



INNOVATIONS IN PROCESS

# COMMUNICATION ON PROGRESS

REPORT 2019



## CONTENTS

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



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

Since DRADURA joined the United Nations Global Compact six years ago, we have continued to support their mission to make business a force for good. Two aspects that we take particularly to heart are the central commitment to sustainability and the belief that businesses can actively contribute to creating a better world.

We regard the goal of creating a sustainable economy that achieves lasting benefits for people, communities and markets as a core corporate aspiration. With that goal in mind, we have made the 10 universal principles of the Compact central to all our actions within our field of business, as well as in terms of our interactions with the societies where we operate.

Our willingness to protect human rights, labor rights and the environment, and to fight corruption, have always been part of our company's DNA. Being part of the United Nations Global Compact gives us a platform through which we can demonstrate these values to all our stakeholders. It also gives us a base from which to encourage our business partners to do the same.

In 2015, we made corporate compliance central to our activities. Since then, we have continued to proactively raise awareness of these issues internally as well as in the course of our wider

business and social activities. We believe that this is the best way to increase their penetration on a wider scale.

As far as our own internal measures are concerned, we drew inspiration from the United Nations Global Compact when we set down our corporate philosophy and code of conduct in 2016. These documents have now become a guideline for all our employees in the complex world of international business dealings. They have proved invaluable in providing orientation, not only in terms of fair business practices but also concerning environmental protection.

Our comprehensive environmental management system has become deeply embedded in our corporate culture, which has in turn served as a focus for developing even more effective strategies for further improving our environmental performance.

I am delighted to be able to present this latest edition of our annual report on our achievements in the context of living the spirit of the United Nations Global Compact. I hope you will find it interesting and – perhaps – even inspirational in the ongoing aim of creating a better world for everyone.

Sincerely,

Matthias Kreye

CEO

DRADURA HOLDING GMBH & CO. KG.

# Communication ON PROGRESS

## HUMAN RIGHTS


Mutual respect is the cornerstone on which DRADURA has built its success over decades. This has enabled us to master every challenge hand in hand with our employees and partners and to grow as a company. Mutual respect also means that we honor agreements and, in particular, comply with applicable law and, naturally, respect and protect human rights. It also means that we are committed to combating child labor or other exploitative working conditions in our company and wherever we can exert influence. And it means that we conduct our business honestly and with decency and do not give ourselves any unjustified advantages. Moreover, we respect all governmental and many voluntary norms and standards for the protection of our employees in all countries where we are active.

During the past year, DRADURA has continued to implement various measures tailored to local conditions at our sites around the world with the aim of promoting our common values. Below, we highlight some of the successful actions and initiatives we have taken as examples of the wide-ranging commitment of our company and of our employees on the ground.

### **New location inaugurated**

One of the things that made 2019 a particularly special year for DRADURA was the inauguration of our new location in the Czech Republic. Together with their new colleagues, employees from all DRADURA locations worked hard to ensure that the new production facility meets both the functional requirements of production and also the latest standards of occupational safety, and that the new employees will have a place that they enjoy working. The successful launch of our newest DRADURA site can thus be considered a joint success for all our locations.

Besides this, we continued a number of initiatives and activities in 2019, some of which we have been running for years and which have become something of a tradition. By sponsoring the “Pfalz Trail” running event near our home base in Altleiningen, we are not only continuing our commitment to the region and the community but also combining this with the promotion of sporting activities by our employees. This sort of participation is something we have long encouraged and supported. As a consequence, our commitment not only serves a social purpose but also helps prevent health problems through sports activities. At our French site, we have been offering another form of preventive healthcare for years.



Here, our employees can be vaccinated against influenza and tetanus at their place of work and free of charge. This offer is extensively taken up every year.

### **Showing appreciation**

One aspect of expressing our respect for our employees is the appreciation and targeted support of their ambitions. Alongside all sorts of professional training, we have been offering language courses at some locations for years. In Cusset, for example, we provide German language courses to promote professional and cultural exchange between our employees in France and our home base in Germany.

Another support project at the Cusset site is our program for employing people with disabilities. With the assistance of a specialized partner, what began as a pilot project with one employee was so successful that we have now recruited five more people with disabilities.

It is also important for us to express our appreciation for our employees in everyday life. Depending on the location, this is done in a variety of different ways. For example, we show understanding for the value of the family by giving mothers extra free time on Mother's Day or by letting parents take an hour off work so that they can bring their children to school on the first day after the vacations. In France, it is also already a tradition for the entire workforce to go out for a meal together once a year at the company's expense. This encourages interaction outside the workplace and allows colleagues to get to know each other in a more informal setting.

As well as the activities that take place directly in our companies, our locations also get involved in their local communities. For example, our US plant in New Bern has for years supported campaigns by the YMCA, the Tri County Fraternal Order of Police and the New Bern Rotary Breakfast Club and their commitment to disadvantaged children.



## LABOR

We believe that the success of our company is heavily dependent on the commitment and performance of our employees. They are the ones who make DRADURA what it is. That is why we as a company attach great importance to protecting their health and creating a working environment where all employees enjoy working and which encourages them to perform at their best. For this reason, we work hard every year to make our workplaces safer and more pleasant. We have summarized a number of these initiatives from the past year below.

### **Little things can make a big difference**

Sometimes, minor changes in the production process can make a big difference by eliminating a tedious or annoying task – such as loading a press that bends insert grids for bottle racks in Italy. Other times, it is a comprehensive change such as the introduction of the DRADURA Production System, with which we are now systematically optimizing the workflows in Altleiningen and developing procedures and processes that will serve as an example for all other locations.

Since we rely very heavily on the expertise and personal responsibility of our employees, and because they have a major influence on the design of the measures, we expect this to lead to a further improvement in working conditions. At the same time, this activity will help to optimize our competitiveness, which is ultimately the prerequisite for being able to offer our employees secure and well-paid jobs.

Parallel to the introduction of the DRADURA Production System, safety concepts were expanded and monthly safety meetings and tours through the production area introduced to better communicate the safety measures. We were also able to reduce the risk of workplace accidents at our site in Lodz by introducing new safety protocols. Since September 2019, external specialists have been regularly inspecting the machines and installing sensible and necessary safety devices.



### **Responsibility: Inform, inspire, retrain**


Beyond the design of the workplace and the work processes, human interaction within the company is another factor that determines whether an employee feels comfortable at his or her workplace or not. From many years of experience, we know how important it is to involve all employees in change processes and to provide them with comprehensive information. This is why we launched a change initiative in Italy to explain to production employees and their superiors alike a forthcoming major restructuring project in the manufacturing area. We also talked to them about their new roles so that we could make the transition easier and avoid unnecessary stress.

One of our main concerns was to avoid redundancies. That is why we retrained employees from the finishing department to enable them to continue working in the paint shop and electroplating shop. At our US site, we hired additional staff to reduce the workload on the existing workforce, helping to achieve a healthier work-life balance and relieve stress when colleagues are unexpectedly absent. As a result, work is now being spread out among a greater number of people.

Every reorganization brings with it the chance to make things better. In Italy, we seized this opportunity and improved numerous safety measures at the same time. For example, additional barriers were installed on the conveyor belt of the galvanizing line and the maintenance mechanisms were improved to more effectively prevent accidents. A further less obvious measure to eliminate avoidable hazards was the installation of a new employee parking lot in Cusset. Previously, staff needed to park in a shared parking lot behind another factory. On their way to the DRADURA site, they always had to keep an eye out for truck traffic. With the introduction of the new company parking lot, we have eliminated the risk of DRADURA employees being involved in truck-related accidents.

### **A good working atmosphere is also a question of air**

Nobody likes working in a place that is stuffy and too warm. For this reason, a workplace should always be well ventilated and not excessively hot, so that the people working there feel comfortable. With this in mind, we installed new ventilation and air conditioning systems in parts of the production facilities at our plants in Lodz and New Bern.



These systems not only work more reliably but also reduce the risk of occupational accidents, as employees in these areas can concentrate better on their work. More comfort, more safety.

Another important aspect of feeling successful at your workplace is the ability to work in a way and place where your talents and skills are best expressed. Ideally, you should also feel that this is appreciated and has a positive effect on your own career. For this reason, we have created a skills matrix for our employees in Lodz with the help of an external consultant. This enables us to deploy individual employees more effectively according to their strengths and to promote them in a more targeted manner. Team leaders play a key role in this. Under the new structure, they are responsible for smaller groups of people that they know better and can therefore respond more individually to the situation of individual employees.



## ENVIRONMENT

The responsible use of natural resources is an integral part of DRADURA's comprehensive environmental protection efforts. This includes ensuring that the resources used in production and in all other areas of the company are deployed as efficiently as possible and that energy consumption is reduced.


To this end, we have introduced an even closer monitoring system in Altleiningen. This allows us to detect quality problems in production even earlier and to correct any errors more quickly through improved communication with all those involved. In this way, we have been able to further reduce the volume of rejects in production – a measure that makes both ecological and economic sense.

### **Advisory group develops ideas for conserving natural resources**

Another initiative aimed at conserving natural resources has been the introduction of weekly meetings between employees from all areas of the company. Among other things, these meetings are used to gather ideas on how we can save further resources. These ideas are then developed to the point at which they can be put into practice. Based on a total of 30 ideas developed at these meetings, DRADURA has been able to conserve

natural resources equivalent to a medium six-figure Euro sum. One of the most effective individual measures was the introduction of better monitoring and control of the heating systems in the production and office buildings. The implementation of a routine for checking radiators and the installation of new thermostats prevents areas of the factory from being heated unnecessarily or excessively, thus wasting valuable energy.

Some of the processes in DRADURA's production operations require the use of chemicals that are potentially harmful to the environment. In these areas, we take all necessary safety precautions. Nevertheless, we are constantly working to become even better in these areas as well. That is why we have reviewed all processes in the electroplating department at the Omim plant and redesigned them according to best practice examples. All relevant employees have been trained in the new processes. Another measure at the same plant was the conversion of the paint shop to phosphate-free technology, which is more environmentally friendly. At our French plant, we purchased extensive additional protective equipment to protect employees and the environment in the event of an accident.



### **Let there be light – but let it be low-energy**

Projects have been underway for years in all DRADURA locations to gradually replace the existing lighting with more economical LED technology. In the past year, the greatest progress has been achieved in France and the USA. In Cusset, more than 350 lamps were replaced, which reduced power consumption in the production department by 30 percent. In New Bern, all lights in the warehouse and in the manufacturing area have now been replaced. Besides saving electricity, this also served to optimize the illumination of the workstations. The result is not just reduced energy consumption but also a more pleasant working environment.

In addition to such remedial measures, all DRADURA locations have an environmental management system certified to ISO 14001. While some have already introduced energy management according to ISO 50001, others are in the process of initiating it. By using regular audits to embed the culture, we have ensured that environmental protection is a core part of the DRADURA management system.

## ANTI-CORRUPTION

### DRADURA lives ethical business

On the most functional level, compliance with all applicable law is central to the way we at DRADURA conduct our business. But no business operates in a vacuum. We can be as principled as we like, but that does not remove the obstacle of non-ethical approaches that are still widespread in many areas of the world.


For a global business such as ours, it is inevitable that we will come into contact with 'the culture of inducements', to give it its polite description. When we do, it is essential that our people know how to recognize the point at which an action crosses an ethical line and what to do when it does.

This was a core motivator for us in developing and introducing a company-wide compliance management system in 2016. The aim was to give our employees the knowledge and tools they needed to comply with all relevant legal stipulations and the ethical standards we have set ourselves. Thanks to an uncompromising approach in this area, we are confident that we have succeeded in properly protecting our employees and stakeholders, while at the same time making a clear public statement about our values.

Our commitment to ethical practices – even if it costs us business – applies across all national and international jurisdictions, regardless of our location or the location in which we provide our products and services. Furthermore, we are committed to a number of international conventions that go beyond the requirements of legal compliance.

Because the consequences of any misconduct may result in fines or sanctions that could put the future of our company at risk, we proactively resist illegal activity such as corruption, antitrust or acts of fraud. In this way, we make clear to our employees, stakeholders and partners that DRADURA will have nothing to do with any illegal business practices.

The publication of our company guidelines in 2016 made them binding for all employees. To ensure that everyone understands their scope and application, we hold regular training courses that provide staff with the necessary knowledge to act in accordance with the law and with our own values. We also provide direct access to at least one specialist compliance coordinator at all our sites.



Other measures include a guideline that describes the circumstances under which employees can offer or accept gifts or invitations without risk. This indicates where the lines are drawn and what steps to take if there is a risk of contravention, including when to seek qualified advice. These measures have proved their worth in guiding our staff through the decision-making process and eliminating the risk of illegality.

At DRADURA, we have always done business in strict accordance with the law and with our own principles of integrity and mutual respect. We have no intention of ever compromising those principles. In an age of increasing globalization and constant competitive pressure, they remain our guide to conducting ourselves in a manner that ensures a sustainable future – for our company, our business partners and the people whose lives we touch.



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