



INNOVATIONS IN PROCESS

COMMUNICATION ON PROGRESS

REPORT 2021



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.

CHIEF EXECUTIVE'S STATEMENT

I find myself writing this message with the world once again in the grip of a crisis, albeit one that was certainly and entirely manmade. The war in Ukraine is a reminder to all of us that we cannot take for granted any of the privileges, rights and freedoms we enjoy.

That is why we will always strive to do whatever we can to make the world a better place, at least as far as our activities and the way we conduct our business are concerned. With the climate and sustainability to much in the news, it is a source of satisfaction to me to see that we are making real progress in greening our operations and improving both productivity and the long-term stability of our business.

On a formal level, we have been signatories to the principles of the UN Global Compact since 2015, and we continue to live those values in everything we do. We are publicly committed to protecting human rights, labor rights and the environment, and fighting corruption. As we follow that deliberate path, we continue to raise awareness of these issues internally as well as in the course of our wider business and social activities.

In a world that is experiencing an incredible pace of change, these fundamental values and commitments are more important than ever.

For we should never lose sight of the impact that each and every one of us has, however seemingly trivial. Being part of the Global Compact gives us a tangible framework for our actions, and serves as a model to encourage everyone we work with to do the same.

As we at DRADURA look back on a turbulent last couple of years, we can be proud of what we have achieved. Together, we are strong and I am confident that we can meet the challenges of the coming years with the same spirit of resilience, imagination, commitment and hard work that have always defined our company.

I hope you enjoy reading this latest edition of this annual report on our Corporate Social Responsibility activities. Stay healthy, stay safe and keep looking at the world as a place of opportunity and joy.

Sincerely,

DRADURA Group GmbH

Victor Torres

Thomas Seitz

Norbert Tillemans

Communication ON PROGRESS

HUMAN RIGHTS

At the heart of DRADURA's activities in the field of human rights and social responsibility is our belief in respect as the cornerstone of a sustainable business. We have always been a people business and have a great sense of responsibility for our employees and the places in which they live. The activities we choose to engage in express this commitment better than any words can. We are proud of our ongoing efforts to conduct our business honestly, with decency, and with respect for everyone whose lives our activities touch.

Improving working conditions

In Italy, both our sites at Omim and Come introduced new working patterns to stabilize work contracts in the face of the new work practices. This ensured the retention of 23 jobs. We also ran a new initiative focused on sustainability improvements among our suppliers, which involved sharing best practices to improve the stability of the supply chain. The company also presented all employees with a festive Panettone cake at Christmas. In Group headquarters in Altleiningen, Germany, we installed new smoke detectors and signals, which helped to reduce evacuation times in the event of fire.

Strong leadership in production

At our Lodz site in Poland, the company ran a series of competence development programs focused on the leader as an effective boss. This was aimed at improving management skills and was supported by external consultants. We also developed new matrices for operational and production deployment, focusing on specialist payroll, sales and planning personnel. Finally, there was a new anti-bullying initiative to make people aware of the need to sustain an atmosphere of mutual respect and cooperation.

Continuing generosity

The core of our human rights activities in the USA was centered on feelgood projects involving recreational and social needs. The company installed new picnic benches for staff so that they could enjoy their breaks outdoors, replacing the rather weathered old ones. We also made a \$1,000 donation to the Rotary Club to assist in buying shoes for impoverished children. Support also went to the local YMCA, where a further sum of money was donated to expand access to the facilities for the less well-off.

LABOR

Like so many companies worldwide, we have been under tremendous pressure over the last two years, and particularly so in 2021. The pressures of the global reaction to the pandemic had an enormous impact on both demand and on the supply of raw materials. Nevertheless, we succeeded against the odds in achieving respectable figures and are delighted to see so many jobs protected and a robust financial platform. This is a great tribute to everyone who works so hard to make DRADURA the company it is.

Streamlining production capabilities

In Germany, we succeeded in continuing operations following the disruption of the insolvency process. FMC Industrial GmbH is now providing the finance to take the company into the coming years. We also continued the measures implemented to deal with the recent viral epidemic. In the production department, new equipment was installed to manufacture a new line of baskets and secure capacities of 850k units a year. The new assembly machines are far more automated and have achieved cost savings in the region of 250k euros per year.

The efforts of our Italian colleagues included a new fully automated line made for Liebherr, which has transformed productivity and quality control. Installing new cutting

machines alone generated an average productivity increase of 66%. The plants also installed new finishing lines for a major Ikea order.

Holistic measures for increased efficiency

In the New Bern plant in the USA, measures were introduced to improve pension provision and to prepare employees for a life in retirement. 160 colleagues are now enjoying better financial management and benefits. We also introduced a new bussing system to help employees who live in rural areas to get to and from work more efficiently and pleasurably. On top of those measures, we increased our involvement in helping refugees to settle and establish meaningful lives for themselves, especially in terms of finding gainful employment. To date, we have made 20 new hires.

In Lodz, Poland, activities continued in improving the sustainability of operations. This included such things as reducing powder consumption during basket production in the big ovens, and modifications to the welding process on the tine lines. To reduce energy use even further, a total of 75 new LED luminaires we installed in one of the largest production halls.

ENVIRONMENT

Protecting the environment and reducing the impact of our operations has always been a top priority for DRADURA. Once again this year, we have seen extensive and high-impact initiatives that have had a real impact on the bottom line – not to mention the benefits to the natural environment. We take a brief look at some of the highlights in this section of the report.

Focus on safety

At our Polish plant in Lodz, the safety department created a new plant rescue team to improve work conditions and ensure that relevant colleagues were properly trained. This improved response times in the event of an accident. We also installed safety nets on the warehouse shelving and conducted employee training sessions to ensure that everyone was up to speed on the new measures. The safety focus continued with additional fire protection education and awareness.

Shrinking our operational footprint

In Germany, our Altleiningen site was extremely active in the area of reducing the environmental impact of their operations. A new powder recovery system in basket production succeeded in saving over 50,000 euros simply by recovering powder coating that would otherwise have gone to waste. Towards the end of the year, they also launched a Lean transformation process to

strategically improve the site's profitability and keep up with increased orders.

Elsewhere on the site, optimized cooling and compressed air use yielded savings of up to 20,000 euros. A new system was also implemented to improve the visibility of throughput on the raw basket lines, increasing OE by 2-3%. Automated bookings of orders and production flows made a big impact on reducing manual booking processes and streamlining the flow of manufactured goods.

Clean and green

The efforts of our Italian colleagues were mainly directed at water consumption and pollutants. A recycling unit was installed for the zinc plant, which reduced water use by 21,000 cubic meters a year. Efforts were also made to reduce human exposure to chrome, while new logistics protocols succeeded in shortening the supply chain and enjoying good CO₂ benefits.

At our New Bern site in the USA, we continued with the installation of LED luminaires, which are much kinder on the eyes and also use far less energy than conventional lighting. This had a big impact on employee feelgood as well as increasing safety. \$47,000 was invested in a new, energy-efficient air compressor and dryer system, and the plant invested in three new low-emission forklifts.

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 in 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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