as a company.

Compliance with all applicable law is central to Dradura business conduct. This applies to both national and international jurisdiction at all times, regardless of our location or the location in which we provide our products and services. In addition, we are proud to respect a number of international conventions that go beyond mandatory compliance.


In 2016, we introduced a company-wide compliance management system that empowers our employees to comply with all relevant legal stipulations and the ethical standards we have set ourselves. At the same time, this system serves to protect Dradura and our employees against the consequences of any misconduct, which could result in fines or sanctions that may jeopardize the future of our company.

Our proactive stance against illegal activity such as corruption, antitrust or acts of fraud sends a clear message to our employees, stakeholders and partners that Dradura will have nothing to do with any illegal business practices. We have always done business in strict accordance with the law and with our own principles of integrity and mutual respect.

A key milestone in this regard was the publication of our company guidelines in 2016, which include our philosophy and Code of Conduct. These guidelines are binding for all our employees. We also run regular training courses that address these critical issues and provide staff with the necessary knowledge to act in accordance with the law and with our own values.

To further underpin and facilitate these measures, we provide all employees with direct access to at least one compliance coordinator as an on-site contact person for all compliance-related questions. This applies at every one of our locations. To support them in their daily work, we also issue information materials summarizing the most important facts.

Practical compliance tools include a comprehensive guideline that sets out the circumstances under which employees can



offer or accept gifts or invitations without risk. At the same time, this makes absolutely clear when circumstances dictate the need to seek qualified advice. Supporting the more detailed guide is a one-page compliance information sheet that sets out all restrictions at a glance and guides staff through the decision-making process.

In the years ahead, we will keep expanding our compliance management system to ensure that it covers any and all regulatory changes while helping us to continually improve our processes and honor our values.



DRADURA Holding GmbH & Co. KG  
Talstr. 2  
D-67317 Altleiningen  
Tel.: +49 (0) 6356/966-0  
Fax: +49 (0) 6356/966-118  
[www.dradura.com](http://www.dradura.com)



DRADURA Italia S.R.L.  
Sede legale: Via Monferrato, 4  
I-15030 Conzano (AL)  
Tel.: +39 (0) 142/925545  
Fax: +39 (0) 142/924908  
[www.dradura.com](http://www.dradura.com)



DRADURA France Cusset SAS  
Siège Social et Usine:  
12, Boulevard Alsace Lorraine  
BP 20045  
F-03300 Cusset Cedex  
Tel.: +33 (0) 470/309760  
Fax: +33 (0) 470/306769  
[www.dradura.com](http://www.dradura.com)



DRADURA Italia S.R.L.  
Via J.F. Kennedy, 8  
I-30027 San Donà di Piave (VE)  
Tel.: +39 (0) 421/497511  
Fax: +39 (0) 421/497598  
[www.dradura.com](http://www.dradura.com)



Saprofil S.A.R.L.  
Siège Social et Usine:  
Z. I. des Fruchardières  
5, rue Clément Ader  
Olonne-sur-Mer  
85340 Les Sables d'Olonne  
Tel.: +33 (0) 251/211309  
Fax: +33 (0) 251/957410  
[www.dradura.com](http://www.dradura.com)



DRADURA Polska Sp. z o.o.  
ul Techniczna 8/10  
92-518 Łódź, Polska  
Tel.: +48 (0) 4225/42000  
Fax: +48 (0) 4225/42020  
[www.dradura.com](http://www.dradura.com)



DRADURA USA Corp.  
197 Bosch Boulevard  
New Bern, NC 28562, USA  
Tel.: +1 (0) 252-637-9660  
Fax: +1 (0) 252-635-9473  
[www.dradura.com](http://www.dradura.com)