

UN Global Compact

Progress Report

Period: June 2019 – May 2020

GROSCHOPP AG - Drives & More -
Viersen, Germany



Table of Contents:

Endorsement Declaration by the Board of Directors.....	Page 3
Report Profile.....	Page 4
The GROSCHOPP AG's Code of Conduct.....	Page 5-6
The GROSCHOPP AG's Code of Conduct for Suppliers.....	Page 7-8
The Ten Principles:	
Human Rights.....	Page 9-10
Job Standards.....	Page 11-12
Environmental Protecion.....	Page 13-15
Fighting against Corruption.....	Page 16-17

Endorsement Declaration by the Board of Directors

The company GROSCHOPP AG is a leading supplier in the area of electric drive techniques of the highest standard for more than 70 years. Business activities comprise research and development, manufacturing and sales of innovative motors, reducer gears, controllers and customer-tailored drive solutions for small- and medium-sized equipments. True to the motto "Drives and More", the company offers not only customer-tailored drive solutions but also manufactures these up to the final product to be applied and used.

The entire product- and service-portfolio guarantees for our customers and ourselves lasting competitive advantages and an increased value of our products, expressed in our slogan "Sustainability through Quality" which stands for longevity of our products. We are searching continually to optimize resources available to us. All our drive components are manufactured from recyclable material and we attach great importance to repairability of our drives by which an economical use of resources are guaranteed. Thus, our customers receive a compact and optimal drive solution in respect of speed and efficiency suitable for the intended application.

In 2019, we employed about 130 staff members at our main production plant in Viersen. Our staff is motivated and provide their own ideas for an advanced production. In that way, they help the company in improving and ehaviorg in a continual effort our processes which assures us their loyalty and adherence to ethical basic principles in our company.

GROSCHOPP has been a member of the Global Compact of the United Nations since 2011. The ten principles of the UN Global Compact are part of our treasured values and are anchored in our Code of Conduct and the annual progress report is accessible for every member of our staff. This is because we have a duty to society to implement all issued instructions in a definitive way, and we use innovative thinking and continual motivation.

Viersen, May 2020

Wolfgang Pflug
-CEO-

Report Profile

All procedures implemented during the reference period are formulated in the following Global Compact Progress Report.

Quantitative data given are applicable to all affiliated production subsidiaries. Classification numbers identify all business departments.

This report is written in English.

We have used exclusively the masculine form throughout, however, it is of course applicable to any other gender identity.

Numbers, Data, Facts

Parent Company Viersen

- Agencies in Germany = 5
- Agencies abroad = 12
- Staff = ca. 130
- Of which are male 85
- and female 45

Subsidiary China

- Staff = ca. 70
- Of which are male: 40
- and female 30

Contact:

CEO of the Groschopp AG: Wolfgang Pflug
Telephone: +49 (0) 2162 / 374-102
Email: schmitter@groschopp.de

Further information can be obtained under www.groschopp.de

01.09.2019	Code of Conduct der Groschopp AG	 GROSCHOPP AG Drives & More
------------	---	---

In our company the Code of Conduct – as a mandatory guideline, and conforming to the law, as well as for any ethically responsible conduct – defines the standard for a responsible attitude vis-à-vis business partners and the general public, but also in dealings among staff members themselves within our company. Everyone in our company, whether staff members, management or the board of directors, are dutybound to adhere to all stipulated basic principles within this Code of Conduct.

GROSCHOPP AG hereby confirms:

Compliance with the law:

- to comply with the law of the legal system as appropriate.

Prohibition of corruption and bribery:

- neither to tolerate any form of, nor to engage in any way in, corruption or bribery, including any unlawful payment proposal or similar allotments of any kind to government officials in trying to influence their decision-making.

Respect for the basic rights of staff members:

- to promote equal opportunities and non-discrimination among staff members, notwithstanding race, nationality, social background, possible disability, sexual orientation, political or religious belief as well as gender or age;
- to respect the dignity, privacy and personal rights of every individual;
- neither to employ nor to coerce anyone against his/her wishes to perform any work;
- not to tolerate any unacceptable treatment of staff members, e.g. psychological hardship, sexual and individual molestation or discrimination;
- not to tolerate any behaviour (including gestures, language and physical contact), which may be construed as sexual, forceful, threatening, abusive or exploitative;
- to provide for appropriate remuneration and to guarantee payment of the statutory minimum wage;
- to adhere to the statutory maximum working hours of the respective country;
- to recognize the freedom of association of staff members as far as judicially permitted, and to neither favour nor discriminate against members of labour organizations or trade unions.

Prohibition of child labour

- not to employ anyone who cannot prove that he is at least sixteen (16) years of age.

Health and safety of staff

- to be responsible for the health and safety of the entire staff;
- to minimize risks and provide for best-possible provisions against accidents and occupational illnesses in the workplace;
- to provide training sessions, and to ensure that all staff members are competent in the areas of occupational health and safety;
- to implement, use and maintain an adequate management system for occupational health and safety;
- to establish and to operate an appropriate work-safety management system;

Environmental protection

- to adhere to all lawful and international standards pertaining to the protection of the environment;
- to minimize environmental pollution, and to improve on a continuous basis the protection of the environment;
- to implement, use and maintain an adequate management system for the protection of the environment.

Supply chain

- to appropriately promote adherence to the content of the Code of Conduct for all suppliers;
- to adhere to the basic principles of non-discrimination in the process of selecting, as well as in dealing with, suppliers.

Viersen, September 2019

GROSCHOPP AG
Board of Directors

01.09.2019	Code of Conduct der Groschopp AG	 GROSCHOPP AG Drives & More
------------	---	---

Code of Conduct for Suppliers

The supplier hereby confirms:

Compliance with the law:

- to comply with the law of the legal system as appropriate.

Prohibition of corruption and bribery:

- neither to tolerate any form of, nor to engage in any way in, corruption or bribery, including any unlawful payment proposal or similar allotments of any kind to government officials in trying to influence their decision-making.

Respect for the basic rights of staff members:

- to promote equal opportunities and non-discrimination among staff members, notwithstanding race, nationality, social background, possible disability, sexual orientation, political or religious belief as well as gender and age;
- to respect the dignity, privacy and personal rights of every individual;
- neither to employ nor to coerce anyone against his wishes to perform any work;
- not to tolerate any unacceptable treatment of staff members, e.g. psychological hardship, sexual and individual molestation or discrimination;
- not to tolerate any behaviour (including gestures, language and physical contact) which may be construed as sexual, forceful, threatening, abusive or exploitative;
- to provide for appropriate remuneration and to guarantee payment of the statutory minimum wage;
- to adhere to the statutory maximum working hours of the respective country;
- to recognise the freedom of association of staff members as far as judicially permitted, and to neither favour nor discriminate against members of labour organisations or unions.

Prohibition of child labour

- not to employ anyone who cannot prove that he is at least 15 (fifteen) years of age. For countries which are exempt due to their status as a developing country under the International Labour Organisation (ILO)-convention 138, the minimum age may be reduced to 14 (fourteen) years.

Health and safety of staff members:

- to be responsible for the health and safety of the entire staff;
- to minimise risks and provide for best-possible provisions against accidents and occupational illnesses in the workplace;
- to provide training sessions, and to ensure that all staff members are competent in the area of occupational health and safety;
- to establish and to operate an appropriate work-safety management system;

Environmental protection

- to adhere to all lawful and international standards pertaining to the protection of the environment;
- to minimize environmental pollution, and to improve on a continuous basis the protection of the environment;
- to implement, use and maintain an adequate management system for the protection of the environment.

Supply chain

- to appropriately promote adherence to the content of the Code of Conduct for all suppliers;
- to adhere to the basic principles of non-discrimination in the process of selecting, as well as in dealing with, suppliers.

Viersen, September 2019

Place, Date

-Board of Management-

- Signature Supplier –

Human Rights

1.) Basic principles and objectives:

GROSCHOPP supports and respects all human rights according to the guidelines given by the Global Compact. Human rights belong to the most elementary of rights for everyone. This is the very reason why our company is aware of its social responsibility and ensures that these guidelines are strictly adhered to, respected and brought to the attention of our staff members.

Furthermore, the company GROSCHOPP attaches great importance to the adherence of international human rights in the supply chain.

A defined code of behavior comprising conformance to legal and ethical behavior among staff has been introduced. Staff members are bound to strictly adhere to these guidelines.

2.) Implemented activities:

The defined code of behaviour is updated in our staff Code of Conduct every year. All staff members are aware that they are dutybound to adhere to these guiding principles, and that they have to mutually honour and respect each other. Our company is aware of its obligation and responsibility for the implementation of these principles. Training courses are held annually for all staff members, making them aware of the relevant topics. The same applies to our suppliers who are monitored on a continuous basis.

We are aware that we need to develop and improve on a continuous basis all aspects of the given guidelines in respect of human rights, and we continue doing so.

3.) Evaluation of results:

The code of behaviour is evaluated on a yearly basis by the management delegate. Should any member of staff notice an infringement of the code of behaviour, this shall automatically be reported to the HR-department, respectively directly to the CEO. In the event of suspicious facts, the CEO takes charge immediately and implements appropriate actions to rectify the case and, if necessary, arranges disciplinary procedures. However, during the last year no such offence was reported.

Our business partners are monitored and surveyed as well, and a questionnaire is sent to them on an annual basis. Results are integrated into the recording of the coming year. There was no infringement of human rights recorded by any of our business partners.

Work Standards:

1.) Basic principles and objectives:

GROSCHOPP complies at all times with the international work- and social-standards as laid down by the International Work-Organization (ILO). Working conditions in our company are fair and our staff are treated in a fair manner; their needs are of the utmost importance to us. Of course, our staff is allowed to make use of their right to collective bargaining. We categorically reject all kinds of child labour, and we are fully committed to the abolishment of any kind of forced labour. Besides, we insist that all staff members show respect for foreign colleagues and refrain from discriminating remarks.

GROSCHOPP is committed to a unified process for all business partners and staff. We believe it is of utmost importance to ensure that all guidelines are strictly and at all times adhered to in our supply chain. Every potential supplier is bound to adhere to current work-safety standards before being admitted. We also monitor our business partners about their adherence to those strict guidelines.

2.) Implemented activities:

As a matter of principle, and in line with corporate social responsibility, remuneration is appropriate and independent of gender.

We respect the collective bargaining of all our employees. Members of labour organizations or worker's unions will neither be favoured nor discriminated against. Every employee has the opportunity to excel in their professional and personal development, and an open exchange of ideas is encouraged. Any feasible idea is supported and sensible improvement suggestions are remunerated.

We support and expect personal commitment, reliability and independent activities. Our employees are highly motivated and engaged and are helping us in our continuous optimization of production processes.

Besides, Groschopp AG has the duty of care for all employees, and that is why the health of our staff is of utmost importance to us.

A work-safety- and health-management has been integrated which meets every three months. Regular internal and external audits and training courses are organised. Great emphasis is placed on wearing protective clothing. Protective ear muffs are worn wherever there is a need. Our specialised staff members in matters of preventive work protection are available at all times. We have appointed first-aid members of personnel according to law and the guidelines of the occupation co-operative society who are available in case of accidents.

A Company Medical Doctor has been appointed according to the guidelines of the German professional association who advises the respective officers for work-protection and accident prevention.

No accident has happened during 2019.

We have listed our objectives in our staff Code of Conduct which can be read at any time. We also foster a continuous dialogue with all our staff members.

The staff Code of Conduct is updated on an annual basis and staff members are instructed about every relevant change.

The company Groschopp AG is listed among the TOP-companies of the small- and medium-sized businesses of 2020. This accreditation is based on evaluation provided by our staff using an 'online-port'. Part of the evaluation were factors like career possibilities, remuneration, work environment, etc. Our flexible work time has been evaluated by our staff very positively in that it contributes to a good work-life-balance.

3.) Evaluation of results:

Annual individual appraisals are held.

Events are also discussed at regular meetings of the steering committee.

Regular surveys are carried out at our business partners in order to guarantee that all stipulated regulations are adhered to in the supply chain.

Environment

1.) Basic principles and objectives:

We are publishing this year our first sustainability report.

Sustainability means for the company Groschopp AG to take on the responsibility for future generations. It is our company strategy to 'live sustainability in an efficient way in all aspects of our work by exerting our influence in economical, ecological and social matters and by integrating these points in our organisational culture. We have explained these important aspects to our staff and have, in that way, enabled them to support us in attaining our objectives through their innovative ideas, products and solutions.

We are aware that a continuous dialogue with our business partners and staff are necessary to achieve our set goals.

It is our goal to increase our energy efficiency on a continuous basis, and to detect and reduce energy potential and CO₂-emission and so to counteract reduced competitiveness on the international market.

Our company has a certified environmental protection management system according to DIN EN ISO 14001 as well as an integrated quality management system according to DIN EN ISO 9001 which works effectively, and which is appraised on a regular basis by their body, the PÜG. The next audit is due in 2021.

2.) Implemented activities:

We are using energy economically and we endeavour to reduce CO₂-emission. Our energy usage is continuously monitored and the energy input improved. Energy efficiency is taken into consideration at every planning of investment and we consult our suppliers and service providers for their contribution to our train of thoughts.

Besides, it is also our aim to conserve resources, and in that respect we were able to reduce the paper-usage by more than 70% compared to the year 2000. Furthermore, we were able to greatly increase the recycling rate through targeted waste separation. The implementation of modern filters and intensive PH-control achieved in our mechanical production an enhanced service life of cooling-and lubricating agents of factor 4.

All lamps in our company have been changed over to LED.

Centrally controlled thermostates were attached to all radiators which regulate temperatures automatically. This guarantees an efficient and energy-saving temperature throughout the plant.

Waste is separated and disposed of according to inhouse and legal guidelines. The "mixed waste-container" not only contains unusable waste but also partly raw material like matured timber and plastics, of which timber is already disposed of as much as possible. All plastic foils collected separately on account of the altered legal regulation of the 'GemAbfV' of 01.08.2017.

The total waste disposed of in 2019 was 26% less compared to the previous year. Wherever possible, reusable packaging is employed.

Consumption values for water and waste water are monitored and documented on a regular basis; they have decreased by 13.5% compared to the previous year. Consumption values for gas and electricity are also monitored and documented.

A combined heat and power plant (BHKW) has been installed in 2016 which supplies not only all production units and administration with heat energy, but also up to 132 kW per hour. The electricity is used at 100% during the day, and about 70% of it is fed gainfully into the national grid in the late evening. A saving of 10% has been recorded.

The changeover to new and heat-retaining windows has begun in the production hall, and this project is expected to be completed within this year. The expected effect is a further reduction of our heating energy.

Electric bicycles are available for employees to avoid using cars for short distances.

All implemented procedures resulted in a reduction of less than 50% of energy usage compared to 2014.

In that way we all contribute in achieving our strategic and operative energy objectives. We aim to reduce even further the specific consumption data.

3.) Evaluation of results:

The board of management evaluates the effectiveness of energy management periodically within the framework of the review process. Any possible improvement deriving thereof are included automatically in the continuous improvement process (KVP); they serve as a means to bring to perfection the integrated management system as well as the energy-based performance of the company.

The responsibility for identifying optimization potential as well as specifying and implementing actions in respect of energy input, consumption and efficiency for all departments of the company rests with the board of management.

We emphasize our commitment to the protection of the environment in the publication of our sustainability report.

Corruption

1.) Basic principles and objectives:

The position of GROSCHOPP AG in relation to corruption is clear and unambiguous. We support and adhere to all objectives issued by the Global Compact, and we communicate them unambiguously to our staff members and business partners.

The company GROSCHOPP AG also rejects for their supply chain any form of corruption or bribery, nor will they tolerate any unlawful bribery offers or similar payments in order to influence any decision-making. Corruption compromises fair competition and damages the good reputation and image of the company.

2.) Implementing activities:

A corrupt attitude is in conflict with our values. In our Code of Conduct, we convey our opinion to all our staff members in a clear-cut manner. All members of staff are dutybound to adhere to the guidelines for fighting against corruption, and are not permitted to accept any gifts from business partners which conflict with our Code of Conduct. Accepting or giving out the usual, low-value 'freebie' is permitted provided that they do not constitute any favouritism or duties. Any favours need to be appropriate and must not happen at regular intervals or revealing a certain pattern.

The board of management decides about a maximum amount before engaging in any business activities, so that gifts, lunches/dinners and entertainments cannot disproportionately influence any business decision.

Whenever favours are given or received, they must be documented. Such entries must explicitly explain the nature and objective of the gift, and must be kept on file.

Every new employee is instructed in detail about the Code of Conduct and in regard of our fight against corruption. Besides, training courses are held on a regular basis for all members of staff. There is also a regular interchange of ideas with the risk management.

In order to avoid any conflict of interest, all members of staff are not permitted to carry out any spare-time-work for competitors. In addition, the placing of orders with relatives of staff members is not permitted. In exceptional cases, the permission of the board of management needs to first be obtained should such action become necessary.

3.) Evaluation of results:

Adherence to the basic principles is evaluated by the works committee. The works committee reports every three months (quarterly) about events at the board of management meeting.

No infringement against these basic guidelines has been reported to date.