



# CSR Report

2019

**FORGING**  
AHEAD

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\*not published for the website



## **A - A WORD FROM THE PRESIDENT**

Our family group was founded in the 1880s, with the establishment and modernisation of industrial facilities for the production of cutlery blanks in Nogent in the Haute-Marne, and in the 1950s it was strategically oriented towards the rapidly growing automotive sector, which would enable its significant industrial and commercial development.

The SIFCOR Group is made up of subsidiaries representing two major stages of integration and technological development.

Starting with hot stamping for the forging of medium series parts, then integrating cold forging and then warm forging by extrusion from the 1970s onwards for the production of large series parts, the SIFCOR Group has developed the forging business to meet the precise requirements of the sector to which it is dedicated.

The Automotive sector is currently undergoing a new technological transition to meet societal and environmental expectations.

With its technical solutions and its various areas of expertise, our Group aims to be at the heart of this revolution by offering the advantages in terms of reliability, safety, robustness, lightness, space, modularity and recyclability that are characteristic of the forging profession.

The involvement of our employees, our technical resources, our research and development and our international deployment make the Group, through its agility, the preferred partner of automobile and automotive equipment manufacturers in its many areas of expertise.

For many years now, the Group has been integrating sustainable development concerns into its various activities, while also integrating social and environmental concerns into its operational activities and the management strategy it has implemented.

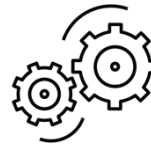
We are therefore naturally committed to this approach of Corporate Social Responsibility (CSR) because the values we convey are already our own.

**Jean-Louis & François DEGUY**



## **B - OUR PRESENCE AROUND THE WORLD**

As a supplier and partner, we support automotive manufacturers and suppliers with an industrial and commercial presence in Europe, China and India. We supply components for engines, differential housing, gearboxes, and suspension parts, i.e. a set of supplies characterised by their safety criteria that can be machined, treated and assembled. We aim to pursue profitable and sustainable development through selective organic growth and partnerships in targeted markets to accelerate implementation and integration.



## **C - CUTTING-EDGE TECHNOLOGIES**

The globalisation of the automotive market requires suppliers to car manufacturers and suppliers to automotive suppliers to guarantee the same level of quality and service all over the world.

Within the SIFCOR Group, industrial excellence is applied on a daily basis at each of the production sites and in each function. The ambition is to support clients by meeting their requirements in terms of quality, cost and lead time.

This approach to excellence is the application of industrial principles in terms of organisation, methodology and flexibility of resources. It is based on all of its employees, through their involvement and the quality of their actions in the operation of processes. This means a constant evolution of their own skills enriched by training actions to increase their field of responsibility.

The permanent search for innovation focuses on both the process and the product to anticipate demand in terms of concept and productivity and thus meet product manufacturing quality at the best cost. It associates and develops long-lasting partnership relationships with certain suppliers to provide the skills required to meet the changing requirements of our businesses and the automotive sector.

Innovation is an integral part of our corporate culture and our industrial organisations. It is one of the fundamental axes of our development.

Innovation at SIFCOR means:

1. Supporting our clients in the research and development of common technical solutions.
2. The proposal of anticipatory technical solutions: responding to the various constraints often associated with forged parts and whose mechanical, volumetric, functional and weight aspects are increasingly solicited. The contribution of our innovative solutions, the result of a structured approach, allows us to differentiate ourselves and to satisfy the development of the automotive functions expected by our customers.

## **D - OUR CLIENTS**



Our customers' satisfaction is the main guarantee of our longevity. Our commitment is to offer the best technical solutions, total quality, service, and competitiveness. We accompany them in their development and offer them innovative solutions to meet their problems.

By combining an understanding of their current and future needs with a mastery of materials and our know-how, we offer them the most efficient solutions. Through the search for excellence in all areas of the company, we guarantee the satisfaction of our customers.

## **E - BUSINESS EXPERTISE**



Since its creation, the Group has developed a range of activities that today ensures its growth and longevity.

Its expertise is in:

### **HOT FORGING - STAMPING**

Stamping consists of forming, after heating, raw parts by pressure between two blocks (the dies) fitted with a preform or the exact shape of the product to be made. Hot forging temperatures are around 1,250°C for iron carbon steel.

### **COLD & WARM FORGING - BY EXTRUSION**

The warm forging process combines the advantages of hot forging—forgeability—with those of cold forging—absence of oxidation and dimensional accuracy.

For iron-carbon steels, the deformation temperature is between 600°C and 800°C in order to work at the highest possible temperature without exceeding the recrystallization temperature.

The greater ductility of the material at this temperature allows fewer operations to be carried out and eliminates the need for intermediate annealing. This process is very well suited for axisymmetrical parts.

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**HEAT TREATMENT/SURFACE TREATMENT**, are activities integrated within our production units to obtain the characteristics of our forged products.

**MACHINING / ASSEMBLY**: the machining and assembly of components on our forged products are, depending on our activities, carried out internally or subcontracted to provide products that can be used directly on our clients' assembly lines.

**TOOLS**: The forging activity within the Group is accompanied by the design and integrated manufacture of our own tools, which is the heart of our know-how, the source of our independence, the control of forging processes, and optimisation of their consumption.

## **F - SATISFYING OUR STAKEHOLDERS**

Communication with stakeholders is a fundamental practice of corporate responsibility. Stakeholders are individuals, institutions, organisations that affect or could be affected by the activities of our companies. Analysing stakeholder expectations enables the Group to integrate economic, social and environmental issues into the heart of its strategy. The aim is to raise awareness of the effect of our companies' activities on society as a whole and thus better prevent risks, all the while identifying opportunities for innovation. This approach also aims to question existing means of dialogue or to strengthen existing ones with certain players, or even to create new modes of relations if necessary.

## **G - OUR VALUES**

The commitment of our companies in the corporate responsibility has also led us to identify the values of our organisation through:

- 1- Actions carried out for the satisfaction of our clients, the main guarantee of our longevity, by working on the best combination of product-services in terms of technical solution, total quality, service, competitiveness, and by advising and guiding them in their development by suggesting creative solutions that meet their requirement criteria.
- 2- Our employees are our first asset, thanks to their involvement, which is at the heart of our performance. Their skills, commitment and dynamism are the foundation of our success. We foster teamwork, while promoting safety, mutual respect, realism, commitment and responsibility. We promote initiative and continuous training for all. Their safety is our priority. It is an ongoing commitment to reinvent our awareness-raising actions. A safety culture is shaped and maintained every day.
- 3- Our industrial partners, suppliers of our activity, who are an essential component of our development. We establish long-lasting, demanding and fair relationships with them.

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- 4- A long-term vision in line with our strategic development plan, we act at all times with fairness and integrity so that our decisions take into account our social and corporate responsibilities. We respect laws and regulations and are committed to environmental protection.

**4 CSR issues have been selected, contributing to the creation of a common culture:**

- **Economic performance, quality and ethics**
- **Employee development**
- **Local involvement**
- **Respect for the environment**

## **H- POLICIES AND RESULTS**



### **1 - ECONOMIC PERFORMANCE, QUALITY AND ETHICS**

#### **BUSINESS ETHICS**

To contribute to fair practices and in accordance with the French law called SAPIN II, we have set a framework in the partnership relationships established at the company level and in particular in commercial relationships with our customers and suppliers. This has led us to formalise a code of ethics specific to our organisation in order to make SIFCOR employees aware of these ethical principles. This ethics charter defines the rules of conduct which must guide our actions and inspire our choices to bring our values to life on a daily basis.

#### **COMMUNICATION WITH OUR STAKEHOLDERS**

This first CSR report, published from 2019 onwards, attests to our desire to communicate transparently with all the organisations linked to our company. For us it is a matter of strengthening the communication already established with our partners over many years while at the same time reporting on our commitment to sustainable development. The purpose is also to promote CSR in the value chain in order to involve other actors in this new corporate vision of the company.

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Openness and transparency are fundamental principles that we wish to put at the centre of our relations with our stakeholders. For this challenge, special attention must be paid to the satisfaction of our clients and suppliers. We therefore seek daily to maintain close and long-term relationships with our partners. This also requires a high level of quality to guarantee economic performance and the longevity of the company. Finally, compliance with precise rules of ethics is essential to create the conditions for a mutually beneficial relationship with each of our stakeholders.

The quality initiative undertaken by the Group enables us to strive for a high level of client satisfaction. Our quality system, organised by process, is ISO16949-9001 certified. We are also working to improve the tools used to measure client satisfaction and we also track the projects that have been the subject of complaints or penalties in order to deal with malfunctions in the shortest possible time.

Our industrial sites are all certified for their environmental management approach (ISO14001) with the intention of improving their environmental impact, for example by optimising water use or reducing the amount of waste emitted or reprocessed.

Improving the energy efficiency of its production processes also remains the Group's priority. As energy is mainly consumed when heating blanks before forging or further processing, each new investment or renewal of a heater or oven is an opportunity to improve the Group's performance. The same applies to the optimisation of the material used or the quality of the production start-up process by complying with standards for assembly and adjustment. We are therefore in the process of developing methodical energy management in order to prioritise our responsible-energy performance (ISO50001).

With due respect to the well-being at work of our employees, each of our entities is OHSAS certified. All our entities aim for zero accidents based on respect for rules, commitment and dialogue.

### **SUSTAINABLE PURCHASING**

We wish to involve and raise awareness among all our suppliers on the CSR path. This is why we initially send each new major supplier our responsible and ethical purchasing charter called Supplier Quality, Safety, Environment and Energy Assurance Manual (or MAQSEEF, in French).





## **2 - EMPLOYEE DEVELOPMENT**

### **PROMOTING EQUALITY AND DIVERSITY**

In its general policy, the SIFCOR Group fights against all forms of discrimination, whether in terms of gender, origin, disability or age. Gender equality action plans regarding professional equality have been formalised and implemented.

Another focus of our diversity policy is to facilitate the hiring of young graduates through several partnerships with schools and in particular the regular integration of interns and apprentices within the company.

### **IMPROVEMENT IN WORKING CONDITIONS**

There are several aspects to SIFCOR's policy for improving the working conditions of its employees.

The first of these concerns the numerous training actions carried out each year for employees, based on the use of an Employment and Expertise System (GPEC in French), which makes it possible to anticipate needs.

Then, in terms of health, actions are carried out both on the ergonomics of workstations in offices and workshops through robotisation, and on air quality, for example with better ventilation of workshops, in relation to exposure to assessed risks.

Finally, to prevent any risk related to safety in the workplace, a strict policy of employee awareness and involvement in complying with instructions is being implemented. Safety information sheets have been posted internally and distributed to new hires to raise their awareness of this issue. These safety rules or instructions are also applied to all external persons, service providers and visitors as soon as they enter one of our establishments.

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### **Corporate Social Responsibility**

#### **INTEGRATION OF NEW EMPLOYEES**

As we are always on the lookout for new talent, we attach great importance to the integration of our employees. A welcome booklet is presented and given to each new arrival who is guided in his or her discovery of the company through an induction circuit.

#### **DIALOGUE AND INTERNAL COMMUNICATION**

The standardisation of training action resources and materials contributes to effective internal communication within the Group, despite the staff being spread over different geographical locations.

Newsletters or internal journals are designed per establishment with an editorial team involving several employees. The purpose of these media, distributed several times a year to all employees, is to communicate the company's news and projects.

Employees can be asked to give their opinion on a wide variety of subjects such as continuous improvement using the tools made available to them, and declare any anomalies observed in the context of prevention (suggestion boxes and defined management processes).

Finally, exchanges are standardised to ensure that everyone in the company is taken into consideration during an annual appraisal with their manager that makes it possible to gather their views on the various areas that concern them. Similarly, a social barometer was rolled out at the beginning of 2019 to gain a better understanding of employees' perceptions and expectations of their day-to-day work (their feeling of well-being at work). This will make it possible to take action to improve team satisfaction in the longer term.

#### **PROMOTING EQUALITY AND DIVERSITY**

The Group participates in the fight against all forms of discrimination, as evidenced by the diversity website for new recruits in terms of nationality, qualification, disability, gender and age.



### **3 - LOCAL INVOLVEMENT**

#### **DEVELOPING EXCHANGES OF SKILLS:**

The SIFCOR Group actively participates in training and integrating new generations in the labour market. Thus, initiatives are carried out each year in the companies to welcome trainees and apprentices of all levels in order to help them discover our various professions.

At the same time, we regularly act as an exam jury in schools. We also take part in school/company meetings.

Involvement with local communities is an integral part of our CSR strategy. The aim is to involve SIFCOR and its subsidiaries in the development of the countries in which it operates, taking into account their particularities, in order to play the role of a responsible corporate citizen, but also to strengthen local, social and economic dynamism. Our approach focuses on three areas, namely promoting integration, strengthening local economic dynamism and developing partnerships with social and environmental associations.

#### **PROMOTING LOCAL EMPLOYMENT**

Our various industrial establishments in different regions in France demonstrate our desire to remain integrated in countries. It is both a question of preserving local employment, since we want to retain all employees when they are integrated within an entity, but also of developing the business directly in the regions by recruiting employees locally from their places of living by creating the necessary skills through our internal training programmes.

In addition, our approach to the local community, also consists in favouring local suppliers and through responsible purchasing.

#### **SUPPORTING SOCIAL ACTIONS**

We take part in collective actions through associations to promote industry professions, such as through the Nogentech association in an initiative called "Territoires d'industrie", but also to support people who are initiating professional retraining actions in close collaboration with the Regional Department of Enterprise, Competition and Consumer Affairs, Labour and Employment (the DIRECCTE, in French) within the framework of the same association, but this time on the theme: "Haute-Marne, Une Chance, companies get involved!".



## **4 - RESPECT FOR THE ENVIRONMENT**

Although our activities have a moderate effect on the environment when compared to other industry sectors, we have initiated an action plan to reduce our environmental footprint.

We are working on reducing CO2 emissions, particularly related to business travel required to meet our clients' requests. Involving employees in this approach is another aspect of our environmental commitment that we propose to develop more broadly.

### **FIGHT AGAINST GLOBAL WARMING AND THE CONSUMPTION OF RESOURCES**

Every year, we devote a significant part of our investments to the modernisation or renewal of our energy-intensive industrial installations, whether they be heat treatment furnaces, induction heaters or compressors. This major and worthwhile initiative significantly improves our industrial performance. By working to optimise our manufacturing processes, we are striving to limit our energy consumption.

Special attention is also paid to raising awareness among our teams about eco-friendly actions. The aim is to limit the consumption of resources needed for our operations. Through our various internal communication media, an eco-friendly-action charter has been formalised and distributed internally to involve all employees in order to adopt the right gestures on a daily basis at various levels (switching off computers and lighting, air conditioning and heating settings, double-sided printing, etc.). We maintain our green spaces without chemicals.

We have also initiated a series of measures to limit the consumption of drinking water or water taken from the natural environment necessary for the manufacturing processes.

### **RECYCLING OF WASTE, REDUCTION OF POLLUTION AND PRESERVATION OF BIODIVERSITY**

In terms of recycling, office waste sorting systems have been set up mainly for paper, cardboard and glass, but also for all electrical or mechanical waste relating to our industrial maintenance activities.

We also have a proactive policy of reducing industrial waste in order to limit the cost of recycling. A number of measures have been implemented to quantify and optimise the consumption of lubricants for both forging and machining of our parts. This battery of actions is also carried out in partnership with the manufacturers of these supplies. The installation and operation of an in situ physico-chemical station has enabled us to significantly reduce the

## SIFCOR GROUP Corporate Social Responsibility

pumping of our effluents, with the direct consequence of reducing the transport of heavy goods vehicles from 1 per day to 3 per year for this purpose.

### 5 - METHODOLOGICAL NOTE: other criteria

Only the Group's French activities are used as a reference for social and environmental elements. Chinese and Indian entities that are majority owned (0.5% of the Group's consolidated revenue) or not (1.5% of revenue, Group share) are not included in this report.

The CSR reporting tool currently being developed will be operational in 2020.

The elements published in this report are the result of monitoring carried out by pilots in the areas in charge of these indicators. They meet the criteria expected in other areas such as internal process management, social reporting, the economic and social database (BDES), and gender equality.

Due to the type of activities of the Group's companies, it is not possible to deal in this report with criteria relating to the fight against food waste, the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food.

**Definitions of some of the indicators produced in the appendix to this report:**

Total workforce: this is the number of registered physical employees paid on 31 December

Absenteeism rate: this is the number of days of legal absences accumulated over the year (illness and other) divided by the average workforce over the year weighted by the theoretical working days

Frequency rate: this is the number of lost-time accidents x 1,000,000 / Number of hours worked annually

Avoided GHG emissions: this is the tonnage of steel saved on the weight used for forging a part obtained by technical productivity actions multiplied by the consumption of KWH per tonne multiplied by the CO2 emission factor per KWH consumed

# APPENDIXES

- **Business model**
- **Indicators:** (not published for website)

**Economic**

**Social**

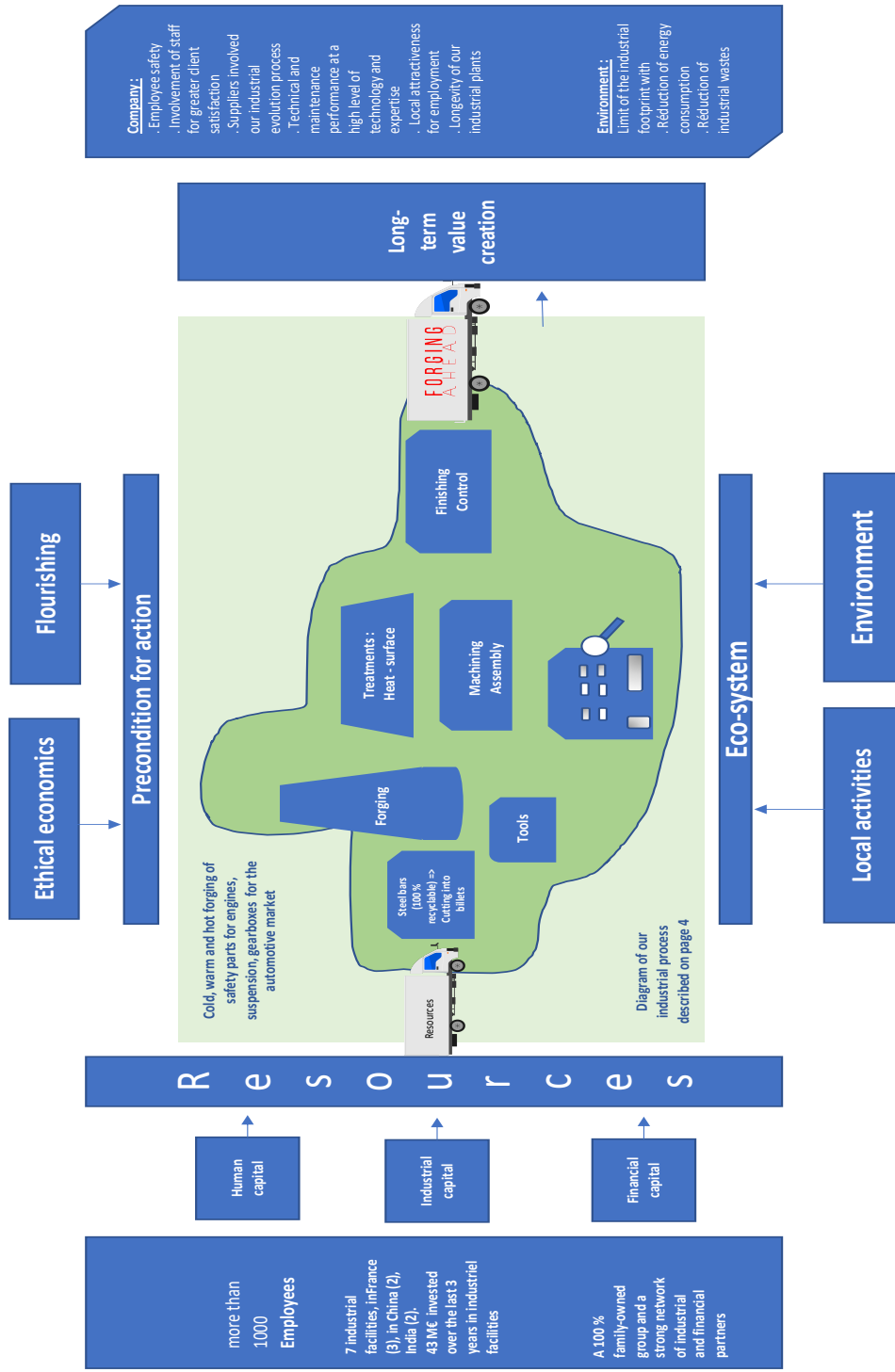
**Environmental**

# SIFCOR GROUP

## Corporate Social Responsibility



### Our value creation model



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## ECONOMIC INDICATORS (not published for website)

	2019	2018	2017	Unit
Turnover				Millions of euros
Operating income				Millions of euros
Net income				Millions of euros
Investment				Millions of euros
Total number of employees				Number

- \* Consolidated group data

## SOCIAL INDICATORS (not published for website)

	2019	2018	2017	Unit
<b>Jobs (value 1 &amp; 2)</b>				
Total number of employees				Number
Percentage of managerial staff				%
Age pyramid				
Less than 30 years old				%
From 30 to 44 years old				%
From 45 to 60 years old				%
More than 60 years old				%
<b>Work organisation (values 1 &amp; 2)</b>				
Absenteeism rate				%
<b>Health and Safety (value 2)</b>				
Number of occupational accidents with lost time				
Reported accident frequency rate				%
<b>Training (value 2)</b>				
Amount spent on training				Thousands of euros
Employees trained				Number
Hours of training				Number
Hours of training per employee				Number
<b>Equality of treatment (value 2)</b>				
Percentage of female executives				%
<b>Promotion and observance of the provisions of the ILO fundamental conventions ***</b>				
Incidents recorded relating to freedom of association	0	0	0	Number
Incidents recorded relating to discrimination	0	0	0	Number
Incidents recorded of forced labour	0	0	0	Number
Incidents of child labour	0	0	0	Number

\*\*\* concerns the entire consolidated Group



## ENVIRONMENTAL INDICATORS (not published for website)

	2019	2018	2017	Unit
<b>General policy on environment, pollution, and waste management (values 1 &amp; 4)</b>				
GHG emissions avoided due to ODP* savings				T CO2e
Scope 1* GHG emissions				T CO2e
Scope 2* GHG emissions				T CO2e
Production of ordinary waste				€/forged tonne
Production of special waste				€/forged tonne
Production of oily residues* <small>(per 1000)</small>				M <sup>3</sup> /forged tonne
<b>Sustainable use of resources (values 1 &amp; 4)</b>				
Drinking water consumption				M <sup>3</sup>
River flow water consumption				M <sup>3</sup>
Excess water consumption				Number
Total energy consumption				MWH

- \* concerns only one industrial site in France