



FILING OF NON-FINANCIAL PERFORMANCE

2018

AKWEL

EFFICIENT AUTOMOTIVE
SOLUTION

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FILING OF NON-FINANCIAL PERFORMANCE

In accordance with article R. 225-105 of the French Commercial Code and its decree no.2017-1265 of 9 August 2017 implementing order no.2017-1180 of 19 July 2017 concerning the publication of non-financial information by certain large companies and certain enterprise groups, the Companies required to produce a Filing of Non-Financial Performance concerning the Group scope. This filing is mandatorily verified by an independent third-party body.

PROFILE OF THE GROUP

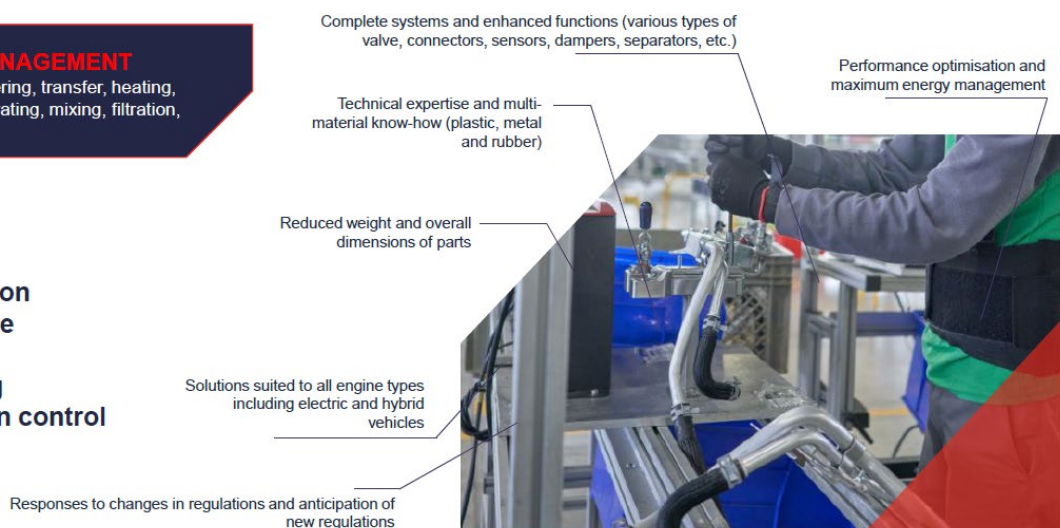
Tier 1 worldwide components manufacturer

The Group is a components and systems manufacturer for the automotive and HGV industry that specialises in the management of fluids (86% of revenue) and mechanisms (14% of revenue).

FLUID MANAGEMENT

Storage, metering, transfer, heating, cooling, separating, mixing, filtration, etc.

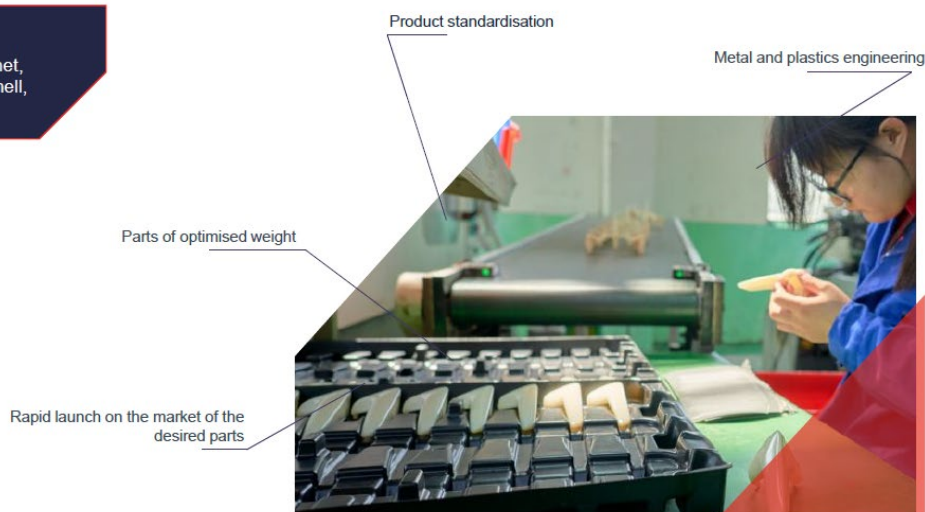
Coolant
Fuels
Regulation
Air intake
Oil
Washing
Emission control



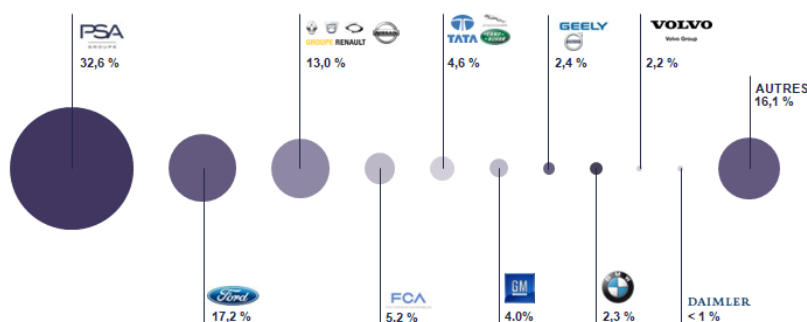
MECHANISMS

Many areas of intervention: bonnet, boot, side doors, swing doors, shell, bodywork, etc.

Locks
Strikers
Hinges
Handles
Pedalboxes

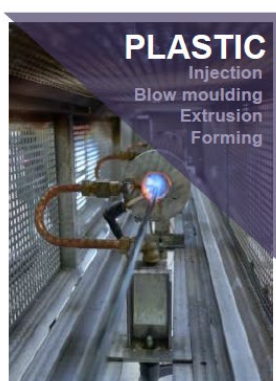


Primarily dedicated to a homogenous market of a dozen strategic global clients, the Group designs, develops and distributes high-performance products and systems, with state-of-the-art industrial and technological expertise in mastering the application and processing of materials and mechatronic integration.



A HOMOGENEOUS MARKET OF 12 STRATEGIC WORLDWIDE CUSTOMERS AND ABOUT 30 BRANDS SPREAD ON 3 DIFFERENT MARKET SEGMENTS : COMMERCIAL, PREMIUM/EXECUTIVE AND LIGHT VEHICLES (FROM SMALL CAR TO SUV)

This expertise opens up a wide range of opportunities for the Group to devise, develop and manufacture the new products and components required due to rapid developments in vehicles.



With industrial facilities in 20 countries spanning five continents and 41 manufacturing sites, it provides its customers in the automotive industry with innovative and reliable solutions at competitive prices thanks to the skills of its 11,769 employees.

FACTORIES IN CLOSE PROXIMITY TO THE MANUFACTURING AND DELIVERY SITES



Our mission: "To be a trusted tier-one supplier for our customers, helping them to manufacture autonomous and smart vehicles that are more reliable and more ecologically responsible at a competitive price."

The Group intends to offer its strategic customers ever-more reliable and competitive solutions as close as possible to their production and delivery locations in order to enable them to continue positioning themselves among the market's top manufacturers in this unprecedented revolution that is sweeping the automotive industry today. This is taking place thanks in particular to the agility and imagination of a challenger that provides an alternative to the major equipment manufacturers and whose relationship of trust formed on a daily basis with its customers will in the near future be particularly decisive in an environment experiencing far-reaching changes.

Governance that guarantees independence

The Group is one of the few equipment manufacturers of its size to retain a family-based structure. A full 69.7% of the company's capital is owned by the Coutier family, the second generation of which is now at the helm. The group places great stock in maintaining its independence and reflecting its values in its organisation structure. The Group's legal structure is built around a small executive body composed of a supervisory board and an executive board.



The Executive Board manages:

- the Executive Committee: this committee assists the Executive Board by formulating opinions and recommendations and encourages dialogue and the cross-functional dissemination of best practices throughout the Group's areas of activity;
- the cross-functional departments, which provide assistance and consistency, guarantee the cohesion of strategies and optimise the resources, including:
- the Business Development department, which oversees the product lines - cooling, pollution control, air and oil intake, fuel and regulation, mechanisms and washing - as well as materials and product development;
- the regional industrial departments, under which the plants are grouped by geographical zone;
- the aftermarket division, dedicated to the after-sales market.

Strong values and long-term ambitions

As a resolutely independent family group, the Group draws on four core values – simplicity, reliability, collaboration and performance – to cultivate its long-term ambitions:

- Establish its position as a recognised international player.
- Adapt to the multiple evolutions of its business and its customers.
- Maintain the balance and diversity of its teams.

The Group's place in tomorrow's mobility

In an automotive market in the midst of a revolution, with deep-seated changes in the car maker ecosystem and the emergence of new types of vehicle, the Group is making every effort to adapt its strategy and continue to offer

its 12 strategic customers the innovative solutions that will enable them to stand apart in the future in this changing environment.

The automotive market is faced with major upheavals in the medium term. The development of completely redesigned vehicles, combining multiple engines, varying degrees of autonomy and a diverse range of configurations and usages is at the forefront of these challenges.

Further major challenges include the globalisation of customers and projects, local production, the arrival of new players, and the more stringent requirements on the environment and risk management. In this context, some products will be forced to evolve while others will disappear, replaced by new products and solutions. But the need for reliable equipment manufacturers successfully combining quality and competitiveness, global projects and local production will only increase for car makers.

To meet these many challenges, the Group is leading a long-term strategy driven by the industrial performance and adaptation of its products.

The agility and imagination of a bold actor



FIAT CHRYSLER AUTOMOTIVE
Best supplier « Engine Systems of the year, FCA US

PSA
"Best Plant" Award, Monteux (France) and Bursa (Turkey)

44 patents lodged in 2018

Around 200 patents lodged over the last 5 years

6.6% of TO dedicated to Research and Development

Performance at the heart of the system



1703 IPB
2000

96% REACTIVITY
FOLLOWING A CUSTOMER INCIDENT 88%

5.41 PPM
5 PPM

>98% Service and delivery rate
99%

CERTIFICATIONS
IATF 16949:2016
ISO 14001:2015
ISO 5001:2011
OHSAS 18001:2007

"Factory 4.0"

Over 300 6-axis robots installed.

2S2D Simple, Solid, Dependable, Do-able

Applied to daily activities, this "100% LEAN" philosophy brings: Serenity, Continuous Progress and Customer Satisfaction.

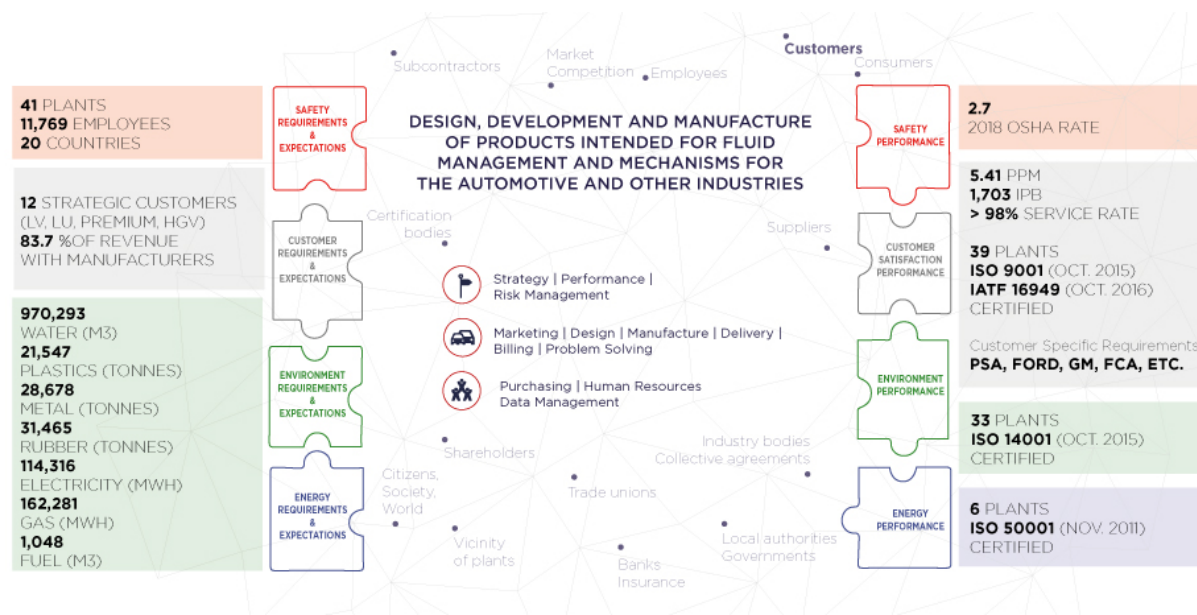
This vision is based on by the Group's ability to harness its expertise and its mastery of materials to conceive new products, the increasing use of mechatronics, a continually evolving organisation structure, an ever finer understanding of customers' needs and the ongoing training of its teams.

In short, an evolution without revolution to help customers build environmentally responsible autonomous and connected vehicles at a competitive price.

THE GROUP'S BUSINESS MODEL

Aware of its responsibility and the potential impact of its decisions and activities on the Company and on the environment, the Group makes several commitments to its stakeholders: the Safety of and Respect for individuals, Quality and Performance to satisfy our Customers, Environmental Protection and the Preservation of energy resources.

The Group conducts its activities in a constantly changing context involving multiple challenges and participants (customers, competitors, suppliers, local authorities, investors, etc.). The risks and opportunities (past, present and future) linked to our environment are identified, assessed and handled in order to gain control over our future.



These challenges and our continuous improvement culture provide input for our policies and action plans. They are embodied in our QSE²MS, or Quality, Safety, Environment and Energy Management System. Developed and rolled out within the Group, QSE²MS brings together our best practices and tools in a single system that applies to all of our teams in their day-to-day activities. Fed by the Group's values, it ensures that we reach the level of standard performance and satisfy the legal requirements, standards and regulations in effect at our customers and in dealings with local authorities. It is regularly audited both internally and externally to verify its implementation and to improve it.

THE MAIN NON-FINANCIAL RISKS AND ISSUES LINKED TO THE GROUP'S ACTIVITY

In accordance with articles L. 225-102-1 and R.225-104 of the French Commercial Code, the Group has reviewed its main non-financial risks based on their existing materiality, their relevance and the severity of the issues they raise linked to the analysis of financial risks.

The main risk factors, notably environmental risks, and the responses provided by the Group are presented in the section [1.7. Risk factors](#) of the 2018 Annual Report.

Our QSE² policy and the societal expectations concerning sustainable development have enabled the following key areas to be defined:

- **The Safety of and Respect for individuals**

Safety and workplace conditions
Promoting diversity
Ethics and compliance with international and national rules
Fairness of purchasing practices

- **Quality and performance of our products and services**

Overall product quality
Customer satisfaction and confidence
Industrial performance
Autonomous and smart vehicle

- **Environment protection and Preservation of energy resources**

Eco-design
Lean manufacturing
Sustainable purchasing and development
Waste recycling and management

Due to the nature of its business, the Group has little impact on the fight against food waste, food insecurity or the promotion of responsible, fairly traded and sustainable food. In addition, the Group's activities have no direct impact on animal welfare.

DATA ANALYSIS METHODOLOGY

The social, societal and environmental indicators are collected monthly from each Group entity. This data is then tested for robustness/consistency during a central consolidation process conducted by the head office teams. Unless stated otherwise, the scope covered by the non-financial report includes all fully consolidated subsidiaries.

HUMAN RESOURCES INFORMATION

The diverse and well-balanced nature of the teams is a real asset. Our organisation is bound together by trust and mutual respect and is clear about its aim to ensure compliance with legal requirements, standards and ethical, professional and anti-corruption regulations in effect.

Firmly engaged in a lasting relationship of trust with its stakeholders, the Group maintains healthy relations with its participants based on compliance with universal ethical rules. To promote this corporate culture and share these rules with everyone, the QSE²MS is supplemented by an ethical charter and an anti-corruption code that aims to implement measures to ensure that our employees, executives and directors, wherever they are located, can recognise and prevent any involvement by our company in any corruption or influence peddling and, where applicable, to report either of these practices.

1. Headcount as at 31 December 2018

	2018	2017
Total	11,769	10,887

At 31 December 2018, the group employed 11,769 employees (on open-ended and fixed-term contracts), an increase of 882 persons compared with 2017. This rise is due to the growth in business.

2. Breakdown of employees by age

	2018	2017
Under 25	1,842	1,833
25 to 29 years	1,960	1,730
30 to 39 years	3,291	3,006
40 to 49 years	2,861	2,668
50 years and over	1,815	1,650
Total	11,769	10,887

Employees in the under-30 age group accounted for 32.31% of the total headcount in 2018 and 32.73% in 2017. Those aged 50 and over accounted for 15.42% of the total headcount in 2018 and 15.16% in 2017.

3. Breakdown of employees by gender

	2018	2017
Male	7,019	6,478
Female	4,750	4,409
Total	11,769	10,887

The Group employs 4,750 women (40.36% of the total headcount) and 7,019 men (59.64%).

4. Breakdown of employees by geographical region

	2018	2017
France	1,796	1,849
Europe (excluding France) and Africa	4,360	3,942
North America	3,454	3,251
Asia and the Middle East (incl. Turkey)	2,082	1,752
South America	77	93
Total	11,769	10,887

The Group's workforce is spread across 20 countries. 37.05% of the Group's workforce is located in the Europe (excluding France) and Africa region; 29.35% in the North America region; 15.26% in France; 17.69% in the Asia and Middle East region (including Turkey) and less than 1% in the South America region.

The biggest increase between 2017 and 2018 was in the Asia and Middle East region, with an 18.84% rise in the headcount.

5. Staff movement – Employment and departures

Departures	2018	2017
Natural (*)	3,329	3,827
Lay-offs and terminations	885	596
Retirement	92	76
Total	4,306	4,499

(*) "Natural" means resignations, the end of fixed-term contracts, trial periods and deaths.

Recruitments	2018	2017
Total	5,188	5,562

In 2018, the Group registered 5,188 recruitments and 4,306 departures, the majority of which were natural departures (3,329).

6. Number of employees who work in a team

	2018	2017
Total	8,382	7,727

8,382 persons worked in a team, notably in production (2x8, 3x8).

7. Weekly working time

	2018	2017
Weekly working time	35 hrs to 48 hrs	35 hrs to 48 hrs

Working time varies according to the country, from 35 hrs to 48 hrs of work weekly.

8. Absenteeism

	2018	2017
Total rate of absenteeism	4.70%	4.39%
Rate of absenteeism excluding maternity leave	4.15%	3.92%

At all of the Group's sites, the level of absenteeism in 2018 was 4.15% not including absences due to maternity leave.

9. Work accidents, notably their frequency and severity

Safety is our priority and is a core component of all of our processes, every day, in each action. Every individual involved with the Group (employees, service providers, suppliers, etc.) is entitled to work in a healthy and safe working environment. The Safety at Work policy and the associated objectives are adjusted and defined locally, taking into account the specific characteristics of each site.

	2018	2017
OSHA frequency rate	2.7	2.1
Severity rate	0.28	0.24

The OSHA frequency rate is the number of work accidents divided by the number of hours worked multiplied by 200,000.

The severity rate is the number of days lost multiplied by 1,000 and divided by the number of hours worked.

10. Appraisal of collaborative agreements, notably on health and safety at work

	2018	2017
Number of agreements concluded during the year	23	25
of which health and safety at work agreements	0	1

Across all of the Group's sites, negotiations resulted in the signature of 23 collaborative agreements.

11. Equal treatment: the measures taken to promote the employment and integration of persons with a disability

	2018	2017
Number of employees with a disability	169	168

The Group employs 169 people recognised as workers with a disability.

12. Other employment information

	2018	2017
Total personnel costs (in thousands of euros)	302,492	281,943
Amount allocated to training (in payroll percentage)	1.18%	1.00%

Training at the Group acts as a driver of team performance and professionalism. It serves to support developments in our featured roles and to adapt to new technological developments.

13. Environmental information

We offer our customers innovative solutions and concepts that aim to provide responses to environmental challenges (lighter components, pollution reduction) and energy challenges (local production, recycling).

To protect biodiversity and ecosystems, reducing our environmental impact and generating savings on natural resources form an integral part of our activities. The various solutions and materials possible during development (use of sustainable resources, recycling of products) are identified from the product design phase.

Our local production strategy, which reduces transportation and polluting logistics operations that impact climate change, helps to reduce the overall environmental and energy rating of the products.

Each of our factories aims to act as a responsible manufacturer by reducing energy consumption, emissions and rejects. The policy and the associated environmental and energy objectives are adjusted and defined locally, taking into account the specific characteristics of each establishment.

The QSE² Department (Quality, Safety, Environment and Energy) has expanded the ISO 14001 certification to all of the Group's production sites. The Group sets itself numerical targets every year. These are defined and rolled out for each site. They are presented and approved during the QSE² Department Review of the entity concerned.

The information provided below concerns all of the group's production sites, except the site of the company DEPLANCHE FABRICATION. Some 2017 data is different to the data published in the report from the previous year, as the latter was restated where applicable to provide values at a comparable scope of business and methodology.

14. Resource consumption

Quantities consumed	2018	2017
Water (m ³)	970,293	971,078
Plastic materials (tons)	21,547	22,518
Metal materials (tons)	28,678	23,474
Rubber materials (tons)	31,465	30,240
Electricity (MWh)	114,316	111,747
Gas (MWh)	162,281	109,137
Fuel (m ³)	1,048	3,900

15. Waste

Waste	2018	2017
Non-hazardous industrial waste (tons)	17,872	16,833
Hazardous industrial waste (tons)	3,109	1,735
Total costs incurred by waste management (thousands of euros)	1,283	1,035
Secured savings due to waste-to-energy conversion (excluding metal waste) (thousands of euros)	182	260

In 2018, there was a slight increase (6%) in the production of non-hazardous industrial waste at the Group's sites.

Meanwhile, the tonnage of Hazardous Industrial Waste (HIW) rose by 79% compared with the previous year. This increase is due to the installation of a wastewater treatment centre on the Rudnik site (Czech Republic) and the retreatment of industrial waters at the Chongqing site (China) at an external treatment centre. These two plants account for 60% of all HIW produced.

Gains following energy recovery from waste fell 30% compared with the previous year. Finally, waste processing costs have risen very significantly in recent years (24% compared with the previous year). This increase is due this year to the significant rise in HIW produced.

16. Climate change: greenhouse gas emissions – adaptation to the consequences of climate change

The Company published its Greenhouse Gas (GHG) assessment at the end of 2015, with the 2014 values in line with decree no. 2011-829 of 11 July 2011 concerning the assessment of GHG emissions and the territorial climate-energy plan.

The Greenhouse Gas (GHG) assessment at the end of 2018 will be available from the ADEME's database (www.bilans-ges.ademe.fr) from the second half of 2019.

The GHGs in question are those laid out in the order of 25 January 2016 concerning GHGs covered by GHG emission assessments, namely:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFC)
- Perfluorinated hydrocarbons (PFC)
- Sulphur hexafluoride (SF₆)
- Nitrogen trifluoride (NF₃)

The scope of the report covers all of the Company's secondary establishments. The operational scope used for the Company's GHG assessment is that of the strict regulatory obligation (scope 1 and scope 2 of the operational scope defined by the ADEME www.bilans-ges.ademe.fr).

In 2014, the total emissions of the assessment were 4,683 tonnes of CO₂, broken down as follows:

- 2,285 tonnes of CO₂ regarding direct emissions of GHG (or 49%),
- 2,398 tonnes of CO₂ regarding indirect emissions associated with energy (or 51%).

Electricity consumption was the highest-emission item, with emissions accounting for more than half of the total tonnage (51%). The second-highest emission item was linked to the consumption of energy from fixed combustion sources, i.e. primarily natural gas consumption, which alone accounts for 35%. Consumption of energy mobile sources was the third-highest item (10%).

Based on these results, the Company has put together an action plan with the aim of cutting its GHG emissions. Furthermore, the Group has undertaken an energy management approach (ISO 50 001) at six of its French sites to manage the energy performance and thereby cut its GHG emission (six sites selected account for 75% of the French energy bill).

17. Biodiversity protection: measures taken to preserve or restore biodiversity

The activities of the Group's sites have few direct impacts on the surrounding natural habitats.

All direct discharges that could pollute the receiving environment are collected and processed. Every year, new processing resources are put in place to reduce these impacts to a minimum.

Sites whose main activity is related to rubber have a high impact on the natural environment due to their discharge of wastewater.

All of the sites have introduced the sorting of hazardous and ordinary waste. This waste is disposed of in specific accredited channels.

18. Noise pollution

The sites regularly conduct measurements of the noise emitted to the exterior of the plants in accordance with applicable local regulation.

19. The organisational structure put in place to contend with pollution accidents that have consequences on the environment

On each site, the environmental emergency situations have been identified. These usually involve risks of spillages, fire or explosion. For each emergency situation, the procedures for responding, as well as the prevention resources, are identified, listed and formalised in a security plan or another document. They are periodically tested, insofar as possible, on all personnel.

The actions put in place and common to all sites are as follows:

- Each site identifies in a document (e.g. security plan) the risks that could prevent delivery to the customer (including fire, serious pollution of the natural environment, flooding, etc.). The risk situations and the instructions to follow are incorporated into this document.
- Smoking is forbidden.
- Widespread use of the prevention plan for hazardous works and of the fire permit.
- Positioning of drip trays underneath all areas where pollutant liquid products are stored.
- Provision of spillage kits in case of a major spillage of pollutant products at various points in the plant and floor resins in the majority of production areas.
- Implementation of response teams in the event of a fire.
- Provision of washable mats and cloths on all sites in case of minor spillages.
- Group operating procedure on the conduct of QSE² audits to verify the environmental and safety instructions.

20. Costs incurred to prevent the environmental consequences of the Group's activity

(in thousands of Euros)	2018	2017
Investments to prevent environmental consequences	1,058	922

In 2018, four sites invested in the installation of a wastewater treatment centre to clean wastewater before discharging it into local networks.

Several sites incurred expenses to more effectively control their energy consumption, whether by conducting studies to categorise their energy performances and identify areas for improvement or by financing installations following these studies (such as fitting new LED lights, installing new retaining equipment to handle potential leaks and the purchase of waste recycling and sorting equipment).

21. Assessment and certification procedures undertaken regarding the environment and energy

The Group has adopted an integrated management system called QSE²MS Quality, Safety, Environment and Energy.

Internal audits of the QSE²MS are conducted annually at the initiative of the QSE² Department in all entities of the Group. External audits of the QSE²MS are conducted by two certification bodies (UTACERAM and BUREAU VERITAS).

The majority of the Group's production sites are ISO 14 001 certified. The French sites in Champfromier, Beaurepaire, Confort, Vieux-Thann, Monteux and Romans are ISO 50 001 certified.

22. Employee training and education on the environment

As part of the QSE²MS, education in the environment and energy consumption for all personnel present on-site is included in the practices and modes of operation of the Group.

SOCIETAL INFORMATION

1. Consideration of social and environmental issues in the group's Procurement policy

At the initiative of the Group's teams, all partners (suppliers, subcontractors, workers, etc.) must engage in this drive to respect individuals, protect the environment and control energy consumption.

These suppliers and subcontractors are required to follow the Code of Ethics and are included in the Group's procedures.

INFORMATION CONCERNING CORRUPTION PREVENTION

The Company is governed by the French Sapin II act and the vigilance plan.

The Group has formalised an anti-corruption code that aims to implement measures to ensure that our employees, executives and directors, wherever they are located, can recognise and prevent any involvement by our Company in any corruption or influence peddling and, where applicable, to report either of these practices.

The Company has implemented the following actions:

- An alert mechanism.
- Procedures for assessing the position of customers, suppliers and intermediaries.
- Internal and external accounting control procedures.
- A training programme.
- Disciplinary sanctions in case of violation of the anti-corruption code.

TAX POLICY

The Group is transparent about its taxation and aims for its tax policy to be a fully-integrated part of its corporate responsibility strategy. The Group has therefore adopted a consistent corporate citizenship approach, not only to comply with legislation but above all to make a fair contribution to the countries in which it conducts business.

INFORMATION CONCERNING EFFORTS TO PROMOTE HUMAN RIGHTS

The Company undertakes to abide by the following stipulations:

- Practise a fair salary policy (compliance with contractual salary scales as a minimum).
- Eliminate psychological or physical harassment.
- Eliminate any form of employment or profession-related discrimination.

The Company undertakes to abide by the ILO (International Labour Organisation) declaration on fundamental principles and rights at work and notably to uphold the rights to freedom of association and collective bargaining.

The Company does not employ child labour or forced or compulsory labour.

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