

**Sustain  
ability  
report**

**16.17**

**Any questions?**

Your point of contact for any questions on sustainability or this report is Mr Ingo Schlutter, Head of Quality Management at DENIOS AG.

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“ We all bear the responsibility

for the preservation of our natural environment –

both for ourselves and for generations to come.

At DENIOS, our number-one priority is

making sure we are constantly improving

and setting new standards in this regard.”

**DENIOS – Because nature trusts in us.**

– **Helmut Dennig** –

Founder and Chairman of the Executive Board



Sustainability is a global concern. This is why DENIOS is supporting the implementation of the Sustainable Development Goals.

#### Dear Readers,

How does our economy and society need to develop, not only to avoid further damage to the environment, but also to lay the foundations for a dignified life for as many people as possible? It's no coincidence that this sounds just like one of the core elements of the DENIOS mission; after all, we are incredibly passionate about protecting natural resources and treating both people and our natural environment with the respect they deserve! We have ventured behind the scenes at DENIOS for a closer look at sustainability in a bid to make it a more tangible issue for everyone concerned. This report is the result of our findings.

So what led us to take this approach? In September 2015, the United Nations ratified 17 Sustainable Development Goals with all participating countries. Its ambitious objective was to tackle the global development in issues such as the fight against poverty, nutrition, health, education, equal rights, water supply, innovation, consumption, and climate protection within the next 15 years and improve these in the hope of a better future for generations to come. Even in Germany, these Sustainable Development Goals have now been incorporated into the government's national sustainability strategy. The economy has a key role to play in this vital task. And, as a leading company in environmental economics, we have made it our responsibility to take ownership of this ambitious undertaking.

DENIOS is a fast-growing company both in Germany and throughout the world. The number of our products and services is also on the rise, along with the global responsibility we bear together with our customers and subsidiaries in Europe, Asia and America each and every day. Over and above all of the economic objectives of this growth, as an environmental company it is our intention to raise the level of environmental protection around the world to ensure sustainable protection of our surroundings. So sustainability is an essential component of the DENIOS company's DNA.

We would like to use this current report to demonstrate how sustainability is something our organisation lives and breathes on a day-to-day basis. We will also be showing which aspects are already in operation and which are yet to come.

Everything we do is focused on our vision, our forward-thinking approach to planning and behaviour, and the well-being of future generations. That's what we call sustainable at DENIOS.

  
– Helmut Dennig –

Founder and Chairman of the Executive Board

  
– Ulrich Lange –

Head of Engineered Solutions

  
– Horst Rose –

Head of Catalogue Products





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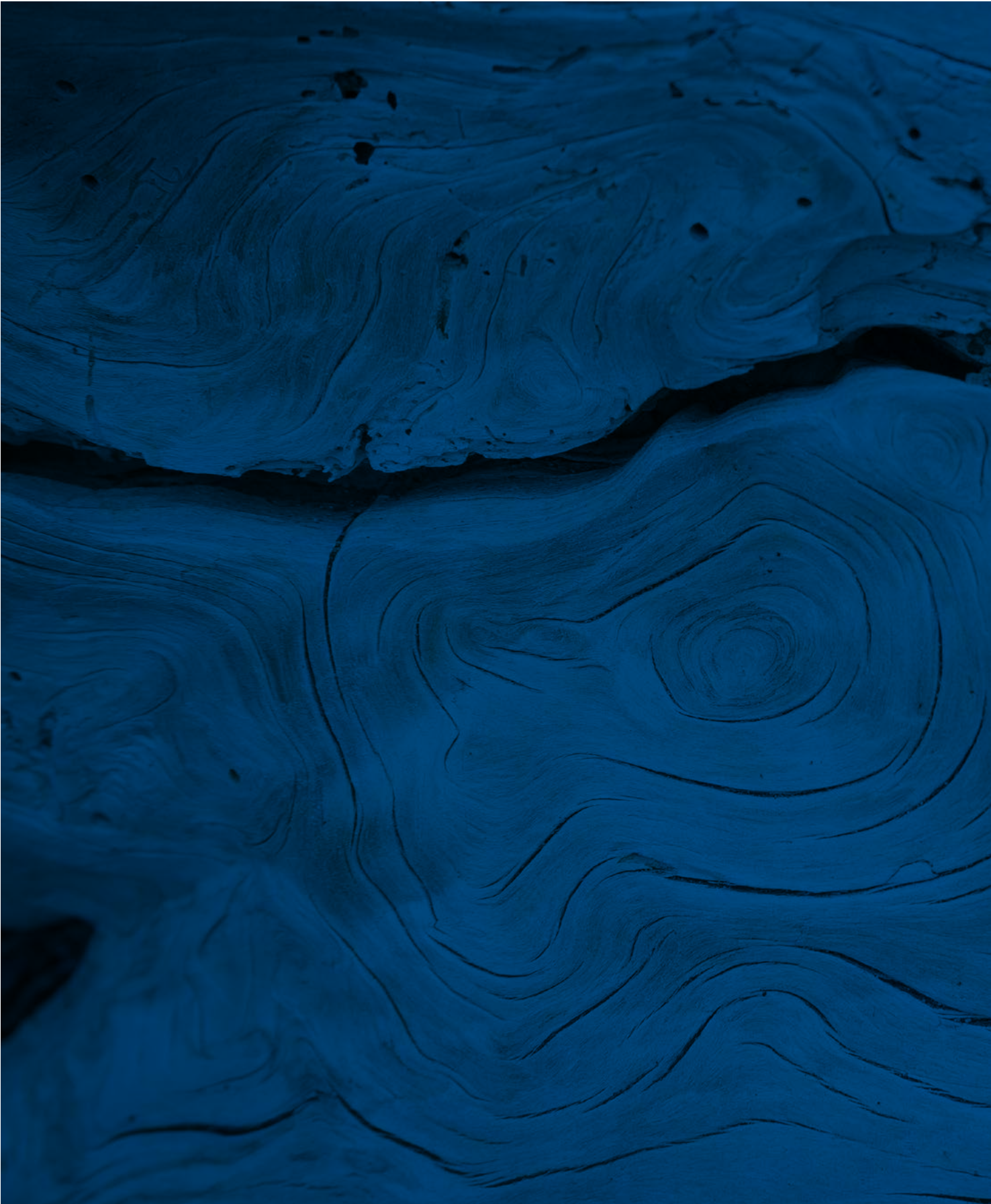
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# I Introduction

**DENIOS - demonstrably sustainable.**

As an international market leader, sustainable operation is our objective and our obligation.

## Sustainability is part of our strategy

One report down, another report on the way: more than

# 16

sustainability projects have already been put into action by DENIOS in 2018.



We are keen for the company to grow stronger together, offering more benefits for employees and making the DENIOS world into a workplace of the future. We would like to achieve this by means that include far-reaching training and further education, that picks up each employee from the point where they happen to be and prepares them specifically for the tasks of the future. This is also something we would like to achieve with our customers.

Operational health management is another aspect that will be playing a crucial role in our efforts over the coming years. Our plans for the future include building our own premises for this, complete with plenty of open spaces for employees. We would also like to pay even closer attention to workplace ergonomics and healthy nutrition for our employees going forward by improving the quality of our catering services.

In 2017, DENIOS was formally recognised as a family-friendly company. Combining career with family life and establishing a positive work-life balance will be right at the top of our development agenda over the coming years and will be shaping and influencing working life well into the future.

On a global scale, we would like to expand our product range significantly to offer our customers a whole host of new options. These new products will be designed

to protect the environment and its resources in the long term and create a worthwhile future for generations to come. This will also affect our supply chain in many ways. DENIOS cultivates long-standing relationships with its suppliers and attaches great value to quality from its subcontractors. It already has stringent inspection criteria in place for new suppliers, not to mention quality assurance agreements and a well-established supplier management system. We will also be incorporating the requirements from the Global Compact initiative in our quality assurance agreements, and in future we intend to further standardise our processes in this respect.

International quality management is a significant contributory factor to achieving our ambitious objectives. Our intention is to implement the international QA validations that are already in force in Germany, the Czech Republic and France within our other subsidiaries.

Here at DENIOS, we see digitalisation as an opportunity to harmonise our business and production processes and expand our range of digital services both in Germany and in our international subsidiaries. Our company already has a specific time frame in place for tackling these digital challenges, which is set to further advanced in the next few years. In terms of the company structure, which is growing year on year, digital processes are also a core aspect of sustainable business. Even our products and customer services are becoming increasingly more digital. Cooperation with R&D institutions is set to play a key role in the coming years in this regard.







Our report has been validated to get us off to the best start.



## Report profile

Corporate sustainability comes in many forms and affects a range of fields, processes, departments and, of course, the individual employees. What's more, sustainability is an everlasting process that runs alongside each of our commercial activities.

This is the DENIOS Group's first sustainability report. This edition covers the 2016–2017 period and will be updated every two years. There have been no previous reports for us to refer to or cross-reference results with. It was collated in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI).

A dedicated Corporate Social Responsibility (CSR) team was established within the company to find the necessary data and create the report. This team is made up of a member of the board, an executive assistant, the responsible quality manager, and employees from the marketing department. The board member's involvement includes taking responsibility for economic, ecological and social issues and reporting these directly to the chairman. The creation, visual display and content design are the sole responsibility of this team. Regular meetings and workshops took place to ensure the DENIOS sustainability report would be of a professional standard right from the start. With DENIOS AG as the parent company, the production facilities in the Czech Republic and France were taken as the basis for creating the report. This meant that the three largest sites within the DENIOS Group – and so a good 70% of the total workforce – were included. DENIOS direct GmbH is also included in the statistics as a fully fledged subsidiary and in-house agency of DENIOS AG.



### Attestation of an independent sustainability assessment

#### To DENIOS AG, Bad Oeynhausen

In accordance with our mandate, we accomplished a sustainability assessment to obtain a limited assurance of the disclosures in the Sustainability Report 2016/2017 by DENIOS AG for the financial years 01.01.2016 to 31.12.2017.

#### Responsibility of the legal representatives

The top management, consisting of Founder and CEO, Helmut Dennig, Board Engineered Solutions, Ulrich Lange and Board Catalogue Products, Horst Rose, of DENIOS AG, is responsible for the preparation of the Sustainability Report in accordance with the reporting principles of the G4 Global Reporting Initiative (GRI):

- ▶ Stakeholder inclusiveness
- ▶ Sustainability context
- ▶ Materiality
- ▶ Completeness
- ▶ Balance
- ▶ Comparability
- ▶ Accuracy
- ▶ Timeliness
- ▶ Clarity
- ▶ Reliability

This responsibility includes selecting and applying appropriate methods for preparing the above report, making assumptions and estimates of individual disclosures that are plausible under the circumstances. In addition, management is responsible for the conception, implementation, and maintenance of systems and processes insofar as they are of importance for the compilation of the report.

#### Responsibility of the auditors

Our task is to assess whether we have become aware of facts that lead us to believe that the sustainability information presented in the Sustainability Report for fiscal years 2016/2017 is not in accordance with material requirements with the Guidelines and Criteria for Sustainability Reporting G4 of the GRI. In addition, we were commissioned to make recommendations on the further development of sustainability management and reporting on the basis of the audit results.

The focus of the audit is stakeholder management. This includes the choice of stakeholders and the communication with them, the assessment of their requirements, and the identification of key aspects of sustainable development. The validation of the sustainability-related information presented in the report is planned and carried out in such a way that we can issue our assessment with a limited assurance.

This limited assurance relates exclusively to evidence of internal sources and groups; the obtaining of audit evidence is limited to the business or management level of DENIOS AG. Systems and processes that determine the content of the report have been examined, using the materiality principle and the process for involving stakeholders. The specific sustainability services were checked on-site by sampling.



## External inspection and validation

As a company whose corporate success is heavily dependent on compliance with standards and validations, it goes without saying that we would have our sustainability report inspected by an external body. Credibility is a crucial pillar in the DENIOS product philosophy, as well as being a key contributor to the international success of our organisation. The internal inspection bodies within the DENIOS Group are well integrated into our professional practices and prove their worth on a daily basis. Nevertheless, the external inspection was incorporated into the planning and creation of the report right from the start as an additional seal of approval. This is why there was never any question that we would have the sustainability report validated by a reputable, independent institution. So we decided to commission the Berlin-based company, GUTcert, to carry out the inspection. This institution has made a name by supporting customers in making long-term improvements to their business processes. The inspection report can be found below.



The planning of the audit was at the discretion of the auditors and implemented by the following activities:

- ▶ Access to the company policy, the 2018 strategy, the Code of Conduct and company organization documents and specific company agreements
- ▶ Comprehending the process of identifying the key aspects of materiality assessment based on a specific stakeholder analysis, prioritizing it with the outcome of the evaluation, and the final internal determination
- ▶ Inspection of the documentation of systems and processes for the collection, analysis and aggregation of data on sustainability performance, including a fine-level release process of individual report sections
- ▶ Personal interviews with the Board Catalogue Products
- ▶ Personal interviews with those responsible for corporate organization and strategic development, risk management, product development and marketing, controlling, human resources and corporate communications as well as the head of quality management
- ▶ Analytical assessment of communicated key figures
- ▶ Random samples of evidence for individual data, e.g., by accessing internal management documentation and accounting, as well as by analyzing records generated as reports from the internal data system

### Verdict

On the basis of our sustainability assessment to obtain a limited level of security, we have not become aware of any issues that may lead us to believe that the Sustainability Information contained in the Sustainability Report 2016/2017 of the DENIOS AG is not materially in accordance with the Global Reporting Sustainability Reporting Guidelines G4 Initiative (GRI).

### Additional Notes – Recommendations

Without limiting the above-mentioned results, we would like to make the following recommendations for the further development of sustainability management and reporting:

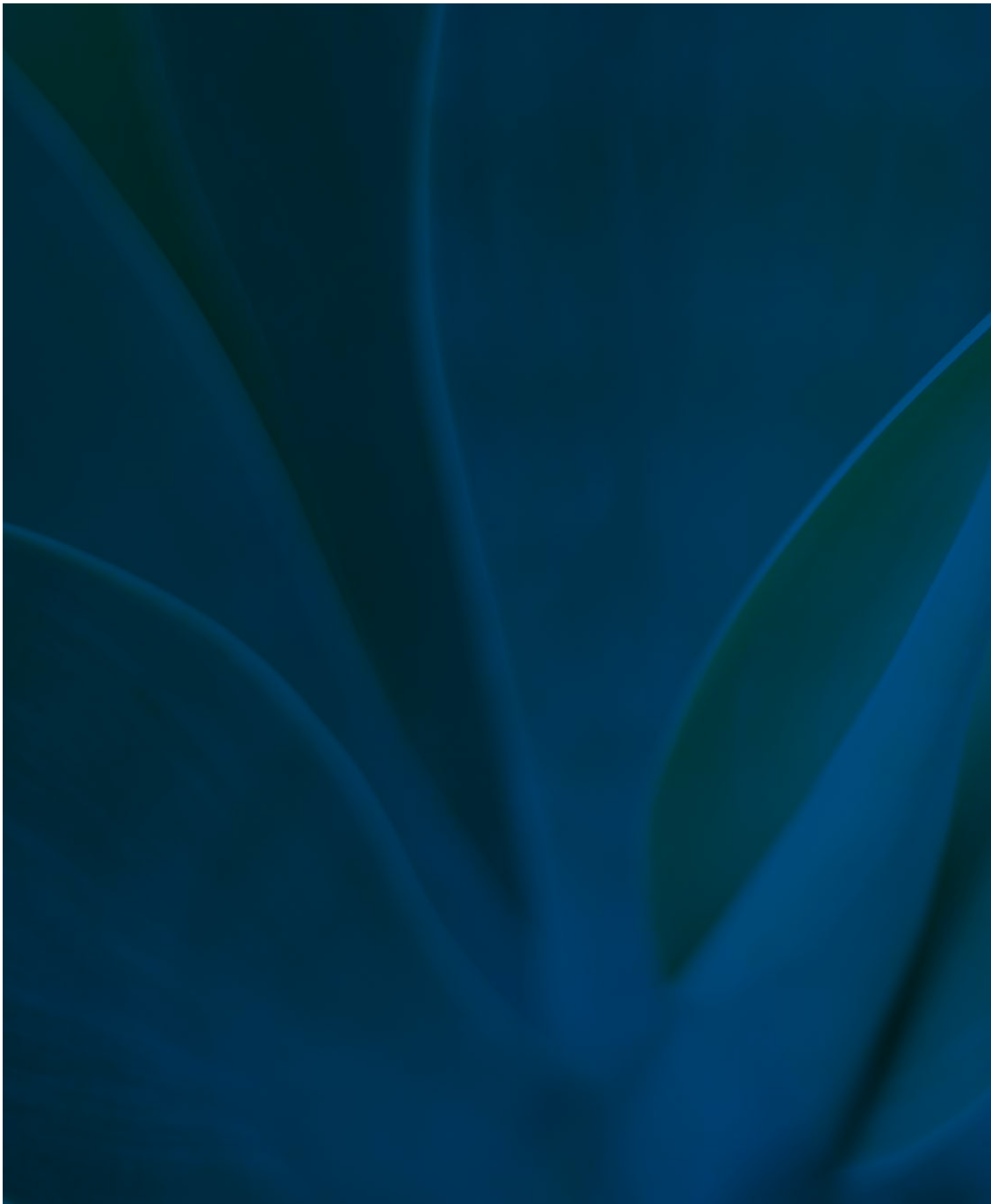
- ▶ Further specification of the described sustainability management program: Measurable goals must be underpinned with appropriate measures and responsibilities assigned
- ▶ The successful integration of existing management systems through all parts of the company, divisions and levels is essential for the efficiency and sustainable development of the company, this applies, inter alia, to uniform data collection
- ▶ The sustainability related risk assessment including the opportunities should be harmonized for all subsidiaries
- ▶ Supplier management should be developed as planned within the integrated management system and implemented promptly

Berlin, March 12, 2018

GUT Zertifizierungsgesellschaft für  
Managementsysteme mbH  
Umweltgutachter

Yulia Felker

Susanne Moosmann



# II Family company

## **DENIOS - Exceptionally family-friendly**

Our international family is constantly growing.  
Our expertise and common standards are following suit.

# 1,500

room systems manufactured by DENIOS on average each year in Germany alone.

*As a medium-sized company, we know exactly where our roots are. But we also know exactly where we are now and where we would like to be. Our owner-run corporate group is growing on an international scale with every passing year. As a family-friendly company and part of a family-run holding company, the concept of "family" is so important to us and something we live and breathe every single day.*

### **Joint values that we live and breathe**

Our values guide in the work we do, in the decisions we make and in the way we behave. We each make countless decisions every day in a constantly changing environment. Our company is definitely multidimensional, incorporating a whole host of different cultures and calling on expertise from a wide range of different sectors.

- **Nature and people**
- **Innovation**
- **Sustainability**
- **Global action**
- **Family company**

Together, our company values are what form the basic framework of our sustainability report. Each section is devoted to one of these values and highlights just how we experience sustainability in our company on a day-to-day basis.





From our vision, a global corporation has developed; from a single idea, we now have a comprehensive and unparalleled product range. Back in the 1980s, our company founder Helmut Dennig had the idea that using a container of some kind when dealing with hazardous substances could prevent water-endangering substances from entering the soil and causing damage. His idea was reinforced following the huge industrial disaster that took place at the Sandoz plant in Switzerland in 1986 and the Chernobyl reactor incident that same year. The industry was crying out for products that could be used to help these companies fulfil their responsibilities towards the environment and ultimately protect the world around them. The first of these products was the catch basin. To this day, it is still an integral part of the DENIOS hazardous material storage technology range.

Today, DENIOS is the world's leading provider of solutions for commercial environmental protection and operational safety. Over 10,000 products for handling and storing hazardous substances and ensuring employee safety are sold worldwide in 15 different languages through the catalogue and online shop. Technical room systems ensure the safety of all concerned when storing large quantities of hazardous substances, when dealing with the thermal treatment and provision of process materials, or accommodating state-of-the-art technology. Air-treatment installations capture pollutants in the air to protect employees from exposure to health risks in the workplace.

Our long-standing market presence has seen many strong brands of our own establish themselves as part of the DENIOS range in addition to our core products such as spill pallets, handling solutions and room systems. FALCON transport and cleaning cans, for example, ensure the safe transport and handling of small quantities of flammable liquids. And it's not just everyday tasks such as filling and decanting that are made safe and straightforward; sprinkler cans allow hazardous substances to be dosed accurately down to the last drop without having to come into direct contact with the substance itself. And then there's DENSORB, the range for the effective elimination and clean-up of leaks. The absorbent fleece material is available in Oil, Universal and Chemical versions to soak up liquids and prevent them from spreading – even on the surface of water. The DENIOS DENSORB range is rounded off with practical emergency kits and granulates for large-scale applications. For cleaning parts without the use of harmful solvents, the bioX range is the perfect choice. A cleaning bath of biodegradable microorganisms meets stringent cleanliness requirements without the use of chemicals. Purpose-built cleaning tables come complete with cleaning additives to provide effective, all-round solutions.

## Unparalleled in production and service:

### The DENIOS Group



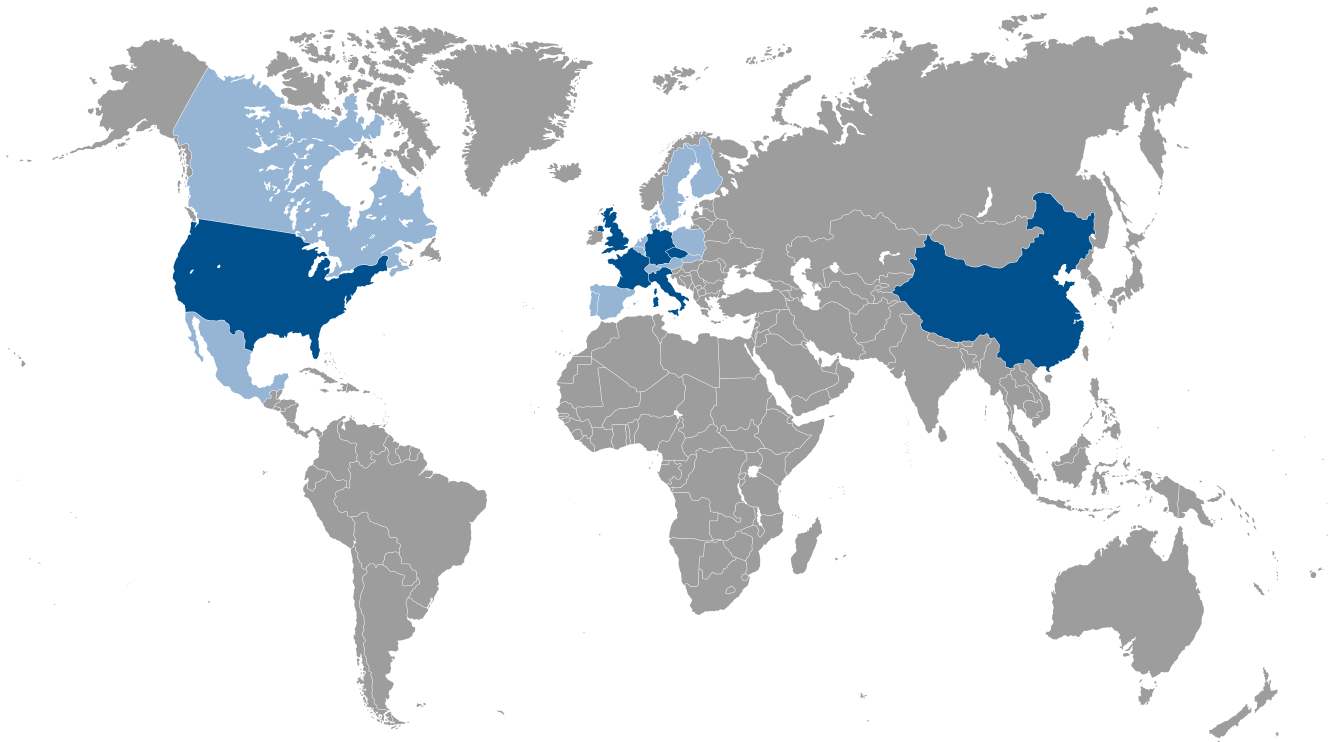
# 70%

of all DENIOS employees work in the sites in Germany, France and the Czech Republic.

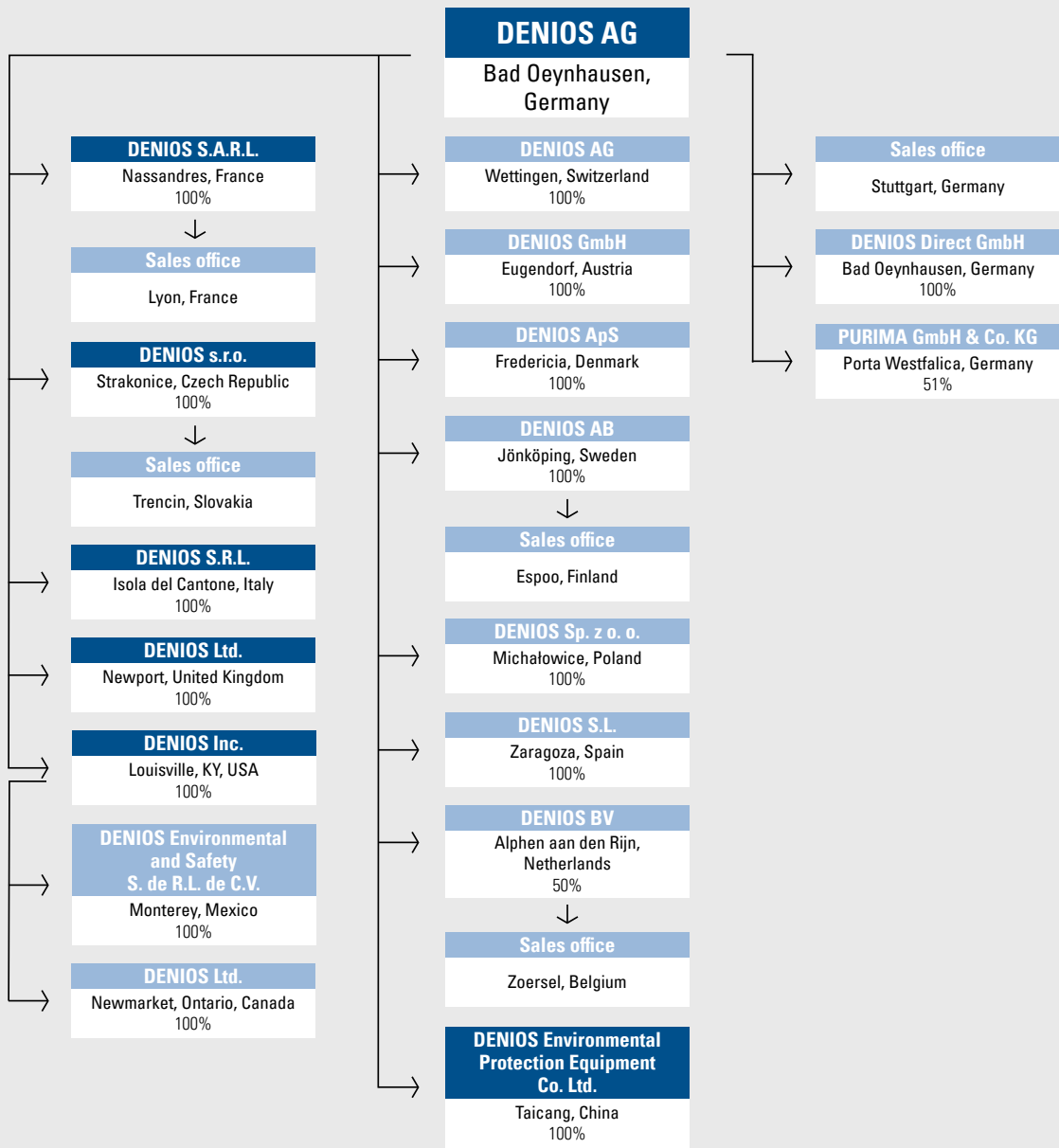
## Part of one big family

From its origins in the east Westphalian town of Bad Oeynhausen in Germany, the DENIOS concept has now taken off all over the world. As an Aktiengesellschaft, which is broadly equivalent to a public limited company, DENIOS AG is not only the headquarters but also the parent company of the international DENIOS Group. In addition to its headquarters in Bad Oeynhausen, DENIOS Germany also has a logistics facility in the neighbouring town of Löhne and a sales office in Stuttgart. The Dennig family owns 100% of the shares in DENIOS AG. 60% of these shares are held by the Dennig's family office, 'Dennig Capital Partner GmbH' in Minden, which already includes the next generation of the family. A further 30% of the business continues to be held by founder and CEO Helmut Dennig, while the remaining 10% is retained by the company itself. With a company history spanning over 30 years, the DENIOS Group has now developed in 20 locations across Europe, America and Asia. New subsidiaries are constantly being added to the fold, as are independent companies that serve to enhance the DENIOS portfolio through the expertise they bring. The following companies are all subsidiaries of DENIOS AG:

- **DENIOS S.A.R.L** in Nassandres, France, as well as the sales office in Lyon
- **DENIOS s.r.o.** in Strakonice, Czech Republic, as well as the sales office in Trencin, Slovakia
- **DENIOS S.R.L.** in Isola del Cantone, Italy
- **DENIOS Ltd.** in Newport, United Kingdom
- **DENIOS Inc.** in Louisville, Kentucky, USA
- **DENIOS Environmental Protection and Safety S. de R.L. de C.V.** in Monterey, Mexico
- **DENIOS Ltd.** in Ontario, Canada
- **DENIOS AG** in Wettingen, Switzerland
- **DENIOS GmbH** in Eugendorf, Austria
- **DENIOS ApS** in Fredericia, Denmark
- **DENIOS AB** in Jönköping, Sweden, as well as the sales office in Espoo, Finland
- **DENIOS Sp. z o. o.** in Michałowice, Poland
- **DENIOS S.L.** in Zaragoza, Spain
- **DENIOS Environmental Protection Equipment Co. Ltd.** in Taicang, China
- **DENIOS Direct GmbH** in Bad Oeynhausen, Germany



■ Sales office and production facility    ■ Sales office



Sales office and production facility

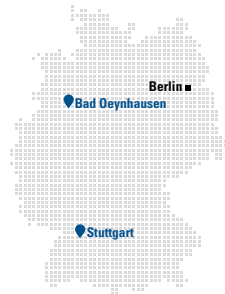
Sales office

## Limitations of our report

With its company headquarters in Germany, DENIOS has production facilities in 7 locations around the world: in Germany, France, the Czech Republic, Italy, the UK, the USA and China. As a market leader, we are where our customers are. This means that, as well as local supply of products, we also ensure that our specialists and contact people are never too far away. Our sustainability report for 2016/17 covers our sites in Germany as well as our locations in France and the Czech Republic. These are our largest sites and where a total of 70% of the DENIOS employees work.

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### DENIOS Germany

DENIOS AG in Bad Oeynhausen, Germany, is the parent company of the international DENIOS Group. This is where our core innovations have emerged since 1986, and a large number of our products are still developed and produced here to this day. The DENIOS Group headquarters are also located here in Bad Oeynhausen. We also have a sales office in Stuttgart.

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### DENIOS France

Our Nassandres-based production facility and sales office have given us a strong presence in France since 1994. The stringent legislation in France means the French market often calls for specially manufactured product variations. These are produced directly on site and are quickly available to customers. The south of France is covered by a sales office in Lyon.

### DENIOS s.r.o.

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### DENIOS Czech Republic

Originally founded in 1998, the production facility in Strakonice relocated to a brand new production and administration building in 2016. This is where the steel products and components are manufactured for all other sites in the DENIOS Group. Even the products for the Eastern European market frequently come from the Czech Republic. And to cater to the Slovakian market, we also have a sales office in Trenčín.





## Partner to the environment, partner to industry

A selection of our  
reference customers:



As a long-standing partner to industry, the DENIOS Group supplies a wide range of different industries and companies all over the world. Generally speaking, when it comes to taking responsibility for storing and handling hazardous substances, companies of all sizes will find themselves in need of DENIOS products or services. The branches supplied by the DENIOS Group are generally quite similar; only in particular cases do subsidiaries have specific priorities with regard to their customers or industry. In France, for example, the food industry is one of the largest customer groups, whereas in Germany it plays more of a secondary role. A first for us in France is also a strong presence in the field of public life and administration, with 49.8% of the French customers making up this group during the reporting period.

The automotive industry is one of the most significant industrial sectors in the world. Here, responsibility for people and the environment is now as pertinent as ever. Environmental protection starts long before ensuring the fuel-efficient and preferably low-emission operation of vehicles; even during the development and production phases, important steps can – and must – be taken to ensure optimum occupational safety, and health and environmental protection. With this in mind, the tasks involved in the automotive industry are diverse: installation, service and repair work that requires oil and release agents is just as much on the agenda as surface treatments such as painting, blasting and polishing. The use of hazardous materials is also par for the course, as are activities where employee safety is paramount. This also includes the huge branch of maintenance. Within the automotive sector, DENIOS products offer support with environmental protection and workplace safety for international manufacturers such as the Volkswagen Group, the Daimler Group, the BMW Group and KIA. All along the supply chain, other household names

such as Bosch, Continental, Goodyear, the Schaeffler Group, and Thyssen Krupp also all rely on DENIOS products.

Chemical companies are essential suppliers for other sectors, such as the plastics industry, food industry and the automotive sector. Handling and processing chemicals presents huge challenges for the companies in these sectors when it comes to storing and handling hazardous substances. As for the pharmaceutical sector, medium-sized companies and international pharma groups alike constitute an innovative industrial landscape – both in Germany and internationally. The research and development sector plays a crucial role within the industries of both sectors. The economic success of the chemical and pharmaceutical industries is dependent on innovations more than any other sector. In all areas of activity involving chemicals and pharmaceuticals, the regulatory and legal requirements for operational environmental protection and employee safety are extremely high. This is why so many major international players feature among DENIOS customers – particularly for laboratory equipment and solutions for collecting hazardous substances. These include BASF, BAYER, Evonik, Covestro, and Henkel, along with a wide range of different companies from the petrochemical sector.

Virtually all manufacturing industries rely on machines and plants to produce their products. The machinery and plant engineering sector designs, builds and supplies these often highly complex production systems to a whole host of different industries, while also promoting ever greater levels of automation. Just like the metal-processing industry, various hazardous materials are used in all areas of machinery and plant engineering, and the requirements for safe storage and handling products are high. Siemens, MAN, CLAAS and Thyssen Krupp

are just a few examples of DENIOS customers in this field. Plastics are used as raw materials in many manufacturing industries, such as vehicle construction, medical technology and construction. While plastic is not considered a hazardous material in itself, its production processes rely on a range of additives to make it more resistant to heat, aging and fire. Even the wider plastic production cycle is constantly in the presence of potentially hazardous substances, be it in processing or recycling. In addition to environmental protection, particularly products that promote safe handling and enhance employee protection also have a huge role to play in this field.

In the metal processing industry, tools are absolutely essential. Tool and mould making, vehicle construction and mechanical engineering also belong in this industry. Highly specialised companies make product for the international markets of the automotive, electrical and construction industries. Drilling, turning, milling, forging and punching are all common procedures in the production environments of these companies, as are welding, bending, casting, soldering and etching. These production processes call for the use of a whole host of different hazardous substances. Cooling lubricants, paints, varnishes, thinners and adhesives are just some of the substances employees must be protected from as they are hazardous to health. The same also applies to protecting nature and water when storing and handling these substances.

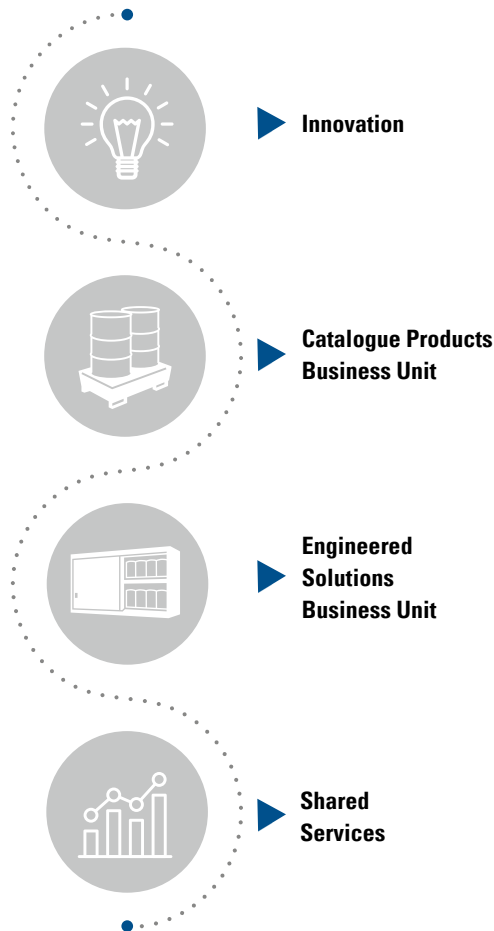




## 8 DECENT WORK AND ECONOMIC GROWTH



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



## Organisation of DENIOS AG

In over 30 years of company history, DENIOS has never stopped developing – not only in terms of our products, but also in terms of our internal structure. Anyone wanting to completely redesign a company's entire structure wants it to be well thought through: after all, every employee should know exactly what their role is and who their points of contact are. And then all internal workflows and processes are based on the company organigram. Our management board and executive team played an integral part in the reorganisation of DENIOS AG.

The company moved away from its previous functional organisation in 2016 in favour of a divisional structure whereby the second hierarchical level is now geared towards product areas and customer needs rather than areas of responsibility. This is intended to provide the best possible support for the DENIOS business model, which is based on two pillars: custom solutions and standard products. The advantages that this affords include a higher level of transparency; more accurate performance assessments; greater flexibility, motivation and market proximity; and a better focus on customers, the local area, and products. Better cooperation between departments, faster decision-making processes, and clearer accountability for results are further aspects that spoke in favour of this reorganisation. In addition to the board, the structural organisation of DENIOS AG has been divided into four sectors since 2016:

- **Innovation**
- **Catalogue Products Business Unit**
- **Engineered Solutions Business Unit**
- **Shared Services**

The Innovation sector combines the technical expertise of all DENIOS's own products, further extends this, and develops innovative new products based on this.

The business units incorporate all of the functions relevant to their business – from product management and production right through to sales and distribution. Each of these forms a single unit that is responsible for generating sales and results for everything from A to Z. Even within these business units, there are service areas that perform services for each of the other business units. Shared Services is the name for services within the company that are provided centrally. These include finance, project management and HR.





## Management culture and guiding principles

Top marks in our certificate for good leadership. Here's what our employees think:

I am able to work on my own initiative:

A

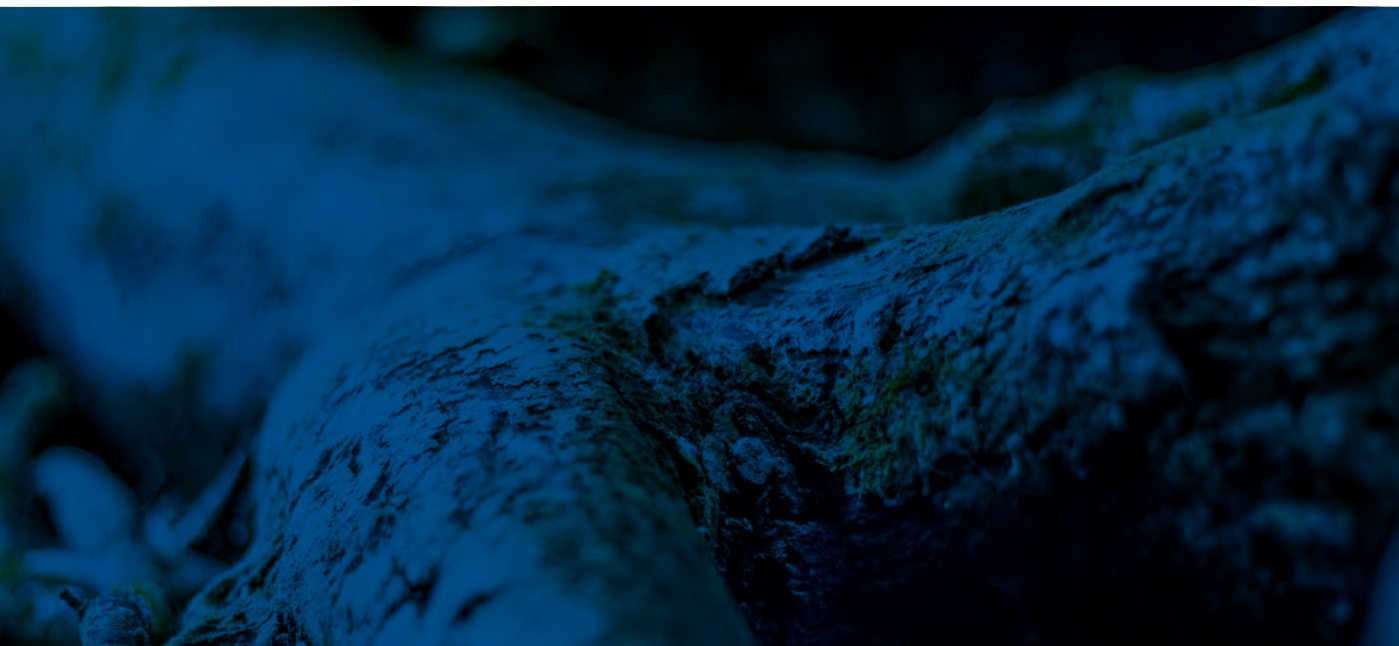
Everyone in my team sticks together and we all support each other:

A+

Everyone in my team is incredibly motivated:

A\*

Managers within the DENIOS Group are appointed based on their attitude rather than their age. Due to our constant growth and the ever-increasing complexities this brings, we find ourselves pushed to our limits from time to time. This is why DENIOS supports its managers with the ongoing development of their personal competencies through coaching, as well as relevant internal and external courses and training programmes. The leadership principles and guidelines apply to all companies in the DENIOS Group and are readily accessible in the management handbook.



### Guiding principles of the DENIOS Group

Our DENIOS guiding principles establish guidelines against which the standard of good leadership and cooperation can be measured:

- Trust and appreciation at all levels
- Reliability, commitment and dependability in our cooperation
- Motivation and enthusiasm for the company's shared objectives
- Clear definition of tasks and the freedom to design and complete these

### Desirable qualities for senior staff

The management style at DENIOS takes a cooperative approach that relates to people and situations. We require our managers to demonstrate:

- Empathy and emotional intelligence
- A willingness to provide active and passive feedback and pass on information
- Exceptional active communication skills
- Credibility and openness
- An ability to create a supportive, trusting atmosphere in the workplace
- Strong commitment along with the ability to find common solutions and make decisions by consensus
- The courage to make decisions and explain these to employees
- A conscious approach to the needs and concerns of individual employees
- An ability to support employees and increase their potential through special courses and training
- An ability to share evaluation standards and assessment criteria
- A constructive approach to handling mistakes
- An ability to praise and appreciate others

### Requirements for employees

Even our employees themselves contribute to the established leadership culture at DENIOS through defined attributes and behaviours. Examples of these qualities include:

- A willingness to provide active and passive feedback
- A commitment to the principles and objectives of the company
- An ability to formulate challenging objectives independently
- A constructive, critical approach to dealing with workplace conditions
- An ability to act independently within their area of responsibility
- An acceptance of responsibility
- An active engagement in advanced and further training
- Courage to share personal opinions and points of view
- An ability to share information with managers and colleagues in a timely manner
- An ability to find initial solutions and resolve conflicts within their immediate environment

### Code of conduct and guidelines for employees

The DENIOS mission statement embraces a series of essential qualities. These, too, are communicated to employees through the management handbook.

- Openness: We are open to new ideas
- Vision: We look back fondly on the past, do not just concern ourselves with the present, but direct our attention much more towards the future
- Reliability: We are renowned for our reliability and pragmatism
- Respect: We value feedback and different opinions – from trainees through to CEOs
- Empathy: We are extremely sensitive towards what's going on around us and use this ability to respond quickly and skilfully, even in difficult situations
- Networking: We connect with experts and bring together colleagues from various disciplines



Openness



Vision



Reliability



Respect



Empathy



Networking





## Appointment and composition of the board

The board members are appointed directly and exclusively by DENIOS AG as the parent company of the DENIOS Group, and report to both the CEO and the competent members of the supervisory board. This all but rules out any conflicts of interest with other associations and activities of the board members. In addition to its management responsibilities within the organisation, the board also functions as a knowledge base for the entire Group. CEO Helmut Dennig founded the company and built it up to where it is today. The COOs each offer many years of international experience within their specialist fields, which include marketing, sales and distribution, logistics, development, innovation and production.

As the highest organ within the company, the board is constantly under its own mutual observation and evaluation. What's more, the DENIOS AG supervisory board also functions as a regulatory body for the executive board's performance. Just as for the rest of the company's workforce, the principle of lifelong learning also applies to the executive board. This involves taking a project-based approach, so if specific expertise is required for a project, then this is what is acquired.

### Composition and responsibilities of the highest regulatory body

The DENIOS board is the highest managerial level within the organisation. The chairman of the board (CEO) is company founder Helmut Dennig, and he is ably assisted by two COOs – Horst Rose for the Catalogue Products profit centre and Ulrich Lange for the Engineered Solutions profit centre.

These chief executives are responsible for the strategic development and business strategy of the DENIOS Group. This includes protecting the corporate identity and maintaining the sites and buildings belonging to all DENIOS companies. The CEO holds conversations and meetings with banks and local authorities, handles insurance matters, and communicates with the works council.

The COOs head up the Engineered Solutions and Catalogue Products business units as well as the operations for the Shared Services and innovation units. They are also responsible for the operational management of the subsidiaries together with the divisional managers and the heads of the Plastic Products and Quality Management departments. Regular departmental meetings and an annual closed meeting take place to define the strategic and operational goals of the company. These are then broken down further into personal objectives.

The COOs are also responsible for maintenance; product and business development; quality, energy, environment and ideas management; supervision of audits; and data protection, as well as for acting as representatives of the CEO.

The board shares responsibility for the strategic management of the Innovation and Shared Services units. And risk management and commercial leadership of the DENIOS Group are also further shared tasks of the board.







To this end, DENIOS makes use of various means and channels to promote communication and the exchange of ideas between all employees and managers.

DENIOS uses the following channels to share information within the company:

- Social intranet
- Regular video conferences
- The “We are DENIOS” employee magazine (four times a year in German and English, in print and digital form for all subsidiaries)
- Weekly team meetings
- Twice a year, DENIOS founder Helmut Dennig sits down with every department in the company to share ideas about responsibilities, general satisfaction and the status quo
- A suggestion box also offers a direct (and anonymous, if preferred) line of communication to the board
- Annual staff meetings through the works council

International Group conventions are held twice a year, involving all of the managing directors of the companies around the world. Maintaining personal contact with the international subsidiaries is a core element of the company philosophy while also being a crucial aspect of consolidating shared objectives. This combination of personal and written communication allows DENIOS to ensure that relevant information reaches all employees in a timely, purposeful manner.

 In France, managers present the company’s key financial and social indicators at staff meetings held on a quarterly basis. A Q&A session allows employees to openly voice their comments and questions directly.

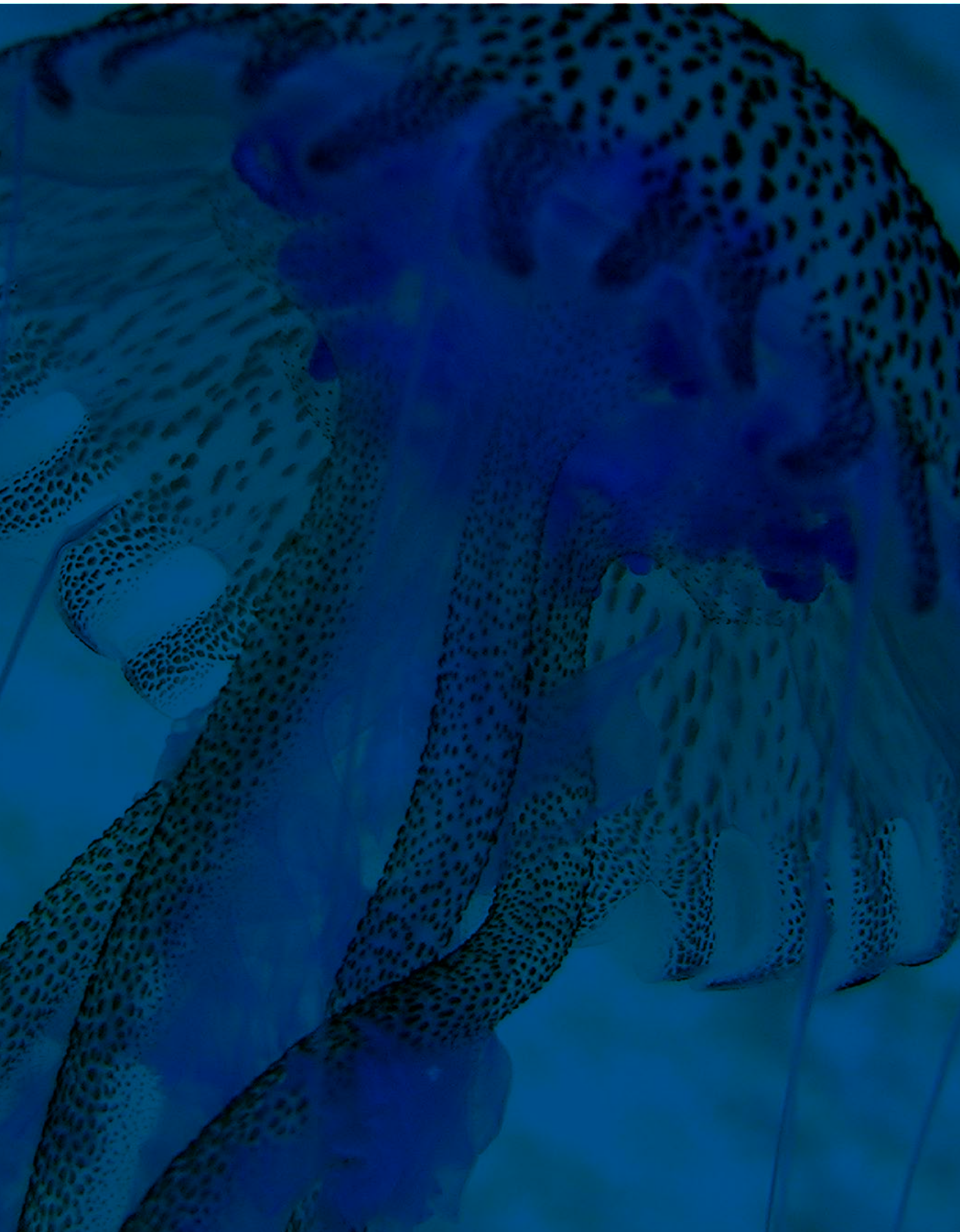
 Regular staff meetings also take place in the Czech Republic between the top levels of management and wage-earning employees. These are generally held two to four times a year and as required. Meetings with salaried employees take place weekly.

## What we want: an open communication culture

“Communication is  
the answer to  
complexity”

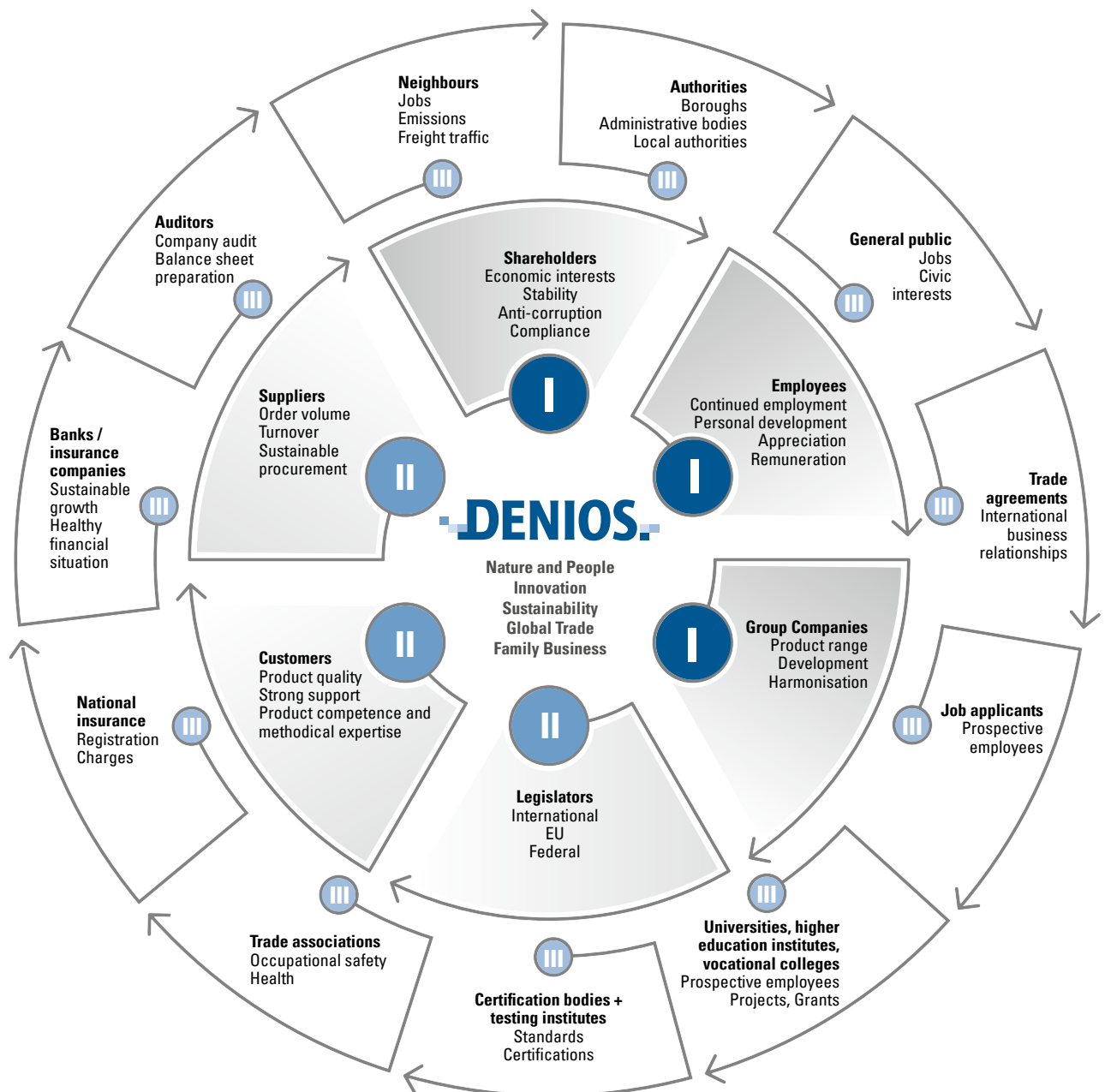
– Markus Miller –





Every company has a direct or indirect impact on its environment. As their levels of activity increase, so too does the number of interest groups that develop a direct or indirect interest in these activities and that would also like to exert their own influence on the company. At the heart of all of our efforts relating to our interest groups are our company values.

## Our stakeholders and why they are important to us







## Area of interest I

Nature is the most essential stakeholder in all aspects of the DENIOS Group. Already in the development of the first DENIOS products, the focus was on protecting the environment. As noted in the introduction, all of our efforts as developers and providers centre on the conservation of our natural environment, be it in terms of our products or our services. With this in mind, it makes sense for us to dedicate an entire section to our most important area of interest.

As DENIOS Germany is broadly equivalent to a public limited company, its shareholders are right at the heart of these areas of interest. Above all they combine commercial interests with those of the company. Regular shareholder meetings not only facilitate the exchange of information, but also fulfil this group's need for information. The major themes of stability, anti-corruption and compliance are generally a core focus of this interest group. A more detailed report on this can be found in the "Global action" section.

The DENIOS Group currently has over 800 employees, who are all on an equal footing with the shareholders. Their interests primarily focus on the continued existence of the company and, by extension, their own long-term planning security for the future as employees. In this context, the employees are also interested in receiving regular remuneration for the services they provide. Development on a personal level is yet another criterion that concerns employees. Regular training courses and lifelong learning are funded by the employer to ensure everyone can continue to successfully carry out their tasks to the best of their ability into the future. This also includes qualifications in new areas of deployment. The company recognises the commitment of each of its employees in its sincere appreciation. This applies not only to DENIOS AG as the parent company, but also to all international subsidiaries.

These constitute the third group of the closest circle of mutual interests. Last but not least, all of these topics also concern sustainability, which will be covered in more detail in the "People" section.

## Area of interest II

Our second circle of interest groups includes legislators, customers and suppliers. DENIOS services and products are highly dependent on the local legislation in their respective regions. In fact, one of our company's unique selling points is its legal compliance. Customers purchase DENIOS products safe in the knowledge that they comply with all legal standards and regulations throughout the world. In addition to this promise,



customers can also count on buying premium-quality products that have been manufactured in compliance with the latest standards for production processes, supplier chains, environmental protection and sustainability. As a certified manufacturer, DENIOS not only lives up to all of these demands, but also actively communicates these within its marketing materials or directly in relation to the product in the form of certificates and awards. If customers require general support or advice relating to products, we offer direct, personal communication to help them on their way. As some of the most fundamental stakeholders, customer issues are covered in more detail in the sections on "Innovation", "Sustainability" and "Global action".

For us as a company, innovative developments are our first priority, with our commercial interests taking second place. This is why our suppliers and customers form part of our second area of interest. With DENIOS products our customers are making an active contribution to protecting both their employees and the environment. Not only is this a part of what makes them an essential partner to us, but it is also what makes us an essential partner to them, through our direct presence in every country that has a DENIOS subsidiary of its own or else one that is close by. All information on product development and innovations can be found in the "Innovation" section.

The concept of compliance is an essential part of our supplier relationships. Suppliers are on the same level of interest as customers and legislators. In addition to their commercial interests, these are also concerned with their status as DENIOS suppliers. The subject of compliance is addressed in more detail in the "Global action" section.

## Area of interest III

The area of interest at the third level includes the largest group of direct or indirect influencers. Certification bodies and inspection institutes award seals of approval and the certificates necessary for sales, these include the certification from the German Institute of Building Technology (DIBt). Holding regular exchanges with these institutes is indispensable not only for the company's success, but also for the reputation of the DENIOS Group.

Professional associations, chambers of commerce and industry, and national insurance all represent individual areas of interest that are closely connected to employees, their security, and their health. Even those applying for jobs at DENIOS participate in extensive exchanges with the company as potential employees. They gather information, receive digital and analogue media, seek

out direct contact with company representatives, and much more besides. Banks and insurance companies are particularly interested in the company's financial situation and signs of stable growth. In contrast to these purely financial considerations, the company commissions services, asks questions, and pays for what it needs.

The interests of auditors in companies within the DENIOS Group follow a similar direction. On account of their diverse range of interests, the company's neighbours and immediate social environment occupy a special status as a community of interest as well as comprising members of the general public. In addition to the preservation of jobs, the immediate impact of the company infrastructure on its environment can also be felt. Emissions, pollution and freight traffic are just some examples of this. At DENIOS, universities and higher education institutions are interesting as drivers of innovation and as cooperation partners. As a company that promotes high academic standards, the ability to make contact with potential future employees while they are still completing their studies is essential. Local authorities and public bodies are also members of this area of interest.

## 17 PARTNERSHIPS FOR THE GOALS



## Evaluating risks and opportunities

Number of risks classified as “possible”:

Germany:

18

France:

19

Czech Republic:

10

As part of the ISO 9001 certification, a dedicated, integrated risk analysis was carried out at the production facilities in Germany, the Czech Republic and France. The DENIOS board uses the results of this analysis to make strategic, operational and administrative process optimisations at all levels. In addition to quality management, the DENIOS board is also the driving force behind these efforts. In this next section, we will be taking a look from the quality management and sustainability perspective.

### DENIOS AG

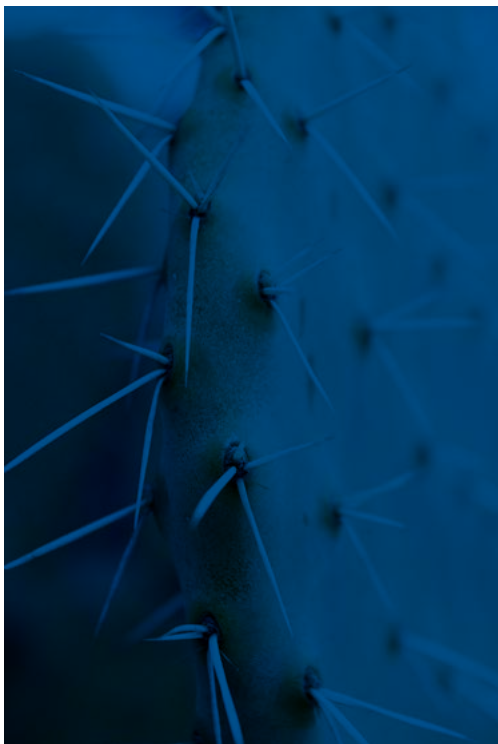
There are no high risks in Germany; however, there are a number of issues that stand out. One of the most important administrative aspects for the German site was identified as the lack of specialist personnel. The necessary personnel were either in short supply or – in the worst cases – simply not available at all. A possible cause for this could be demographic change. Currently measures are being taken to create additional trainee positions in the affected areas of the company to tackle this lack of specialist personnel. Furthermore, recruiting channels are also set to be expanded through digital platforms. Significant damage to the company’s image could come as a result of procuring incompatible or non-compliant materials or components. It is becoming increasingly likely that this risk could be caused by a lack of expertise or carelessness in the procurement teams. DENIOS Germany is taking measures to counteract this risk on the supplier side. As part of the introduction of ISO 50001, the suppliers were made aware that priority should be given to more efficient or more environmentally friendly items when multiple items have the same price. In future the employees in development, costings, and – most importantly – in purchasing are expected to be developing their specialist knowledge, particularly with regard to energy efficiency, environmental compatibility and sustainability. Hazardous materials can not just have a damaging effect on the environment, but also on employees. Any incidents involving hazardous materials are generally associated with breaches in the law. The damage that this would cause to the reputation of DENIOS as a manufacturer of safety products in this field is essentially incalculable. Inappropriate handling of hazardous materials or improper disposal could already have serious consequences. So regular inspections by safety officers take place at the DENIOS production plants to ensure that materials are stored and disposed of properly. Furthermore, employees are constantly being made aware of these aspects in the fields of product management, procurement and logistics. Future procurement of additional storage options for hazardous substances is expected to reduce this risk.

### ■ DENIOS France

In our French subsidiary, our risk analysis starts by distinguishing between internal and external influences before evaluating their potential impact and documenting measures that have been taken or are yet to come. The way this information is evaluated and documented differs from how it is done in Germany. Unlike the companies in Germany and the Czech Republic, our French colleagues do not classify the intensity of any potential impact. Just like the other companies, however, our report will be focusing on the top risks and what measures have been – and will be – taken to minimise these. From the customer’s point of view, there is a possibility that quality standards will increase and distribution channels may shift (towards e-commerce, for example). In the first case, we would have to adapt our products or improve our production processes, which would also have an impact on the technical design or production processes. And that’s not forgetting that additional investment would also be required. A significant rise in the use of e-commerce would create additional demands in terms of support, although this would be handled by the company internally. From an environmental perspective, DENIOS France sees potential risks in air-polluting emissions. There are various sources of emissions within the company, including the paint shop, vehicle fleet, heating systems and production facilities. Countermeasures already in place include a targeted approach to reducing emissions, which involves modernising the vehicle fleet and keeping a close eye on the situation. Matters concerning employees were also covered in the risk analysis at DENIOS France. Fostering employee loyalty towards the company is a constant challenge, as they have a wealth of specialist expertise relating to products, processes and systems. To this end, a number of improvements have already been set in motion with regard to staff retention. Even long-term illnesses or accidents would have a negative impact on knowledge management within the company. A major potential risk is posed by the machine equipment that is essential to production. If maintenance intervals are not observed, malfunctions could arise that would result in backlogs in production. It is anticipated that a software-based solution will offer a better overview and planning capabilities in the medium term.

**🇨🇪 DENIOS Czech Republic**

None of the risks identified at the DENIOS production facility in the Czech Republic were classified as high, and there were even fewer medium and low risks than in Germany. In terms of the company's internal processes, any production issues could result in considerable potential damage. Any rectifications, re-fabrications and the associated customer dissatisfaction all entail costs, or even the potential to lose customers altogether. That said, the use of digital tools to assist with planning processes and an established dual control system could both serve to rectify matters in this regard. Even scenarios such as not having relevant information available or taking an unstructured approach to resolving known faults can lead to risks in the production process. As well as any in-house production issues, suppliers can also be a source of errors. So, in a bid to counteract this risk, inspections are carried out at all production levels (workers plus quality assurance and final inspection). These also include incoming goods inspections and complaint reports. The same lack of specialists can also be seen in the Czech Republic. Unlike in Germany, however, there are quality issues to consider here. Insufficient qualifications and skills could lead to a general deterioration in the company's workmanship. The general upkeep and further expansion of the location as an attractive employer could be the way forward in counteracting this shortage of skills.



## Our opportunities? Global!

### 8 DECENT WORK AND ECONOMIC GROWTH



### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



DENIOS has a whole host of opportunities to create tangible benefits for the entire organisation. Here, we take a look at our top three from a global perspective, which covers all three of the sites covered in this report.

#### **Innovation as a competitive advantage**

DENIOS development and manufacturing all under one roof. Not only does this cut down on the whole process from development to production, it also allows us to offer our customers bespoke solutions alongside our internationally acclaimed standard products. By keeping a permanent eye on the market and already incorporating legal requirements in the development process, we have given ourselves a lasting competitive edge over our competitors.

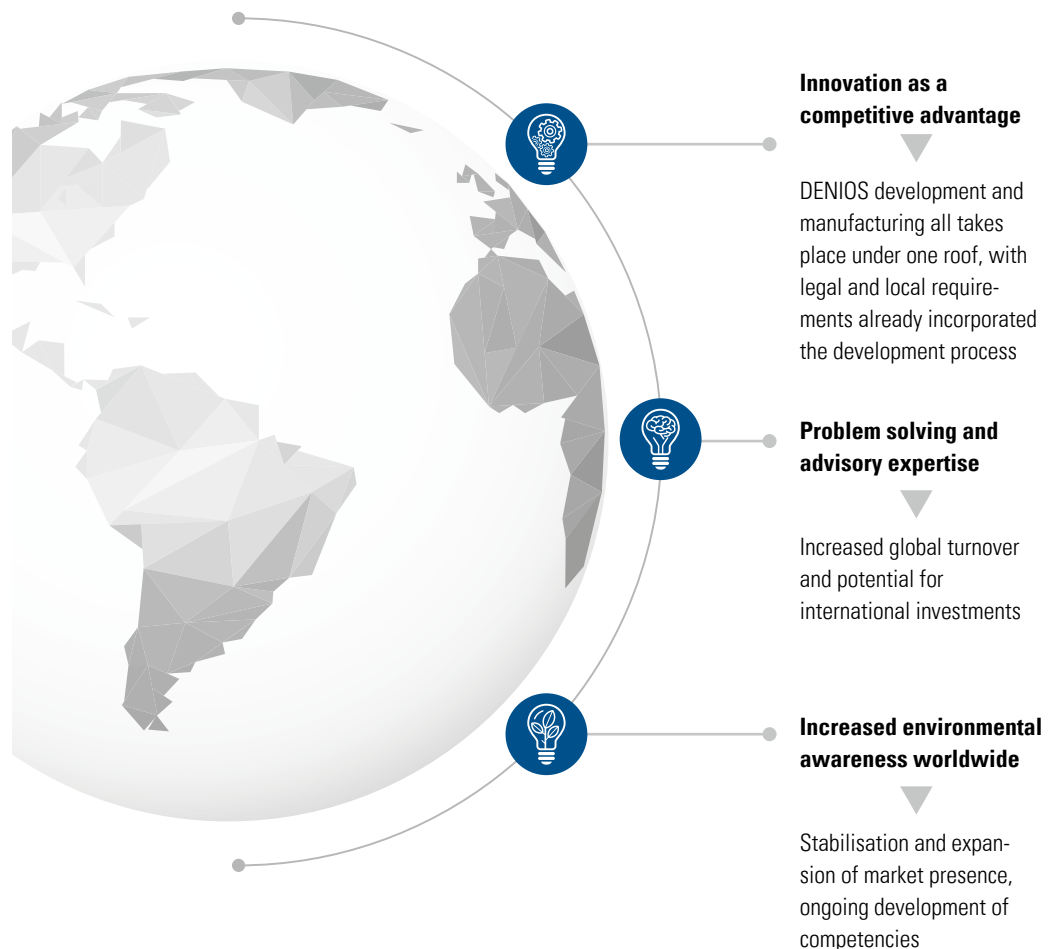
#### **DENIOS problem solving and advisory expertise**

Together with our growing range of catalogue products and the aforementioned bespoke solutions, our position

as problem solvers and expert advisors is contributing to our increased turnover and improved profit margins – and shows no signs of stopping. The resulting opportunity for investment forms the structural basis for further growth.

#### **Increased environmental awareness worldwide**

It may sound obvious to say, but a new market has to be “ready” for DENIOS products, but the local environmental legislation first has to reach a certain standard for legally compliant products can be sold. What counts here is industrialisation before environmental protection. Promoting a high level of awareness among authorities and potential customers is a guarantee of success for the DENIOS mission. In addition to existing opportunities, the global market also offers excellent prospects for the future in markets that have not yet been fully exploited. This will allow DENIOS to stabilise and even enhance its position in the long term, and further develop its market presence and expertise.





# Process for determining material topics

The overall process of determining the content of this report involved the three steps of determining, prioritising and validating. This next section describes these process steps in detail.

### Determining

First a specific stakeholder analysis was created for the company. As the DENIOS Group now comprises 20 subsidiaries, the challenge was making this analysis as detailed as possible while still being as general as necessary. A further key element is the dedicated risk analysis created by the quality management team. This includes all organisations within the DENIOS Group that are relevant to the report, which means DENIOS AG in Germany, DENIOS s.r.o. in the Czech Republic, and DENIOS SARL in France. We then made an initial attempt at selecting topics which took this analysis into account, and collated the GRI indicators. These are already closely based on the analyses that were carried out.

### Prioritising

As part of the prioritising process, all aspects were considered one by one and evaluated in terms of how essential they are for our stakeholders. This involved creating an evaluation matrix to indicate whether and why any

aspect is essential to the organisation. Each aspect was then checked to see if it was relevant to the economic, environmental or social impact of the organisation.

### Validating

In the last step, the final list of fundamental aspects created in the second step was validated in terms of its relevance and scope. Out of this the final structure of the report was developed. A member of the board then officially approved this list for general publication.

### The material topics of our report:

- Innovation
- Customer satisfaction
- Corporate environmental protection
- Sustainability in the supply chain
- DENIOS as an employer



### This is what we would like to achieve as a family company

- ✓ The approaches taken by the international subsidiaries with regard to data evaluation are not the same. This is something we would like to standardise during the next reporting period.
- ✓ The subject of anti-corruption was not previously considered in the risk analysis. We have identified this issue for ourselves (see the “Global action” section) and will be ensuring it is included in future.
- ✓ DENIOS manufactures its products at six sites around the world. We would like to include at least one more production facility in our reports in future.





# III Innovation

**DENIOS - we produce with neutral emissions.**

We help companies in every industry to achieve their ambitious environmental goals – because we know what we're talking about.



As a developer and manufacturer, we regularly enrich the market with updates to our products or we re-think them completely. This is also necessary as the market is constantly moving. As a result of changing environmental legislation, new regulations and ever-increasing requirements for certification and standards, we remain on the move and offer our customers a portfolio that we are constantly developing.

## Number of goods supplied

The DENIOS range now comprises over 10,000 products which customers access through the print catalogue or the online shop to meet their own specific needs. The catalogue is published in 15 languages, while our online shop is available in 35 countries in 12 different languages. Please note that services are not included in the following figures.

### DENIOS AG (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	471,181	10,096	481,277
2017	487,458	6,780	494,238

### 🇫🇷 DENIOS France (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	74,228	2,923	77,151
2017	79,122	3,033	82,155

### 🇨🇪 DENIOS Czech Republic (excluding services)

	Catalogue Products	Engineered Solutions	Total
2016	53,673	4,051	57,724
2017	62,122	4,689	66,811

## Directly generated and distributed economic value

The economic values directly generated by the DENIOS Group are the revenues. The distributed economic values include operating costs, wages and benefits, payments to investors, payments to the government, and investments in the community. The values generated within the reporting period can be seen below.

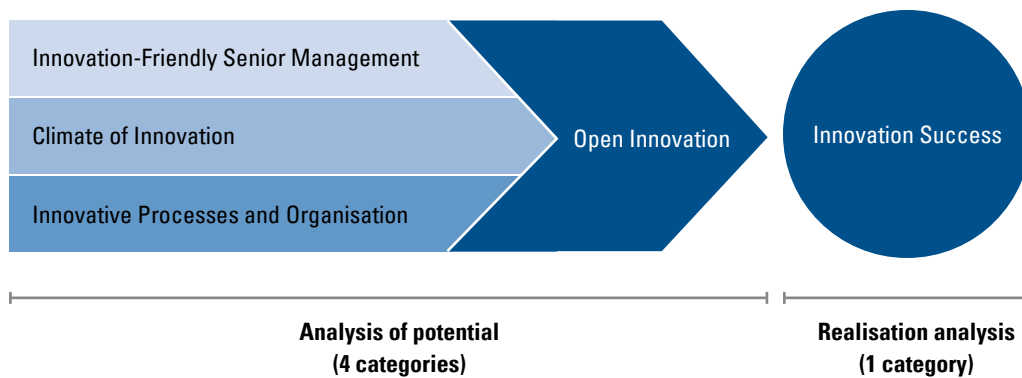
	D-DE in €K	D-FR in €K	D-CZ in €K
2016	73,887	21,045	9,770
Net sales incl. goods + services	71,920	20,831	8,381
Other operating income	1,918	201	1,389
Interest earned	49	13	1
Income from shareholdings	3,517	-	-
2017	78,166	20,749	11,312
Net sales incl. goods + services	75,781	20,550	11,219
Other operating income	2,336	199	94
Interest earned	49	-	-
Income from shareholdings	-	-	-



## DENIOS is one of the innovation leaders among medium-sized companies

With the company's highly structured innovation processes and distinctly outward-looking approach, 2017 saw DENIOS awarded with the Top 100 seal of approval for medium-sized companies for the second time. We consider this accolade a sign of our global success and will now outline which fields and areas of our company were evaluated. Anyone who wants to become a Top 100 innovator has to go through a scientifically-based selection process in which the development status of

innovation management is examined in a differentiated manner. The assessment includes the company's innovation successes to date and the professional organisation of its innovation management, as this is what makes it possible to estimate future innovation potential. The analysis includes a total of well over 100 indicators in five categories.



### 1. Innovation-Friendly Senior Management

The "Innovation-friendly senior management" category determines the extent to which company managers help to promote innovation. A distinction was made in the analysis of Commitment, Innovation Strategy and Use of Resources. The Commitment area investigates how intensively the management participates in innovation projects. The Innovation Strategy area addresses whether – and to what extent – systematic innovation strategies are created and communicated within the company. And finally the Use of Resources area determines the degree to which senior management actually makes the necessary financial resources available.

### 2. Climate of Innovation

Does the corporate culture promote creativity, a willingness to learn, and dynamism? All of this and more is investigated in the "Climate of Innovation" category, which is also split into three subcategories: Innovative Focus, Promotion of Potential, and Suggestions for Improvement.

### 3. Innovative Processes and Organisation

From the initial idea through to the market launch, the internal organisation process is right at the heart of this category, which is based on three different fields: Monitoring, Innovation Management, and Project Management.

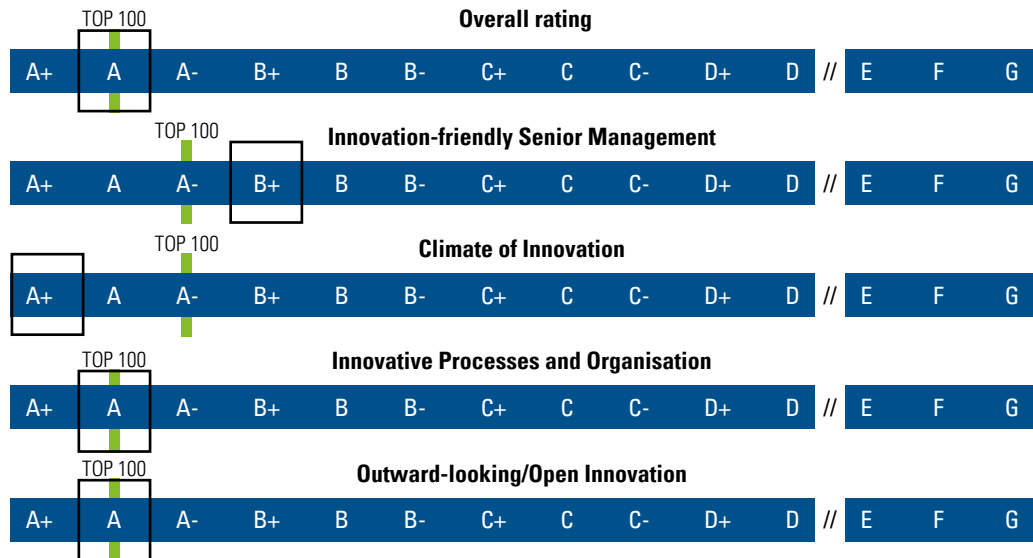
### 4. Outward-looking and open innovation

For medium-sized companies in particular, maintaining a systematic and consistently managed dialogue and relationship with the outside world is essential to ensuring success. The "outward-looking/open innovation" category takes a closer look at the three areas of inclusion, sources of innovation and external partners. The subject of inclusion focuses closely on cooperation with customers.

### 5. Innovation Success

Which successes have been demonstrably achieved through the company's innovative activity? This category comprises two sections – commercial and technical innovation success – and looks at what is happening in the here and now.

## Our results: Analysing the strengths and weaknesses of DENIOS AG



Innovation management at DENIOS AG was rated “A” overall. Companies with an “A” rating have unusually professional innovation management, even on an international scale. Companies with this rating set the standards, and their innovations have a high probability of future success.

DENIOS AG received a rating of “B+” in the **Innovation-friendly Senior Management** category. The company’s figures in this category were below the TOP 100 average.

The **Climate of Innovation** at DENIOS AG was rated “A+”. The company’s overall rating in this category was above the TOP 100 average. It is almost impossible to produce successful innovations without a corporate culture that encourages and rewards creativity. New ideas cannot be simply created on command. They are the result of initiatives and open discussion, of allowing space for creativity and rewarding entrepreneurial risk-taking (an innovative perspective).

DENIOS AG received a rating of “A” in the **Innovative Processes and Organisation** category. An innovation is a process of many stages that can stretch out over many years, from the idea and its development, its market launch and, finally, analysis of its innovative success.

The DENIOS AG rating in the **Outward-looking/Open Innovation** category is “A”. This rating is around average for the TOP 100. Every company is small compared to the rest of the world. This applies especially to medium-sized companies. So in the age of open innovation, maintaining a systematic and consistently managed dialogue and relationship with the outside world is essential to ensuring success.



## Commitment above and beyond the company

This top innovator also demonstrates great commitment in its interactions with the outside world, readily passing on its expertise. At the DENIOS Academy, which was founded with this express purpose in mind, this medium-sized company offers its customers and partners training courses in the fields of "Occupational health and safety", "Fire safety", "Hazardous substances" and "Environmental law".

In addition to this, DENIOS is also an active member of the "it's OWL" research cluster, which receives funding at both the state and national levels. During one research project, which ran for several years, the company developed an intelligent hazardous materials warehouse that uses cutting-edge sensors to detect changes in conditions and can independently implement suitable countermeasures.

Over

# 180

companies, universities, research institutes and organisations are involved in research and development in this leading-edge cluster.





## Ideas Management - The “innovation hub”

When there are a lot of people working at a company, this also means that there is a lot of potential, knowledge and ideas in the heads of those people – assets that could lead to new innovations, or at least get the ball rolling on them. The company can benefit, learn and improve from such employees by enabling them to contribute directly to the company's economic success. The job of the DENIOS Ideas Management is to bring out these ideas, sort through them and, of course, put the good proposals into practice. And any DENIOS employee can get involved.

**Ingo Schlutter, Head of Quality Management and member of the “Ideas Commission”,** was on hand to tell us exactly how this process works.



### What do employees have to do if they want to submit an idea?

“As far as the technical side goes, Ideas Management is run using an app on the Intranet. This is an easy way for employees to enter their ideas. And recently, we also introduced an option for Production staff to submit hand-written ideas using a form. Employees can submit ideas either individually or together with their colleagues.”

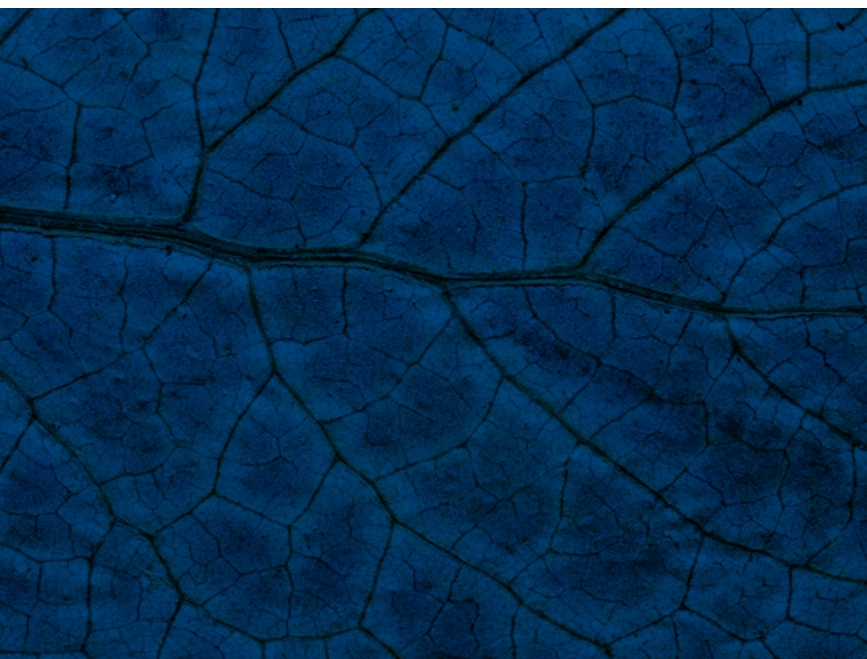
### An idea has been submitted. What happens next?

“First, we need to decide whether it is an idea or a corrective measure.

**Corrective measures** are adjustments or corrections to existing processes or products. They are primarily aimed at preventing errors and returns or optimising occupational health and safety, to give just two examples.

**Ideas**, on the other hand, are mainly aimed at reducing costs or opening up new sales opportunities. These include measures that make work easier, save on materials and work time, or introduce new product ideas. During the assessment, we determine whether a proposed idea is related to the submitter's area of work. As generally speaking, no bonuses are awarded for ideas that employees develop while completing their normal tasks as outlined in their job descriptions. For an idea to be classed as “good” in terms of our idea management system, it needs to go beyond the horizons of the submitter's day-to-day work.

Once an idea is submitted, it is assessed as soon as possible. Before the assessment begins, the Ideas Commission asks a number of fundamental questions. For example: Does the idea relate to the submitter's normal sphere of work? or Has it been submitted before? Only then do we pass the proposal onto the relevant specialist department, who can judge the quality of the idea from a technical and content perspective better than



we can. If the idea is good, it will then be implemented within around 6 weeks. It is important for us to ensure that our colleagues don't have to wait long for their feedback."

**How has the Ideas Management changed in recent years, and what are your plans for the future?**

"The Ideas Management Commission now consists of three people: two members of the Works Council and the Head of Quality Management. Every idea that is assessed is given an equal chance of success. We then discuss whether to follow the judgement of the respective specialists or seek further evaluations. So there are always several people involved in the assessment of an idea. The entire process is regulated by a company agreement that was concluded specially for the Ideas Management system.

Above all else this ensures that the assessment remains transparent, easily comprehensible and objective. This objective has obviously resonated with everyone at the company:

90 ideas were submitted in 2015. By 2016, this number had already risen to 137.

Since the Ideas Management department was first formed in 2008, a total of 128,000 euros in bonuses have been paid out to reward employees for their ideas. But in our experience, many colleagues don't do it for the money – they simply want to see a good idea put into practice. We will keep working to implement these ideas promptly and consistently. Our next big objective is to establish the Ideas Management system internationally at all our group companies. After all, even more heads means even more knowledge, potential and improvements for the company."

## DENIOS Ideas Management in figures

DENIOS employees have a lot of good ideas, and are not afraid to voice them. Involvement in ideas management increased by 26% from 2016 to 2017 alone. You can see these figures in detail below.

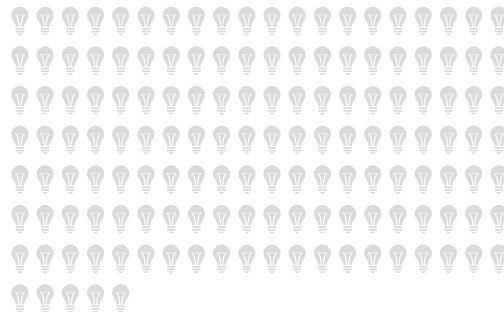
**2016**

- 137 ideas and corrective measures submitted by employees
- Almost 50% of ideas and corrective measures implemented
- €11,220 paid out in rewards for implemented ideas

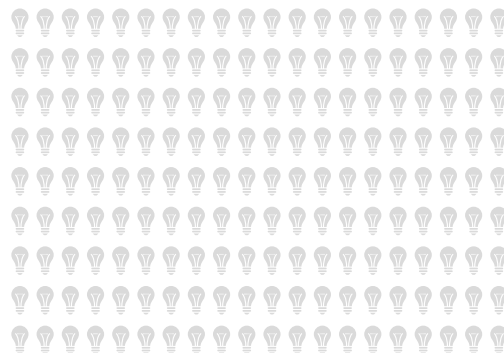
**2017**

- 172 ideas and corrective measures submitted
- 55 ideas and corrective measures implemented\*
- €7,470 paid out in rewards for implemented ideas\*

\* At the time of publication, some proposals were still undergoing internal assessment and could not be included in the final figures.



▼  
**'16: 137 ideas**



▼  
**'17: 172 ideas**



## Product innovations: Maximum safety for the environment and our customers



DENIOS products don't just make day-to-day work activities easier for our customers – they also keep employees safe and help companies to maintain an active environmental management policy. One example of this is the "Secu" product line established in 2016. This line includes products for working with, transporting and handling hazardous substance containers. What makes the products special is that each of them has been developed specially for its specific task – you won't find any adaptations or modifications to existing products here. So far, the Secu product line includes the Secu Comfort drum cart and the Secu Ex and Secu Drive drum lifting units.

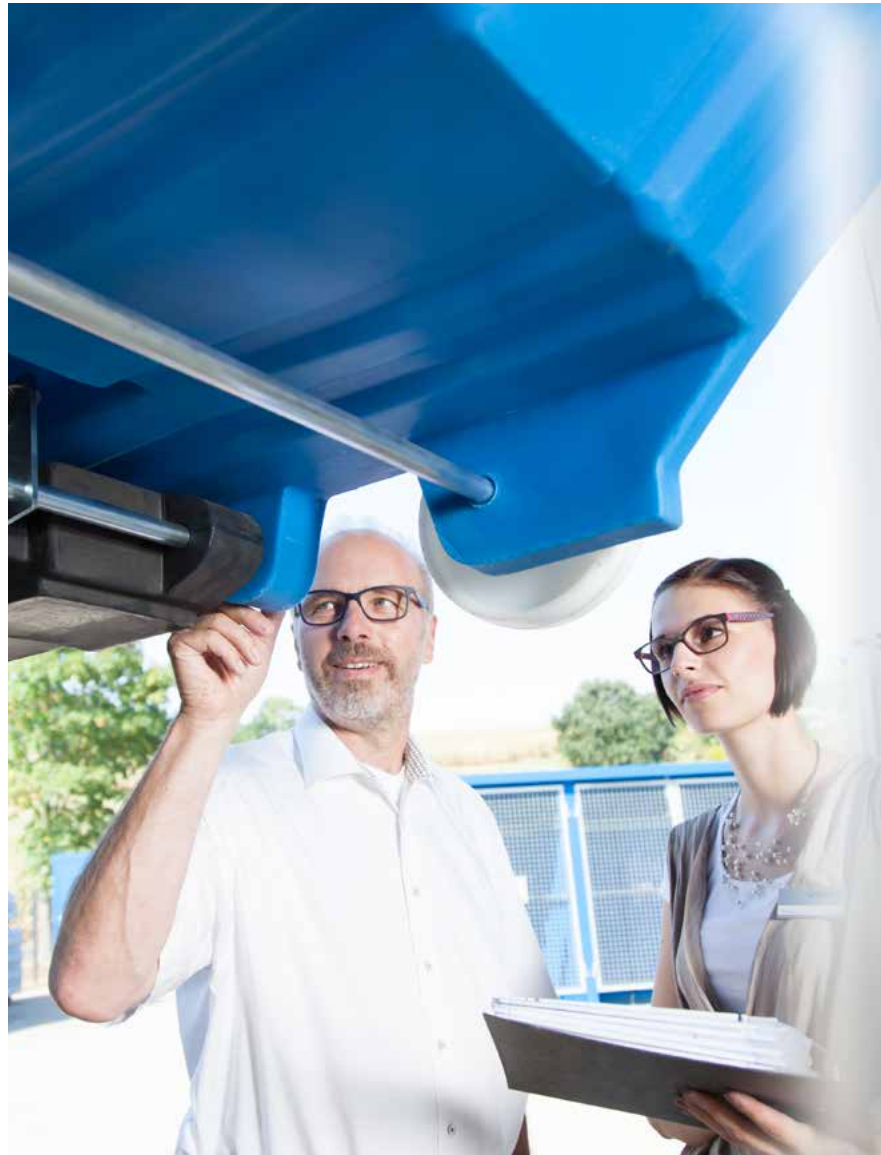
The Secu Comfort drum cart enables ergonomic transport of steel and plastic drums. An employee should not have to apply more than 250 Newtons of force per work step when lifting, pulling or transporting heavy loads. This value is defined by international regulations for ergonomics in the workplace. The DENIOS drum cart is designed to handle loads of up to 350 kg. Using the cart, employees can lift and move this maximum load by applying just 200 N of force. As such, the Secu Comfort is verifiably more ergonomic than legally required.

The Secu Ex drum lifting unit was specially designed for use in Ex-zones (potentially explosive areas). It provides a lifting mechanism that allows the user to lift and transport drums directly. The product complies with the ATEX Product Directive, which means that it can be used in sensitive work areas without any concerns. None of its components give off a static discharge or generate ignition sparks. What is more, its clever safety equipment provides the user with effective protection against injuries. The Secu Drive drum lifting unit uses a battery-powered electric drive to carry out tasks that would usually require a manual lifting mechanism. The lifting and lowering procedures require no physical force on the part of the user, and the remote control system allows the Secu Drive drum lifting unit to position and set down its loads with great precision.

The “it’s OWL” technology network – short for “Intelligente Technische Systeme OstWestfalenLippe” – is an alliance of over 180 companies, universities and other partners from the German region of East Westphalia/ Lippe. Awarded the status of “leading-edge cluster” by the German Federal Ministry of Education and Research (BMBF), it boasts 47 research projects, which develop intelligent technology systems and make Industry 4.0 a reality for small and medium-sized enterprises. The “iGel” project for the intelligent storage of hazardous substances ran from October 2012 until March 2016. As part of the value chain, hazardous substances warehouses at manufacturing companies are designed to make potentially hazardous and extremely costly operating materials or raw materials available for production processes. In addition to the immediate danger it presents to employees and the environment, exposure to hazardous substances can often also lead to cost-intensive consequences for the production process and plant. WORKING with the Institute Industrial IT (iIT) of the OWL University of Applied Sciences and the Fraunhofer IPT Mechatronics Design Technology Project Group, Denios has developed the prototypes for an intelligent hazardous substances warehouse and a smart filling station for hazardous substances. The objectives of this project were split into three main areas: prevention of damage, limitation of damage and semi-automatic filling of hazardous substances.

Strict monitoring of the conditions in the hazardous substances warehouse enables proactive maintenance of safe operating standards. This is possible thanks to an extensive sensor system that monitors a number of factors, including gas developments, leaks, smoke generation and temperature fluctuations. The system compares these readings with the nominal operating parameters, interprets the data and then shares it with the operator through different channels (directly by means of visual and acoustic signals or by notifications on a mobile device). The system independently implements counter-measures to prevent or limit any resulting damage. The filling station can be linked directly to the hazardous substances warehouse, and automatically removes and fills containers of hazardous substances under strict safety conditions to protect employees.

## Using synergy: Collaboration with R&D institutions



### Innovating for the future - These are our goals

- ✓ We want to give our customers an even wider choice of products and targeted ranges.
- ✓ We want to remain among Germany’s top innovators through 2018 and 2019.
- ✓ We want our customers to actively benefit from our work in the field of R&D, and especially from the currently ongoing “DENIOS connect” cloud project.







# IV Nature

**DENIOS - Our passion:  
Protecting natural resources!**

Environmental protection starts in the workplace. And at DENIOS it starts even earlier, during the development and manufacturing of innovative products.

The protection of natural resources is at the centre of everything DENIOS does. It is the guiding principle behind all of our day-to-day work in the fields of development, production and customer interaction.

## The organisation's total energy consumption

The reduction of energy consumption at our production sites is a key topic in our reports. 40% of the energy consumed in Germany is already from green electricity, and we also use photovoltaic systems and heat recovery on top of this. In addition to traditional energy sources such as electricity and gas, we primarily use photovoltaic (PV) systems and cogeneration units. Heat recovery procedures are also used at our plants.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Electricity consumption (kWh)	1,956,178	1,936,443	459,270	472,981	534,794	734,405
Natural gas consumption (kWh)	5,819,714	5,588,105	1,026,000	954,000	1,076,176	1,014,284
Total energy consumption (electricity, natural gas, diesel, petrol, woodchips, PV system and cogeneration unit; kWh)	10,469,618	10,332,820	2,140,983	2,083,412	1,846,237	2,006,489

## Water intake, water consumption, water recycling and impairment of water resources

The ground water intake at DENIOS's German, French and Czech sites is used up completely and returned as waste water.

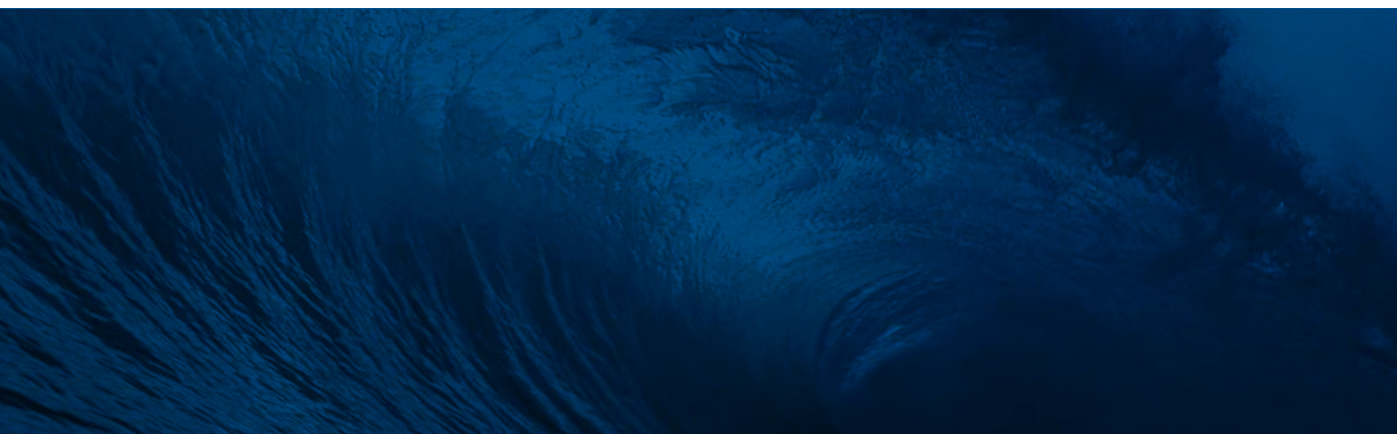
	DENIOS AG	DENIOS FR	DENIOS CZ
2016	2513 m <sup>3</sup>	667 m <sup>3</sup>	793 m <sup>3</sup>
2017	2195 m <sup>3</sup>	888 m <sup>3</sup>	913 m <sup>3</sup>

The high level of variation in consumption quantity is primarily the result of the differences in production volume at the different sites. The different workforce sizes should also be taken into consideration.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

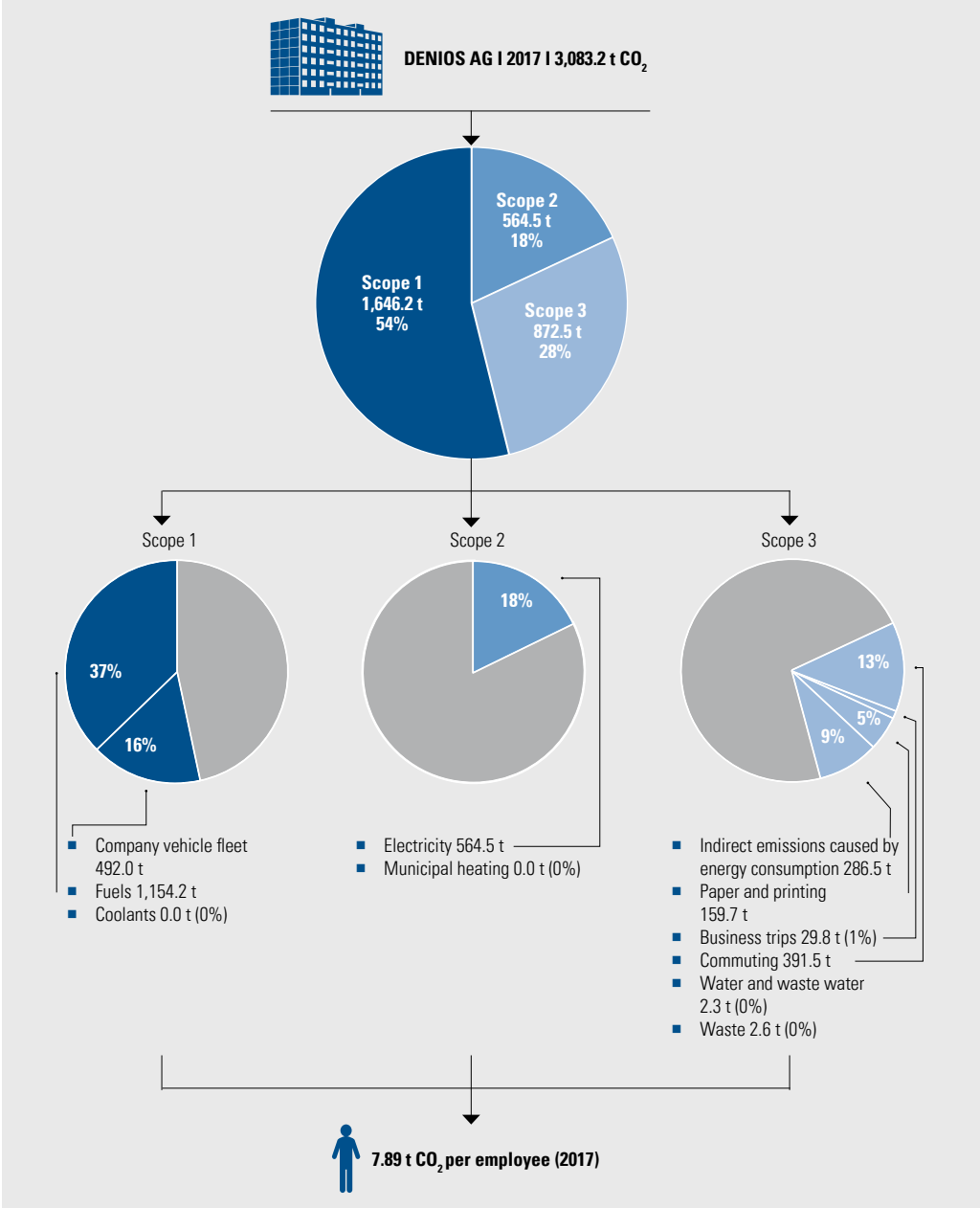


# Direct and indirect greenhouse gas emissions

The Greenhouse Gas Protocol (GHG Protocol) is the most widespread and widely recognised standard for balancing companies' greenhouse gas emissions at an international level. It defines regulations for the organisational delineation of a greenhouse gas balance and operative delineation. The division of emissions into three different "scopes" is particularly important here. While Scope 1 covers all the emissions a company generates directly itself by means of combustion at its own plants, Scope 2 covers emissions associated with purchased energy (e.g. electricity and municipal heating). Finally, Scope 3

covers emissions arising from services provided by third parties and advance provisions. During the calculation of emissions, the amounts of greenhouse gases generated are calculated.

In Germany, we calculate our CO<sub>2</sub> balance every two years together with an external service provider. Our subsidiaries in France and the Czech Republic do not yet calculate this data.





Sorting of waste is a matter of course for us!

Our sorting rate:

**90%**

## Intensity of greenhouse gas emissions

Each kilogram of raw material used in production at DENIOS generates 0.96 kg of CO<sub>2</sub> emissions. This calculation is based on the example of the granulate used in plastic rotation. The energy for this process is generated primarily using natural gas, with figures of 1,171 t per year. In order to reduce this figure, we switched to renewable energy and installed a photovoltaic system. A total of 565 photovoltaic modules with a total surface area of 827 m<sup>2</sup> generate 120,769 kWh of electricity while also using heat recovery. The surplus electricity is fed back into the grid and sold. In 2016, this amounted to 5,933 kWh of electricity. At the same time, CO<sub>2</sub> emissions are being reduced by 59 t per year. Our production sites in France and the Czech Republic have not collected this data in the reporting period.

## Waste generation and disposal

As required by the new German Commercial Waste Ordinance (GewAbfV), our German site has been sorting its waste with even greater precision since 2017, employing a colour-coding system and achieving the required sorting rate of 90%. The amount of waste generated at our production sites in Germany, France and the Czech Republic is as follows:

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Scrap/steel	277.1 t	284.1 t	199 t	234 t	289.0 t	386.9 t
Residual waste	134.6 t	126.0 t	-*	-*	2.5 t	1.7 t
Panels	79.4 t	72.6 t	-	-	-	-
Wood	63.3 t	90.3 t	20 t	36 t	-	-
Cardboard/paper	39.5 t	39.1 t	17 t	16 t	5.0 t	3.9 t
Other	67.3 t	55 t	15 t	20 t	23.9 t	27.7 t
Total	661.2 t	667.1 t	251 t	306 t	320.4 t	420.2 t

\*No recorded figures available for residual waste.

All of the DENIOS Group's production sites makes a conscious effort to avoid using sales packaging. As such, no additional waste is generated by customer returns. Every customer has the fundamental right to arrange for DENIOS to pick up their transport packaging.



## Consumption of raw materials

As 2017 came to a close, significant changes were made to the production processes for DENIOS room systems. Software systems support optimum use of steel plates during cutting, thus reducing the amount of residual cuttings. In addition to this, our fire protection panels are now made to size prior to shipping. So there is no longer any residual material left in the DENIOS production process. The chart below shows the consumption of primary and secondary raw materials for the reporting period.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Steel	1,439,978 kg	1,250,000 kg	1,201,000 kg	935,000 kg	2,831,395 kg	4,044,386 kg
Fire protection panels	708,267 kg	650,000 kg	297,347 kg	296,051 kg	85,853 kg	121,003 kg
Granulate	1,214,912 kg	1,150,635 kg	-	-	-	-
	Secondary raw materials					
Paint	59,276 kg	53,985 kg	26,936 kg	25,000 kg	70,099 kg	47,737 kg

Since our plastic products are manufactured exclusively in Germany, there are no granulate consumption figures for sites in other countries.

## Consumption of vehicle fuels

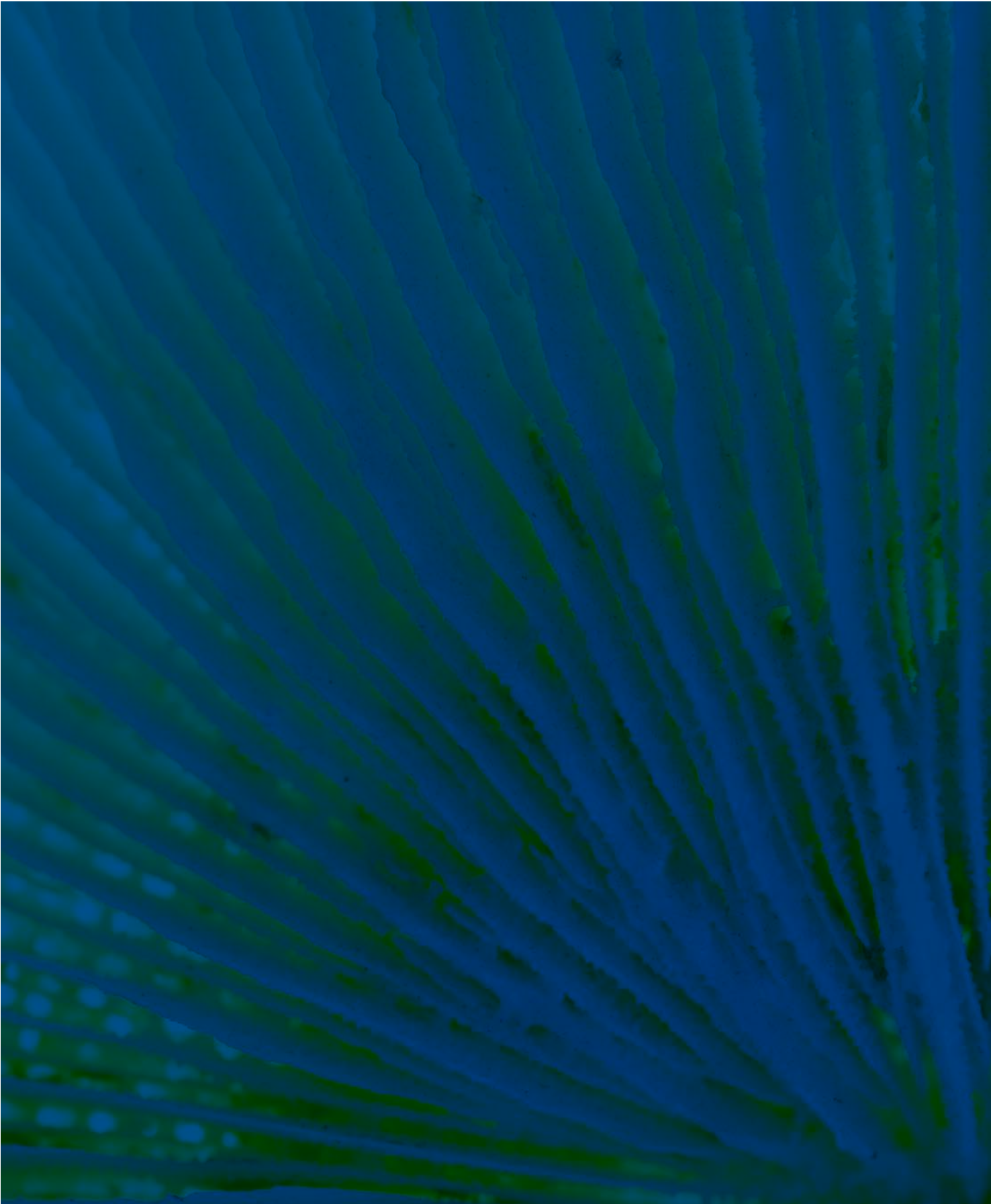
Many of the vehicles in the DENIOS Group's fleet are diesel-powered. This is entirely for economic reasons. Our French production site even avoids the use of petrol-powered vehicles completely.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Diesel	1,902,894 kWh	1,850,922 kWh	655,713 kWh	656,431 kWh	194,300 kWh	252,000 kWh
Petrol	39,631 kWh	36,695 kWh	-	-	4,800 kWh	5,800 kWh



### Our targets for greater sustainability in the area of nature

- ✓ To have our production sites in France and the Czech Republic also report their CO<sub>2</sub> balances in accordance with the GHG Protocol.
- ✓ To reduce our stock of diesel vehicles and make a contribution to reducing toxic NO<sub>2</sub> pollution.
- ✓ To increase our green energy share to over 45% in the next reporting period.
- ✓ To reduce the energy used throughout our entire German site by 2% per year.
- ✓ To use new production technology to significantly reduce our waste in 2018.







# V Sustainability

**DENIOS - we produce with neutral emissions.**

We help companies in every industry to achieve their ambitious environmental goals – because we know what we're talking about.



*As a company in the environmental sector, sustainability is one of the values of the DENIOS philosophy that we live and breathe. As a concept, it has a direct impact on many of our internal processes and activities. Most importantly, it marks an ongoing, permanent project in our organisation. A series of measures relating to this issue have been implemented during the reporting period.*

## **DENIOS CZ: Investing in our international infrastructure**

The DENIOS Strakonice production site in the Czech Republic has been in operation for 20 years. A new production and administration building was procured at the site at the end of 2016.

The DENIOS guiding principles also shape the planning of the Strakonice site. Energy-optimised construction and resource-saving production processes are essential to the manufacturing of DENIOS products and the philosophy we live by. These elements have also been incorporated into the new buildings in the Czech Repub-

lic. The new premises will modernise DENIOS production processes in the Czech Republic. More efficient surface coating plants will increase both quality and cycle times, while 3D CAD and laser edging processes will optimise our container construction designs. The insights gained from the modernisation in the Czech Republic have also led to optimisations at other sites: at the end of 2017, we also started using laser edging technology to produce the latest DENIOS room systems in Germany.



## DENIOS as a preferred supplier

Particularly when it comes to the storage and handling of hazardous substances, customers set great store in collaborations with responsible partners. Only those who live and breathe sustainability in their own company – and constantly further develop it – can hope to make it onto the list of suppliers for big chemical and pharmaceuticals companies such as Bayer, BASF and Evonik.

The EcoVadis rating platform provides clarity on who conducts their business sustainably. The criteria used for the rating include Environment, Work Practices, Internal Processes and Sustainable Procurement. DENIOS has already been awarded the EcoVadis Silver Certification for its ratings in this dedicated procedure, making it one of the top performers on the market.

DENIOS meets the high expectations of the world's biggest chemical and pharmaceutical corporations.



## Minimising energy consumption in production

Manufacturing companies can find a wide range of energy-saving potential in the field of production. All of the DENIOS Group's production sites work to constantly evaluate this potential and exploit it for targeted optimisation measures. In Germany, for example, the cooling system for the plastic rotation plant has been redesigned and the new solution works with water mist. This measure alone saves 91,792 kWh of electrical energy per year. In addition to this, work has begun on converting the entire lighting system for the production area to LED technology – a measure that could potentially

save a further 101,396 kWh of power. This results in a total reduction in power consumption of 193,188 kWh for the reporting period. This calculation is based on figures from 2015, which was also used as the base year for our ISO 50001 certification (see below).

LED technology is also being used in France. In order to reduce energy consumption, the facility switched over to energy-saving LEDs for its outdoor lighting in 2017. The overhaul of the forklift fleet has enabled us to reduce pollution, thanks to the purchase of newer models with soot particulate filters.

## Reduction and compensation of greenhouse gas emissions

Together with an external service provider, we calculate our CO<sub>2</sub> footprint regularly on the basis of the Greenhouse Gas Protocol (see the "Nature" section). To compensate for our own emissions, we buy climate certificates to support the Jiangxi Hydropower Project in China.

The structures of our buildings also reduce greenhouse gas emissions at DENIOS: our German production hall and office spaces are heated with the help of waste heat from the plastic rotation process. A heat recovery system is also used in the compressed air and coating plants.

This technology is also used at the new DENIOS production building in the Czech Republic. Our vehicle fleet is another area where we are reducing our emissions. The fleet accounts for 16% of our CO<sub>2</sub> balance – a not insignificant amount. And while the vehicle fleet is constantly being adjusted to keep in line with the latest EU emissions standards, we are still looking to convert part of it to electric vehicles in the medium term. Our French site is also working to reduce CO<sub>2</sub>, and has converted its entire fleet of lifting vehicles to modern, low-CO<sub>2</sub> models. Hybrid drives are also increasingly being used for its cars.

As a climate-neutral company, we support projects that reduce the global CO<sub>2</sub> balance.



## Donating to non-profit organisations

4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



15 LIFE ON LAND



DENIOS donates to selected non-profit projects that are active in the East Westphalia/Lippe region. Every year, we support the “Packages for Moldavia” initiative, a social project that both the company and its employees are heavily involved in. The project supplies children in need, the poor and people suffering from disabilities in Moldavia with packages containing the little things they need in life. These usually take the form of sweets or care items donated by DENIOS staff in their free time from their personal supplies. Our apprentices help to put together the packages and send them off during their work hours.

As one of the region’s biggest employers, recruiting new talent is an important activity for us. That is why DENIOS supports the regional education system, in particular via the Development Fund of the FH Bielefeld University of Applied Sciences. In addition to this, DENIOS AG is also involved in sponsorship for professional and popular sports.

Even from the company’s very beginnings, water was the element most closely linked to the DENIOS mission. In 2015 and 2017, we supported a projects that will be particularly effective in the long term, as DENIOS AG set up a stable supply of clean drinking water for two villages in Tanzania. DENIOS Germany donated €3,000 in cash, and also provided the necessary pumps and other equipment.

In total, DENIOS donated around €6,275 to non-profit organisations in the report years of 2016 and 2017. In 2016, DENIOS Czech Republic donated €424 to local youth sports in Strakonice, followed by the equivalent value of €1,110 in 2017. Our French subsidiary did not make any donations during the reporting period.

None of the DENIOS companies made any donations to political parties, organisation or associations during the reporting period.

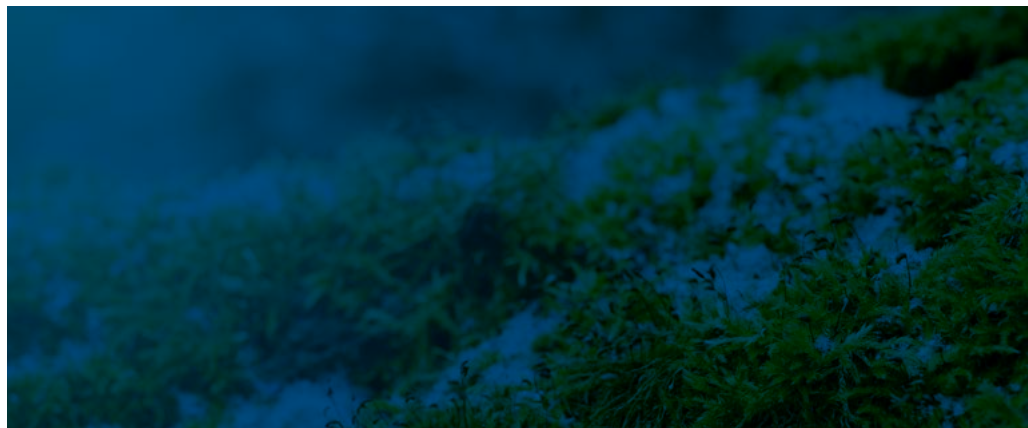
## Memberships of societies and associations

Societies and associations do so much more than simply add local colour of a region. They often work in specialist areas that can be beneficial in many regards, not least in terms of economic processes and partnerships. They also strengthen the sense of community, support marginalised groups and protect endangered species. As a company in the environmental sector, this field is particularly important to DENIOS.

On the economic side of things, DENIOS Germany is a member of the Employers’ Association, The Association of Family-Owned Companies, The Association for the Promotion of German Fire Safety, and the German Fire Safety Officers’ Society.

On a social level, DENIOS AG supports the Development Fund of the FH Bielefeld University of Applied Sciences, and is also a member of the Child Protection Agency. The Business Club Bad Oeynhausen, where CEO Helmut Dennig is also a very active member, is the patron of the “Aktion Bildungspartner” initiative for partnerships in education. This initiative supports talented school students from socially, culturally or financially disadvantaged backgrounds through the final years of their school education to ensure that they can make a successful transition into the world of work.

🇫🇷 DENIOS France is a member of the UIMM (employers’ organisation for companies in the metal industry); our Czech subsidiary is not active in any societies or associations.







#### **Our goals for even greater social commitment**

- ✓ We want to keep on funding and supporting social and community projects and initiatives.
- ✓ Our CO<sub>2</sub> footprint indicates potential for further improvement. We want to unlock this potential and use it to implement specific measures to reduce our carbon footprint.
- ✓ We also want to increase our support for social projects at our international production sites by means of donations and personal commitment.







# VI People

**DENIOS - We take sustainability personally.**

Our staff are most important resource. So we assist and encourage them in their personal and professional development.

*A company's most valuable asset is in the people whose daily work and dedication make it what it is, be that in planning, development, management, the creative and administrative areas or the production process itself. As such, people are a central value of our corporate culture. This section of the report covers all the sustainability issues related to this value.*

## Employee figures and personnel structure


The DENIOS production sites in Germany, France and the Czech Republic account for the majority of the DENIOS Group's employees.

	DENIOS AG	DENIOS FR	DENIOS CZ	Group total
2016	343	79	104	760
2017	349	79	107	801

Additionally temporary staff were also deployed in Germany and France during the reporting period to deal with peaks in production. From a legal (and also a salary) perspective, temporary staff are given equal standing to the permanent staff, depending on how long they remain in the company. However, they are unable to stand for or vote for the Works Council. The allocation figures can be seen below.

	DENIOS AG	DENIOS FR	DENIOS CZ	Group total
2016	19	18	0	38
2017	16	16	0	42

In Germany, all our employees except for the Executive Board and the management are covered by company agreements. They are negotiated, made legally binding and ratified by the Works Council and the Executive Board. These company agreements form part of the employment contracts, and can be viewed at any time on the Intranet.


 Our French employees are also covered by company agreements. These are based on the master agreement for the metals industry. Only the CEO, Mr André, is exempt from this agreement.


 There were no company agreements in the Czech Republic in either 2016 or 2017. There was no works council during the reporting period.

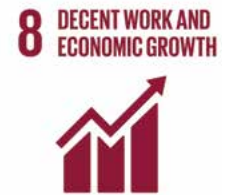


## Salaries and wages

DENIOS Germany is not bound by collective agreements. Nevertheless, the company's wage structure is closely modelled on the applicable IG-Metall union's collective bargaining agreements. This also applies to corresponding raises in salary. In-house wage and salary groups are used to classify all employees at the DENIOS AG sites Bad Oeynhausen, Löhne and Stuttgart (the main DENIOS AG business sites). The lowest wage group (No. 2) was paid an hourly wage of €10.41 in 2016, rising to €11.15 from 1 October 2016. This was significantly higher than the German minimum wage of €8.84. The wage and salary tables can be viewed by any employee in Germany on the Intranet. In addition to this, DENIOS Germany also employs staff on individual contracts.

 The salaries at DENIOS France are also organised by tariff levels. The tariff levels outlined in the company agreement are respected, and include all employees at the Nassandres and Villefranches sites. The lowest wage group was paid an hourly wage of €9.87 in 2016. This was higher than the French minimum wage of €9.76 per hour. The average wage for salaried DENIOS France employees was €2,060.00.

 The average wage in the Czech Republic for 2016 was equivalent to €996.70 for wage earners and €1,530.00 for salaried employees. In 2017, this rose to €1,080.26 for wage earners and €1,706.69 for salaried employees. As in other countries, DENIOS Czech Republic paid significantly more than the legal minimum wage of €367.00 (2016) and €407.00 (2017).



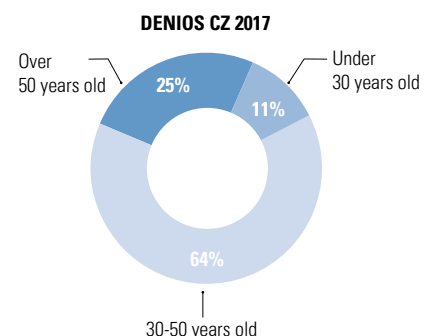
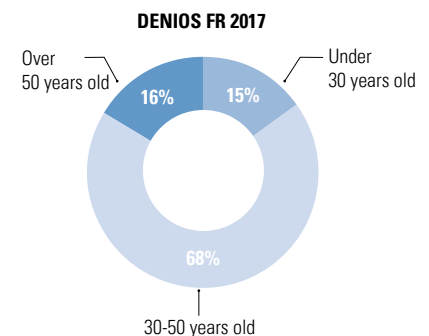
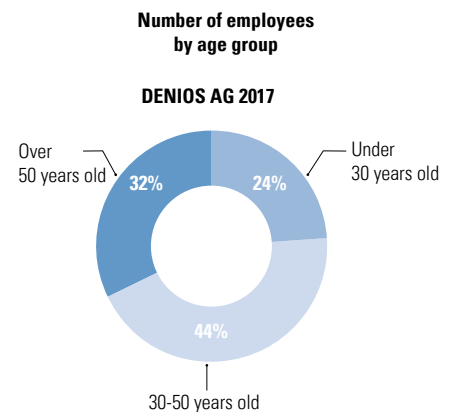
## Demographic structure and fluctuation

DENIOS is attractive to young people. In Germany, the “under 30” age group makes up a steady quarter of all employees, growing slightly each year. However, the bulk of the workforce in all the organisations in the report is made up of the 30-50 age group. As reflected in the wider demographic structure, the number of employees in the “over 50” group is noticeably increasing. Our challenge for the coming years will thus be to establish a system for sustainable personnel acquisition and development.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Under 30 years old	23%	24%	36%	15%	11%	11%
30 - 50 years old	53%	44%	56%	68%	64%	64%
Over 50 years old	24%	32%	8%	16%	25%	25%
Time at company	9 years	8.6 years	7 years	7.34 years	6.8 years	6.7 years
Share of trainees	9.40%	10%	2.40%	2.50%	0%	0%
People with disabilities	2.60%	2.60%	0%	0%	0%	0%

The message from the personnel fluctuation figures is clear: DENIOS is an attractive employer. While the number of employees leaving the company in Germany has increased, the figures for France have remained constant. In the Czech Republic, fluctuation even sank by 5% during the reporting period.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Salaried employees	12	33	4	4	0	0
Wage earners	12	8	8	8	11	8
Fluctuation rate	7.00%	10.10%	15.00%	15.00%	15.50%	9.80%







## Management recruitment

The managers at our subsidiaries are usually the CEOs of the respective companies. Our larger subsidiaries, such as those in the Czech Republic, the USA, the UK, Italy and France, also have heads of departments. No new managers were appointed in the 2016 financial year. In 2017, two new members were appointed to the DENIOS Executive Board: Horst Rose and Ulrich Lange.

As a matter of principle, managers are predominantly recruited and found locally. In this context, the term “local” means that managers are recruited from the country in which the subsidiary in question is based. In many cases, we are able to recruit managers at the regional level, i.e. from within a 100 km radius of the respective DENIOS subsidiary. Martin Wittelmeyer was also appointed to the DENIOS Germany Executive Board in 2017, as Director for Catalogue Products.

## Further education and lifelong learning

Constant further training in dealing with new tasks, challenges and – last but not least – processes is an important issue for sustainability, and not just in the age of digitalisation. The section below lists the average number of hours of further and advanced training, sorted by employment type and gender:

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Salaried employees	9	34	20	17	80	80
Wage earners	7	5	20	8	11	12
Male	10	32	22	15	49	50
Female	8	7	20	8	42	42

## Workplace safety

Regular workplace safety training for production staff is carried out throughout the year at all the DENIOS Group’s production sites. In addition to this, weekly safety walks are conducted at the production halls, the results of which are then documented and used to define specific measures. This findings are regularly communicated between all the Group’s production companies. In spite of this, it is not possible to prevent workplace accidents entirely.


	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Reportable workplace accidents	15	15	10	3	4	4
Missed work days	205	286	364	39	115	84

In Germany, the number of reportable accidents recorded was above the industry average. We recognise this, and have already taken initial measures to reduce this. This is being handled primarily by the Workplace Safety Committee, which is made up of eight people and meets up once each quarter.


# Meeting our obligations: Pensions and retirement

All full-time salaried employees at DENIOS AG who have completed their trial periods are entitled to a pension subsidy. In accordance with a company agreement, this money can be converted into the company pension scheme. The employer provides a maximum subsidy of €80 per month for this purpose, which amounts to an annual subsidy of €150,000.

The plan was set up specifically to ensure that no financial involvement by the government would be required. The government is also not involved in our shareholder structure.

 The profit sharing system that is obligatory in France is also applied by DENIOS France. An agreement negotiated with the banks by the company grants the employees favourable conditions for investing the money. Employees can choose one of two types of investment: one that remains inaccessible for five years, or one that is paid out upon retirement. The profits can also be paid out immediately, though these are subject to income tax in such cases.

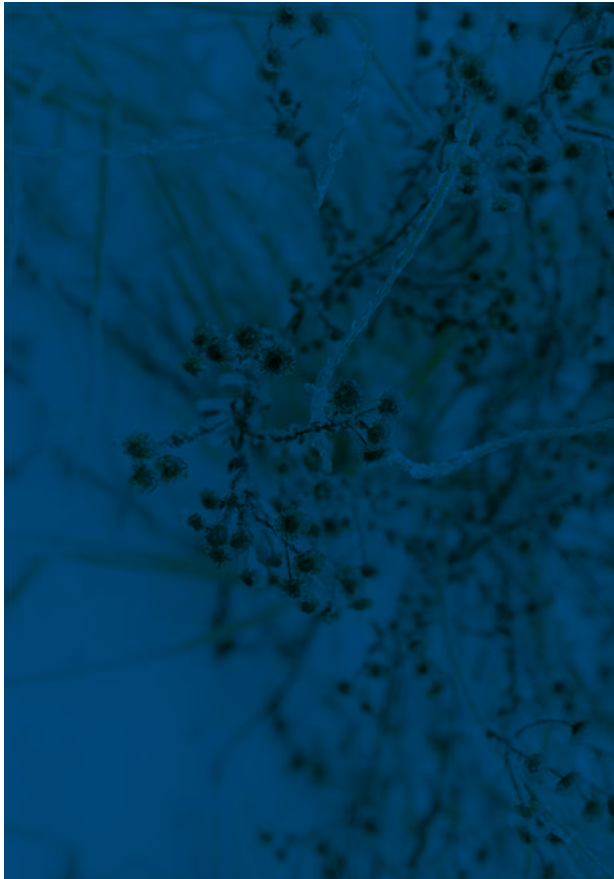
This additional insurance ensures that employees are covered in case of an accident that results in consequential damage, while the obligatory financial assistance negotiated by the company covers part of the additional costs that are not covered by public health insurance.

 DENIOS Czech Republic employees also receive a company subsidy for their pensions. After six months at the company, each employee receives CZK 600 (approx. €23) each month. These sums are transferred to their pension accounts.

4 QUALITY EDUCATION



3 GOOD HEALTH AND WELL-BEING





“DENIOS even let me go on parental leave twice within 1 ½ years – without giving me the impression that it would have a negative affect on my future career.”  
– **Dirk Kleimann, Product Manager ES** –



“With seamless reintegration following parental leave and flexible models for working hours, DENIOS has given me the perfect way to balance my career and family life.”  
– **Julia Zedler, Advisor to the Executive Board** –



“A child changes everything. So I’m delighted that I can plan and adjust my absence from the team flexibly. The company has always been very understanding and supportive in such matters.”  
– **Björn Trenkler, Online Marketing Manager** –

## Exceptionally family-friendly

The “Exceptionally family-friendly” initiative in the Minden-Lübbecke region of Germany has awarded DENIOS a certificate as a family-friendly company.

The initiative aims to draw attention to companies that show a special commitment to enabling a good balance between family and career. In the assessment of a panel of judges, companies are distinguished that are committed to a family-friendly corporate policy and act accordingly.

## Returning and staying after parental leave

The ability to balance family and career is an important indicator of employee satisfaction and loyalty to the company. But it is also a global issue. The Group recorded the following parental leave statistics for the reporting period.

### DENIOS AG

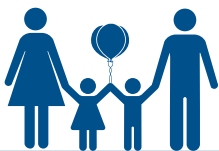
In 2016, the total number of employees who returned to their jobs following parental leave and were still there 12 months later was 9 men and 2 women. Reliable figures for 2017 will not be available until the end of 2018.

### 🇫🇷 DENIOS France

No employees at our French production site returned from parental leave in either 2016 or 2017. As no employees had gone on parental leave prior to this period either, the absolute figure remains at 0.

### 🇨🇪 DENIOS Czech Republic

At our site in Strakonice, one female employee went on parental leave in 2016, followed by another in 2017. Neither of the two have yet returned at the time of writing, but both are very much part of DENIOS Czech Republic’s plans for the future.



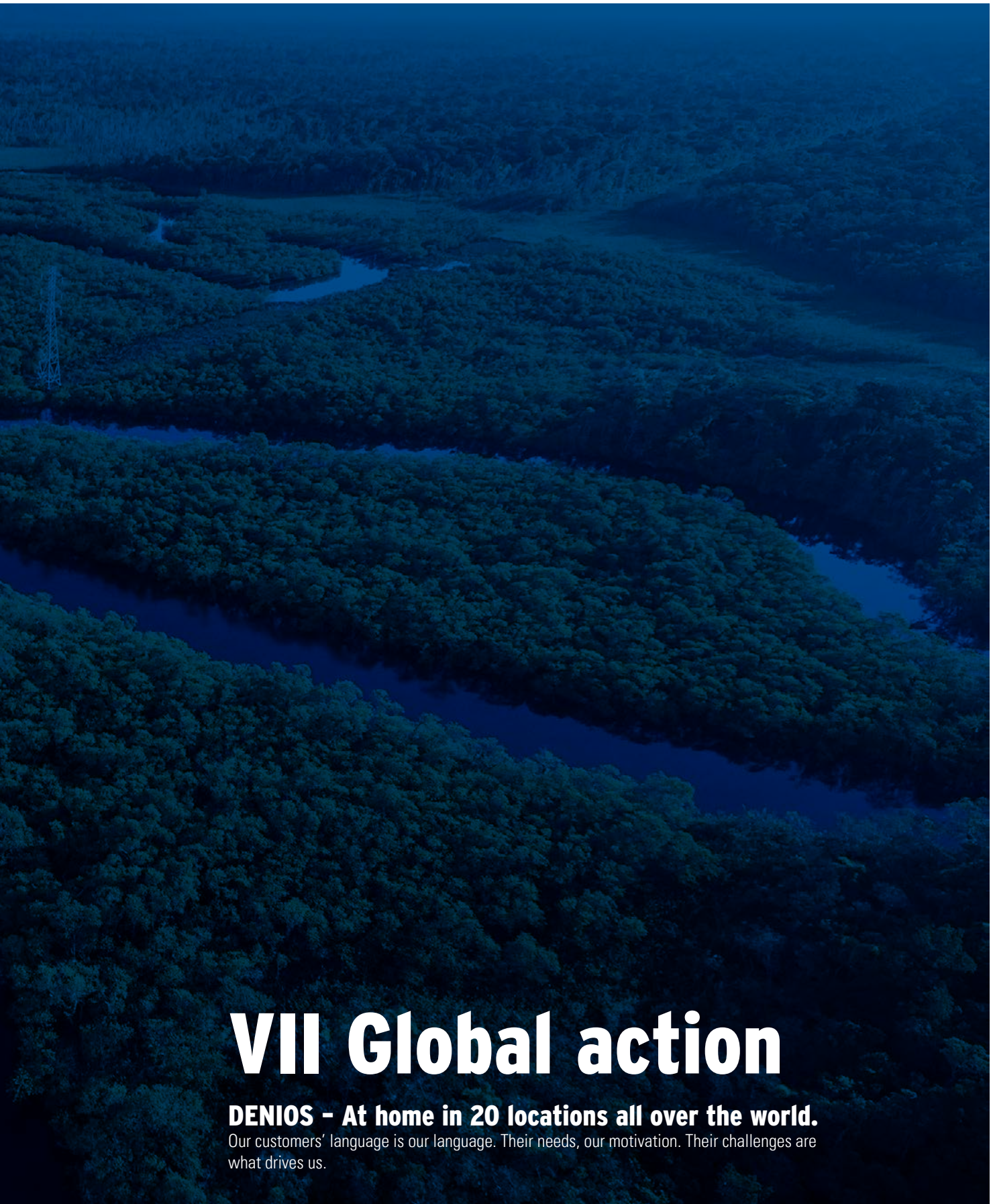
### Focus: Our goals as an employer

- ✓ To reduce the number of reportable accidents at our German site.
- ✓ To introduce targeted HR measures in response to the lack of skilled workers and the demographic shift.
- ✓ To introduce further benefits to ensure greater employee loyalty to the company (e.g. health management, E-Bike leasing).
- ✓ To offer regular training courses in ergonomics and workplace safety for the ever-increasing number of computer workstations.









# VII Global action

**DENIOS – At home in 20 locations all over the world.**

Our customers' language is our language. Their needs, our motivation. Their challenges are what drives us.

Compliance is a key issue, especially when it comes to international interaction with customers, suppliers and subsidiaries. In addition to the other forms of damage they may cause, child labour and equal opportunities for all people regardless of gender, cultural background or medical handicaps can have a significant effect on the image of our organisation.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



## For us compliance is an international concern

Our company makes regular investments in environmental protection and measures for improving our ecological balance. This includes preventive measures and a pro-active approach to environmental management. DENIOS requires the same commitment to environmental and climate protection throughout its supply chain. Adherence to the RoHS and REACH Directives is obligatory, as is acting in accordance with the Dodd Frank Act. These measures rule out any ecological impact from the supply chain. This includes suppliers, too: in accordance with ISO 9001, we have set up a supplier rating system and have been using it ever since. And we're delighted to report that we have not been involved in any legal disputes or had to pay any fines or contractual penalties relating to compliance issues. Various compliance issues are considered in detail below.

## Supply chain: Purchase volumes by region

DENIOS works exclusively with suppliers who are approved as creditors in our in-house SAP system. Our relationships with most of these suppliers stretch back over many years. But close supplier relationships aren't the only thing that's important to us. Our regional procurement policy enables us to save on transport costs and protect the environment.

DENIOS AG		
Region	Amount invoiced for 2016	Amount invoiced for 2017
Asia	€1,820,637.12	€1,936,762.58
Germany	€25,560,497.11	€29,203,514.55
Europe	€8,016,509.67	€8,863,378.24
North America	€793,433.27	€553,631.91
Total	€36,191,077.17	€40,557,287.28

DENIOS FR		
Region	Amount invoiced for 2016	Amount invoiced for 2017
Asia	€81,576.25	€138,974.60
Germany	€2,363,185.32	€2,599,476.30
Europe	€4,660,710.41	€4,371,738.93
North America	€1,877.88	€49,587.26
Total	€7,107,349.86	€7,159,777.09

DENIOS CZ		
Region	Amount invoiced for 2016	Amount invoiced for 2017
Asia	€39,567.71	€37,507.54
Germany	€1,965,296.44	€2,048,633.83
Europe	€2,638,260.27	€3,810,955.39
North America	-	-
Total	€4,643,124.42	€5,897,096.76

Procurement itself presents only minimal risks to our organisation. Nevertheless, violations of human rights or failures to comply with environmental requirements on the part of our suppliers could trigger all sorts of risks, and are thus a constant area of focus.





## Our suppliers in constant focus

New suppliers are selected and qualified in accordance with defined processes and in close collaboration between Product Management, Research and Development, Quality Management, Logistics and Purchasing. Measures such as supplier audits and contractual agreements are employed in order to ensure the sustainability of our supply chain. Energy and environmental issues are already an integral component of the DENIOS supplier agreements. We already started updating the new agreements with our A-list suppliers one year ago. Around 50 have already signed the updated agreements. In addition to this, since 2017 we have been adding more elements relating to our Global Compact, such as sustainability and anti-corruption. However, the new agreements have not yet been ratified, and as such were not used in the reporting period. Our overseas companies and suppliers recognise and uphold employees' rights. We can rule out the risk of child labour for both of these groups.

## Established practice: Fighting against corruption

Anti-corruption measures have always been and will always be part of the established practice at DENIOS, and form an integral part of both our general code of conduct and our internal training schemes. There have consequently been no confirmed cases of corruption within the DENIOS Group or the three individual organisations in focus.





## Top priority: Satisfied customers

Particularly in niche markets, a company must know its customers if it wants to be successful. And keeping a close eye on customer satisfaction is just as important. As part of our international QM process, we collect monthly data on the satisfaction of our customers.

	DENIOS AG		DENIOS FR		DENIOS CZ	
	2016	2017	2016	2017	2016	2017
Jan	91.6%	92.5%	90.8%	94.2%	99.0%	98.5%
Feb	92.3%	93.9%	94.2%	92.8%	98.1%	99.0%
Mar	92.1%	90.9%	93.6%	89.4%	98.5%	96.0%
Apr	91.6%	93.9%	92.8%	91.4%	99.7%	94.4%
May	93.7%	92.9%	94.3%	89.8%	99.2%	95.9%
Jun	93.2%	94.2%	92.8%	93.5%	98.3%	97.2%
Jul	94.0%	92.6%	94.0%	89.3%	99.2%	98.2%
Aug	93.6%	93.1%	94.7%	94.0%	98.3%	98.3%
Sep	93.4%	93.0%	95.8%	93.7%	99.2%	97.0%
Oct	93.0%	94.3%	96.9%	91.4%	97.3%	98.2%
Nov	91.9%	92.7%	95.4%	92.5%	99.3%	99.0%
Dec	91.5%	92.8%	93.9%	92.1%	99.3%	98.8%

At our German site, we have even gone one step further and enlisted an external service provider to assess the satisfaction of our customers. As part of this process, our products and services were also compared with those of our competitors. The results showed that 75% of our active customers were loyal to us in the long-term.

## Data protection is customer protection

DENIOS had already appointed an official Data Protection Officer prior to the 2016/2017 reporting period. The company also has an everyman directory and an index of legal provisions, which all employees can access on the Intranet. During the reporting period, only isolated complaints were received from customers, all of which were resolved amicably. No legal proceedings were initiated, and no fines had to be paid. We are currently working on the internal implementation of the GDPR, which will come into effect throughout Europe in 2018. This will guarantee our employees and customers absolute legal security and mutual trust.

## DENIOS is ISO certified

Energy and the environment are key elements of our history and self-image at DENIOS. Efficient, sparing and efficient handling of all the resources we use is a matter of course for us. Our headquarters in Germany has been certified in accordance with the international ISO 9001, ISO 14001 and ISO 50001 standards. Like DENIOS Germany, our French site works in accordance with the ISO 9001 und ISO 14001 standard, and it also possesses the corresponding certification. Energy management in

accordance with ISO 50001 is currently only certified in Germany. We strive to ensure that all our production sites operate in accordance with the same international standards, however. So we are also working to achieve these certifications at our other sites in the medium term. Our quality management in Germany, the Czech Republic and France is certified in accordance with the widely recognised ISO 9001 standard.



### Environmental management

This standard regulates the company's environmental management and makes it cost-effective and efficient.

### Energy management

This standard regulates the implementation of a systematic approach to energy. If a company improves its energy performance, this increases its energy efficiency while also optimising its energy usage.

### Quality management

The ISO 9001 is the most widespread quality management standard internationally. Certification to this standard provides a platform for the continuous improvement process used on the company's in-house quality management system.



### Our goals for sustainable global business

- ✓ To sign extended agreements with all our A-list suppliers.
- ✓ For DENIOS to become part of the Global Compact. We are consequently expanding all our existing regulations (e.g. for supplier management), training the relevant staff in Purchasing and Sales, and harmonising our internal QSV documents.
- ✓ To increase our customers' satisfaction while also achieving our internal objectives.
- ✓ To have all our production companies achieve ISO 9001, ISO 14001 and ISO 50001 certification.







# VIII Annex

**Sustainable business, step by step.**

Sustainability is a process that affects every part of the company.

## GRI Index

*As already mentioned in the introduction, we have conducted our report in accordance with the international standards of the Global Reporting Initiative (GRI). The relevant standard in this respect was the 2013 regulation, also known as the G4 Directives. We decided to select the KERN option as the depth of our reporting. This list below indicates where each of the GRI aspects can be found in this DENIOS Sustainability Report. It also includes details of the aspects that are important to us.*

### General standard information

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**G4-21** Explanation of the material topic and its Boundary ..... p. 32, 33, 37

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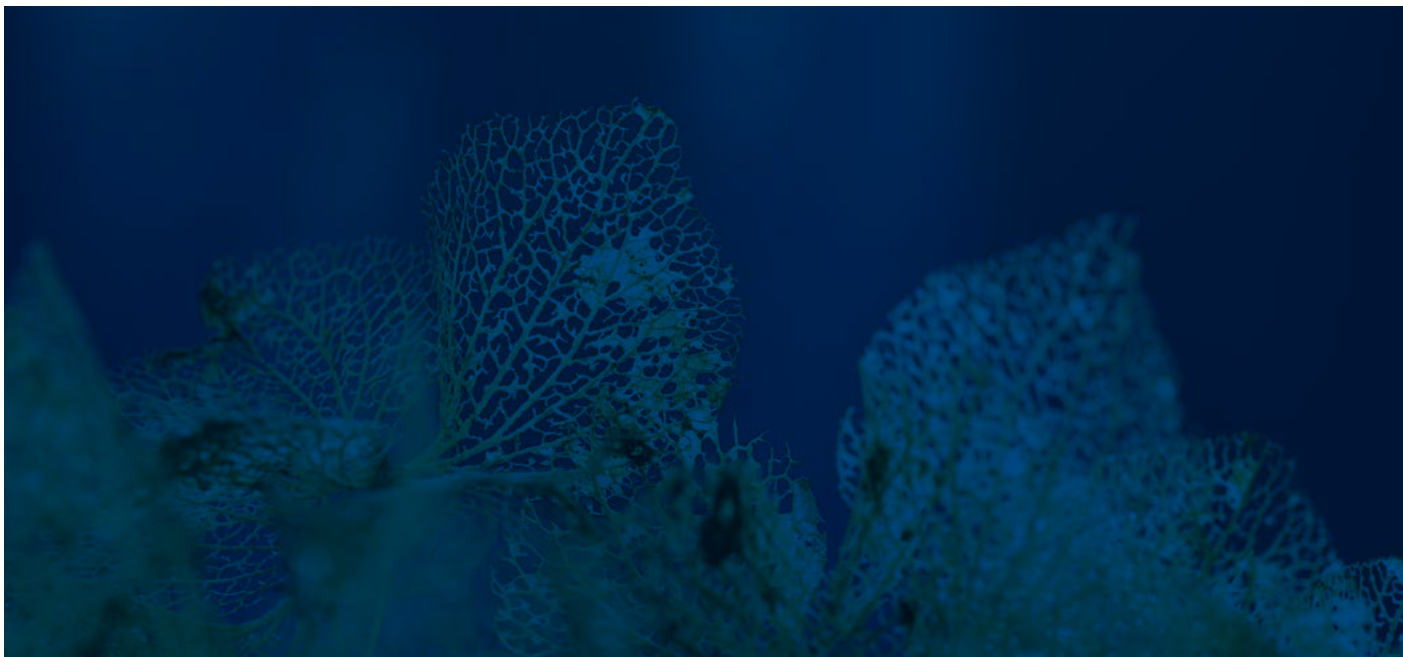
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**DENIOS - Because nature trusts in us.**





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