



INNOVATIONS IN PROCESS

# COMMUNICATION ON PROGRESS

REPORT 2020



**DRADURA**

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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.



## GROUP MANAGEMENT STATEMENT

As we move out of two years of global crisis and with significant macro-economic and geopolitical issues confronting the world, ethical business practices and sustainability are more important than ever.

For us, the goal of creating a sustainable economy that achieves lasting benefits for people, communities and markets has always been a core corporate aspiration. So we are pleased to be able to reflect on another year of success in this direction.

As signatories to the principles of the UN Global Compact, we are publicly committed to protecting human rights, labor rights and the environment, and fighting corruption. In 2015, we wrote those values into our formal corporate compliance policy. 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 taking this proactive, principles-led approach is the best way to increase the aims of the Global Compact on a wider scale. Being part of this initiative gives a focus to our actions, enabling us to demonstrate concrete results to our stakeholders. It also gives us a base from which to encourage our business partners to do the same.

Since adopting the principles of the UN Compact in 2015, environmental management has become a deeply embedded principle in our corporate culture. This has, in turn, provided additional impetus for all of us at DRADURA to develop even more effective strategies to further improve our environmental performance.

It gives us great pleasure to present the latest edition of this annual report on our Corporate Social Responsibility activities. We hope you enjoy reading it and look forward to receiving your feedback. Feel free to get in touch with us in person.

Sincerely,

DRADURA Group GmbH

Victor Torres

Thomas Seitz

Norbert Tillemans

# Communication ON PROGRESS

## HUMAN RIGHTS

Over the past year, DRADURA has continued to implement various measures at our sites around the world with the aim of promoting our common values as they relate to human rights and fair business dealing. In this section of the report, we look at some of the successful actions and initiatives we have taken as examples of our comprehensive commitment to our core principles in day-to-day business.

At the heart of these activities is our belief in the deep need for respect as the cornerstone of a sustainable business. We are convinced that this belief has essentially enabled us to master the many challenges we have faced over the years, and to grow as a company and as people.

The activities we choose to engage in – and which this report summarizes – are the best evidence we can present of our constant efforts to conduct our business honestly, with decency, and on a level playing field. What we achieve, we achieve through our own hard work and diligence. And hopefully, we make the world a little bit better in the process.

### Helping those in need

Our site in New Bern, North Carolina, in the USA once again took a proactive stance in meeting social needs near to its place of business. Social empowerment activities during 2020 included donating sanitary and cleaning products to those struggling financially with not being allowed to work during the SARS-CoV-2 epidemic. We distributed around \$200-worth of supplies in partnership with Interfaith Refugee Ministry Inc. We also donated \$1,000 to the New Bern Rotary Club to purchase shoes for impoverished children. Finally, \$750 was donated to the YMCA to enable underprivileged families to access the YMCA and its benefits.

### **Enhanced fire-protection system**

At our main Altleiningen plant in Germany, a comprehensive package of measures was implemented in the office areas in March 2020 to improve fire protection and emergency evacuation procedures. This work included installing new fire and smoke detector doors. This led not only to increased safety but also faster evacuation times.

Similar measures were implemented in the logistics warehouse, where the huge amount of cardboard used for shipping results in an ongoing fire hazard. To reduce the risk of fire, we installed additional fire and smoke detectors, and alarms.

### **Emergency first aid training courses**

Employee safety and wellbeing have always been top priorities at DRADURA, and we continued our commitment in this area by running a series of training programs with external partners on the subject of the correct use of defibrillators in the event of heart attack. During December 2020, a total of 20 employees completed this literally life-saving first aid training.

### **Caring in the community**

At our Italian locations, we were all moved by the hardship suffered by many as a result of the covid measures and we created a form of “Solidarity COVID bank”, where employees could bank hours that they were willing to donate to people in need. The company then matched those pledges. Both our Italian sites also made donations to humanitarian organizations working to relieve human suffering. One donation was made to an association in Casale Monferrato that deals with care and support of orphaned or abandoned children. The other donation went to an organization providing food for those who lost their jobs and/or incomes as a result of the measures enforced in an attempt to manage the SARS-CoV-2 virus.

### **Safety in confined spaces**

At the Omim plant, the company acquired a new safety tool to support technicians carrying out maintenance in confined spaces. The tool requires the operator to wear a harness, which is connected by a rope to a tripod winch, positioned on top of the opening. The operator is also equipped with a device that constantly monitors the oxygen level and immediately detects any deficit. If a serious problem does occur, the colleague who stays outside the confined space pulls out the colleague and starts administering first aid.



### **Strong leadership and social responsibility**

Our social commitment begins with our own people, so it made sense to run a competence development program at our Polish site on the theme “Leader as an effective boss.” The aim was to develop managerial skills and to new managers to become effective leaders. We also implemented new labor regulations in collaboration with Dradura trade union representatives, mainly aimed at increasing flexibility in the workplace.

A real heart-warming initiative took place in our Lodz plant where employees were getting together to support a girl suffering from spinal muscular atrophy (SMA). Called the “DRADURA Challenge”, the event consisted of everyone who wanted to show their support gathering in front of the main building to do squats and push-ups in return for sponsorship. All money raised was donated to the girl to help pay for her treatment.



## LABOR

No company can be greater than the sum of the people who work for it. We are in no doubt of the debt we owe to the people who come in to work here every day. They are the ones who make DRADURA what it is. That is why we 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 – and particularly over the last 12 months – we have worked hard to make our workplaces safer and more pleasant, and fairer for all who work here.


### Furloughing employees

In the USA as everywhere else in the mature economies especially, the reaction of governments during the SARS-CoV-2 epidemic had terrible consequences for many people and businesses, not least our own. As demand collapsed, we were able to furlough employees from April through June 2020, rather than lay them off entirely. This at least meant that our faithful team retained their insurance and other benefits, which would otherwise have been lost, and we managed to struggle through with all 160 jobs intact.

To provide further support to those who were working and at risk of lost household income, we implemented an attendance bonus of \$2 an hour per working employee in August 2020. On a positive note, against this background we were able to add a new assembly line and 8 new jobs to prepare to meet growing demand when business gets back to normal.

### Launch of new upper basket generation GV650 for B/S/H/

In Germany, as part of the economic measures taken at the Altleiningen plant, the line was modified and new equipment installed in October 2020. This was necessary to accommodate a shift to a new generation of baskets, and meant we were able to produce up to shift 850,000 upper baskets a year.



### **Restructuring under the protective shield process**

As DRADURA Holding GmbH & Co.KG came under extreme financial pressure, the management decided to implement a 'protective shield' under terms of self-administration. The aim was to fundamentally restructure DRADURA Holding GmbH to secure the company's future and to ensure financial liquidity during the restructuring process. As it became clear that the company could not survive, work began on insolvency at the end of December 2020.

### **A new basket of measures**

At our Omim site in Italy, we put a new line into operation for manufacturing a new family of semi-finished baskets for IKEA. By investing in a high level of automation and ergonomics, we managed to achieve cost reductions of around 70k euros a year. We also added a new coating line to extend the range of finishes we are able to offer our customers. In Come, meanwhile, we implemented a new production line for raw dishwasher baskets capable of producing 800k units annually.

### **Driving down costs, increasing output**

Our Lodz plant in Poland saw a number of projects being implemented to increase efficiency and reduce costs. To improve production, our engineers reorganized the layout of the basket dryer line and modified certain machines. We also began producing a new type of tine for Gorenje, which was the first time we had adapted this process specifically for a single customer in Poland. Finally, an air curtain was installed next to the production gate, which radically reduced heat loss on the shop floor during the bitter Polish winter and led to less sickness and fewer instances of absenteeism.



## ENVIRONMENT

The environment and climate change have been filling the headlines as never before in recent years. Accordingly, we have ensured that our use of natural resources is always responsible and reflects the value we place on these issues as a company. 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 minimized while not compromising quality or employee safety.

### **Using local specialists to assemble new equipment**

At our New Bern site in the USA, rather than having the OEM's team fly in to install and commission newly purchased equipment in August 2020, we chose to give the work to three local technicians. Not only did we get a great job done, but we also saved three unnecessary international flights.

During Q4 2020, we began the process of sourcing and installing six new burners for two ovens to reduce the amount of gas consumed by old and obsolete equipment. We also installed motion-controlled lighting in all warehouse and office areas. As well as reducing energy use, the new lighting has markedly improved safety for employees.

### **Savings achieved by operational excellence**

Through the course of 2020, the DRADURA plant at Altleiningen, Germany, achieved operational savings in excess of 300,000 euros. The project centered on reducing 7 identified forms of waste in all areas of production, services, energy, etc. A major positive contributor was the automation of the basket clip assembly processes.

### **Quality laboratory improves basket dimensions**

Implemented in late 2020, the new laboratory in Altleiningen features 3D measurement equipment to further improve the precision of the basket dimensions. This enabled us to run daily checks on precise customer specifications to ensure that the complex basket geometries were met. As well as improving quality the new lab helped to avoid reworking and greatly reduced scrap.

### **Replacement of old company cars with hybrid vehicles**

As part of our contribution to reducing emissions, we replaced three conventionally powered company cars with vehicles using hybrid technology. This improved the company's environmental profile.



### **Collaboration is the key**

In line with our own ongoing efforts and at the request of IKEA, we worked together to find new packaging solutions that would avoid using plastic at our Omim site in Italy. We also installed chillers on every line to replace the old water-cooling system, which required a closed tank (autoclave) that used a lot of water and power. By removing the tank, eliminating the need for chemicals and reducing energy, we were able to cut costs by around 20,000 € a year. Both production facilities at our Come site have had new central heating systems to reduce emissions and ensure compliance with current regional legislation.

### **All-round safety improvements**

Within the context of our environmental commitments at our Polish plant in Lodz, we ran training and awareness sessions to make employees more aware of the risks related to working with chemical substances. The focus was on accident prevention and environmental protection. We also worked with our engineers and maintenance teams to ensure that all machinery met the required safety standards, and ran a series of training sessions on working at height. These activities were part of our ongoing drive to achieve zero accidents, protect the environment and comply with all applicable legislation.

## ANTI-CORRUPTION

### **Ethical business: a core DRADURA principle**

For a global business such as ours, it is inevitable that we will come into contact with businesses practices that do not always represent the highest standards of integrity. 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.


Compliance with all relevant laws in the countries and regions in which we operate is central to the way we at DRADURA conduct our business. But no business operates in a vacuum. No matter how hard we try, we will always be confronted by the obstacle of non-ethical approaches that are still widespread in many areas of the world.

Our commitment to ethical practices applies across all national and international jurisdictions, regardless of the location in which we provide our products and services. We are also committed to a number of international conventions that go far beyond the requirements of legal compliance.

When we developed and introduced a company-wide compliance management system in 2016, our aim was to give our teams the knowledge and tools they needed to comply with all legal stipulations and the ethical standards we have set ourselves. Our uncompromising approach has ensured that we have managed to consistently protect our employees and stakeholders against the risk of fraudulent or corrupt business practices.

To ensure that everyone understands the scope and application of our 2016 company guidelines, we run regular training sessions that provide staff with the necessary knowledge to act in accordance with the law and with our own values. There is also at least one specialist compliance coordinator at all our sites, and staff are free to approach them for guidance on any issue of compliance.

The reasons for these provisions are as much rooted in sound business sense as they are in ethics. The consequences of any misconduct could easily result in fines or sanctions that could put the future of our company at risk. That is why we proactively resist illegal activity such as corruption, antitrust or acts of fraud.



Our comprehensive measures include a guideline that describes the circumstances under which employees can offer or accept gifts or invitations without risk. This provides clear guidance on where the limits lie and what steps to take if a staff member suspects that there is a risk of breaking the letter or spirit of the law. If this does happen, all our employees know who they can turn to the company for expert advice.

DRADURA has always done business in accordance with the law and with our own principles of integrity and mutual respect. As we move forward into the next chapter of our history, we can reflect with pride on the way we have held true to these principles, no matter what temptations may have been laid in our path. It is a fitting legacy and one we hope will inspire other businesses to do the same. Our collective future relies on it.



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