



# Global Compact Communication on Progress (C. O. P.)

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October 2012 – October 2013

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## Letter of commitment from the CEO

EXTENDE – created in December 2009 – is a start-up born from the CEA whose main mission is to carry the benefits from simulation and Non Destructive Testing (NDT) development methodology toward companies.

EXTENDE is the exclusive distributor of the simulation software CIVAnde®, worldwide leader.

Imbued with a strong knowledge of the physics related to NDT techniques, experts in simulation and endowed with operational experience in methods development and control equipment, we guide our clients in their approach of NDE development, improvement or expertise. This support aims at reducing the cost of this approach and improving its quality level. It therefore reduces the environmental impact they could have as these are simulated using CIVA before implementation.

On October 31st, 2012, EXTENDE decided to sign the Global compact, to contribute to the set up and the spreading of the 10 universal principles:

1. **Businesses should support and respect the protection of internationally proclaimed human rights; and**
2. **Make sure that they are not complicit in human rights abuses**
3. **Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**
4. **The elimination of all forms of forced and compulsory labour;**
5. **The effective abolition of child labour; and**
6. **The elimination of discrimination in respect to employment and occupation.**
7. **Businesses should support a precautionary approach to environmental challenges;**

*Non Destructive Testing is a wide group of analysis techniques used in science and industry to evaluate the properties of a material, component or system without causing damage. We also talk about Non Destructive evaluation (NDE). Because NDT does not permanently alter the article being inspected, it is a highly valuable technique that can save both money and time in product evaluation, troubleshooting, and research.*

*Our fundamental values are to assign absolute priority to our clients' service, to listen actively to their problems thus allowing us to identify their expectations together, to guarantee them confidentiality, to bring the greatest rigor to accomplished tasks and to keep real technical humility toward encountered difficulties and challenges.*

- 8. Undertake initiatives to promote greater environmental responsibility; and
- 9. Encourage the development and diffusion of environmentally friendly technologies.
- 10. Businesses should work against corruption in all its forms, including extortion and bribery.

With this signature, we engage ourselves to align our operations and our strategy on these 10 universal principles, related to the areas below:

- Human Rights
- Labour
- Environment
- Anti-Corruption

This commitment is a long term commitment: On our way to ISO 14001, increasingly involved in the initial training, social dialogue and social responsibility of the company, we continue to diligently defend the 10 principles.

Registered in the «Learner» category, EXTENDE will communicate in this COP on its progress on the areas of labor standards and environment. The steps EXTENDE took to improve these principles are described below. However, we obviously continue our commitment in the four areas mentioned above.

*Economic report of EXTENDE activity:*

	2010
Turnover	1,1M€
Profit	85k€
Sales growth	0%
	2011
Turnover	1,8M€
Profit	120k€
Sales growth	62%
	2012
Turnover	2,5M€
Profit	191k€
Sales growth	40%
	Forecast 2013
Turnover	2,7M€
Profit	100k€
Sales growth	10%

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## Labour Principles

The French law largely protects employees against possible abuses. Several articles are devoted to labor law, freedom of associations, collective bargaining, security, fighting against discrimination or protection of children's rights.

EXTENDE complies with all French law, and beyond, is involved in initiatives to ensure the welfare and the fulfillment of its employees.

### 1) Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

#### A) Strategy and implementation

Even though our workforce is now relatively small, custom is that a collective agreement determines the set of working conditions and social guarantees. Regarding EXTENDE, its **collective agreement is «Syntec»**. It is located on the server shared by all employees and its access link is specified in our welcome booklet.

We encouraged our employees to volunteer under staff representative, unfortunately, no one has been appointed. Probably because of the size of our structure (12 persons in Total), which allow quite fluid communication.

**Monthly activity reviews** are carried out. At the end of each review, every employee is invited to discuss the problems encountered or suggest areas for improvement. This is also an opportunity to review all indicators of our Quality Management System (QMS).

The welfare of our employees is a key concern of EXTENDE, along with the collaboration to organizational decisions. In particular, we held a vote to see who wanted to carry out the joint drafting of our code of ethics. The vote sparked unanimous interest. We will organize a workshop for half a day to define the outline of our charter this year.

*The preamble of the French Constitution (1946), states that every employee participates, through its delegates to the collective determination of working conditions.*

*The Article L 131-1 of the Labor Code recognizes «the right of employees to bargain collectively for all of their conditions of employment and work and their social guarantees.*

*As part of our Quality Management System (SQM), we have implemented **monthly activity reviews**. They are an opportunity to review the turnover and the economic situation of EXTENDE with the whole team.*



## B) Measure of the effectiveness of actions taken

The EXTENDE employees are regularly contacted and involved in social business decisions. In 2013, for example, we set up a profit-sharing agreement (proving the will of the management to choose a **participatory management**). The terms of this contract and the calculation of the premium granted to each, will be controlled by three employees who volunteered following a review activity.

**Audits** within our QMS (Quality Management System) were positive, reflecting that our organization is functioning well.

## 2) Make sure that they are not complicit in human rights abuses;

### A) Strategy and implementation

EXTENDE is committed to contributing to the elimination of all forms of forced or compulsory labor.

The French Labour Code imposes many standards and regulates the organization of labor. It requires, for example, a period of termination of employment contract for employees, or imposes an obligation to take care of 50% of public transport price (between home and work). EXTENDE certifies compliance with all regulations of the Labour Code.

Imposed by the law, a medical inspection of the work place was done in 2010 to ensure that working conditions are as optimal as possible. Lighting, seating and general ergonomics of employees were analyzed and judged beneficial to the development of everyone's activities.

Moreover, EXTENDE has chosen to ensure that all the staff has high quality health insurance. The option chosen is the most advantageous for the reimbursement of medical expenses of employees. This attests to the priority given to the welfare of everyone.

Professional training validated by a certification are encouraged to develop skills and individual development.

*The Constitutional Council, said that the legislator could not be exempted in the exercise of its jurisdiction, from the principles and constitutional rules, regarding in particular the fundamental rights and freedoms of employers and employees, «including» the right granted to workers to participate in the collective determination of working conditions and management of companies.*

## B) Measure of the effectiveness of actions taken

Within EXTENDE, to date, no dispute about working hours has been reported, **nor any litigation** between management and employees.

Eleven out of the twelve labor contracts of the company are **permanent contracts**, thus promoting stability for our employees.

No security incidents have so far been reported.

Since January 2012, ten people attended one or more training sessions. A total of **18 training sessions were conducted including six certifying training** in the field of NDT. In Extende, a person has been certified as an NDT Level 3 (the highest level according to ISO 9712), two persons in level 2, and now two people are being certified in level 2 and level 3.

*These certification courses, called «Cofrend Certifications» are renowned in the field of NDT. They demonstrate the high level of competence of inspectors and ensure expertise in the selected examination technique.*

## 3) The effective abolition of child labor;

### A) Strategy and implementation

Article 2 of the French law (from November 2, 1892) on «the work of children, girls and women in industrial establishments» states that «children cannot be used by employers or be allowed in establishments listed in Article 1 before the age of thirteen (...)» and Article 3 states that «children of either sex under the age of sixteen may not be employed in work that exceeds more than ten hours a day. Young workers or workers from sixteen to eighteen years old may not be employed in actual work of more than sixty hours a week, without the daily work exceeding eleven hours (...)».

Within EXTENDE, we are not hiring employees below the french age of majority (18 years).

### B) Measure of the effectiveness of actions taken

No employment contract has been signed with minors.

## 4) The elimination of discrimination in respect of employment and occupation;

### A) Strategy and implementation

EXTENDE fight against discrimination and harassment. **Informative notes** on the subject are displayed in the lobby of the company, as well as legal reference articles on sexual harassment, gender equality, and discrimination. The telephone number of the labor inspection is also displayed.

Among the measures taken to ensure the well-being of everyone, **annual interviews** are held. They are an opportunity to discuss about the welfare of each worker. They take place following a framework predefined by a Human Resources Advisor to prevent any issues that may impinge on the privacy of the employee, and to minimize the risks of discrimination. A reference document of expertise has been developed and is used in support. The discussions then become factual and help define which training to follow according to the expectations of the employee in terms of skills development, and business needs.

EXTENDE certifies that it works constantly in accordance with the values of **promoting diversity and equality of opportunities**.

### B) Measure of the effectiveness of actions taken

Since the establishment of the company, **the size of the headcount and payroll has increased dramatically**. This trend continues, we were nine in January 2012 and our staff currently has twelve people.

Today, we are proud of our diversity. Indeed, we can count four women in our team (**33% of the workforce**), which is quite unusual for an industry in which the statistical average declares a percentage of only 5%.

Finally, to date, **no complaint of discrimination or harassment has been deferred** to management.

## Environment

A major concern due to the nature of our work, the environment has always been at the heart of our concerns. Our code of conduct is consistent with the **ISO 14001** and other international conventions. In January 2013, EXTENDE has gone on a process of obtaining the **ISO14001 certification (EMS)**. At first, we decided to act on reduction or compensation of impacts links to three lines of expenses: transport, equipment and marketing (communication). For this, we defined indicators that allow us to assess the evolution of our environmental impacts.

### 1) Businesses should support a precautionary approach to environmental challenges;

#### A) Strategy and implementation

##### Precautionary principle

It is during EXTENDE's **annual direction reviews** that we take the opportunity to browse and assess the progress of various environmental indicators that we have implemented. This annual inventory also allows us to anticipate environmental problems that we might face. It is also an opportunity to set new goals in order to improve the process.

We wrote a «**charter of good practices**» in order to encourage all our employees to apply it and increase their awareness of all environmental issues.

Finally, we regularly check all our facilities, including those that may have an impact on the general well-being (for example the air conditioning).

Safety data sheets of potentially polluting products are also used.

##### Emergency action

To prevent fire, fire extinguishers, have been placed in the company (eight in total). A brief introduction on how to use them has been done. Moreover, five members of EXTENDE's workforce have attended a practical training on how to use fire extinguishers. An evacuation procedure in which the leader and end of the queue has been set, and one of the employees was defined as a first aid work after completing training and obtaining his first aid rescue work certificate.

Emergency numbers of firemen, ambulance, and the police are displayed along with a note on smoking prohibition in public places.

**EMS, Environment Management System (ISO 14001)**, allows any company to evaluate its participation in environmental pollution, and therefore adopt a corrective strategy. «It is based on the principle of continuous improvement in environmental performance by controlling the impacts associated with the activity of the company.» This certification has enabled us to implement various processes to integrate our concern for the environment in our daily actions.

The «**charter of good practices**» of EXTENDE is displayed in the company and was carried out by all the EXTENDE team. All employees have submitted suggestions to establish it.

See Appendix No. 1 Charter of good practices

## B) Measure of the effectiveness of actions taken

Since moving into our new premises (on 01/02/2012), air conditioning installations were checked twice.

## 2) Undertake initiatives to promote greater environmental responsibility;

### A) Strategy and implementation

#### Water consumption

EXTENDE has not taken any action on water consumption because premises we rent do not allow us to use our influence and measure impacts on our water consumption. However, we encourage our employees to maintain a responsible attitude in regards to the environment by minimizing the waste of water.

#### Waste Management

This year EXTENDE chose to set up a recycling system, to minimize waste products. To do this, we set up recycling bins, differentiating hazardous wastes and other wastes. Electrical and electronic equipment, batteries, ink cartridges, light bulb, bottles and cardboard are sorted. A Registry for Monitoring Wastes (RMW) allows tracking hazardous wastes until their disposal, in accordance with the law.

*See Appendix No. 2 Process of waste management*

We also encourage our employees to minimize the production of wastes (limited copies, use of two-sided printing, turning off lights, heating and air conditioning when it is not necessary, promote Information and Communication Technologies (ICT) etc.).

#### Pollutants gas.

#### Chemicals and other hazardous substances.

EXTENDE does not produce polluting gases through its activity. We have not therefore arranged any action on this issue. However, each employee is encouraged to ventilate the rooms of our premises as often as possible to ensure comfort of each employee on the purity of the air we breathe.

EXTENDE do not manufacture, sell, or use any harmful chemical substances. The products used for cleaning are reduced to a non-toxic glass product and a biodegradable detergent. No specific measures have been put into place in this regard.

## Biodiversity

EXTENDE attests to the non-production and non-release of GMOs.

## Natural resources, energy consumption and climate change

Following the analysis of our main environmental impacts, we identified that the main source of pollution that we produce was through our travels. Thus, we decided to annually identify all of our travels, and compensate by paying 50% of our environmental impact (carbon tax) to the association «**Action Carbone**».

Regarding power consumption, heating: thermometers have been installed in several rooms so that each employee can reasonably master the use of heaters and air conditioners. We encourage of course, to not open the windows when one system is running, etc.

Moreover, when seeking new suppliers, we value those that meet environmental standards. Environmental criteria (ISO14001, waste-management, selection of raw materials) have been added to our selection criteria. For example, our marketing choice for promotional pens is a company focused on offering pens whose body is biodegradable, made from corn. This provider is ISO14001 and has a clear commitment to the environment: <http://www.promogreen.fr/engagements-objet-publicitaire-recycle.html>.

Finally, regular monitoring of environmental regulations is performed by the environment referee, to ensure that our company is in accordance with established and evolving government standards.

## B) Measure of the effectiveness of actions taken

The first audit of our ISO 14001 certification will be carried out from the 4th to the 6th of December 2013.

This year we plan to donate 500 Euros to one of the projects of the association "Action Carbone" to compensate our environmental impact link to the trips we took in 2012.

A letter was sent to all of our partners and suppliers to inform them of our environmental and social approach, and the signing of the Global Compact. On eleven letters sent, we received eight replies.

*Action Carbone is a program of GoodPlanet. Founded in 2005 by Yann Arthus-Bertrand, GoodPlanet aims to «put ecology at the heart of the world's consciousness» and his actions range from numerous programs to raise awareness to efforts for the environment and the inhabitants of our planet.*

*See Appendix No. 3 Letter to partners*

### 3) Encourage the development and diffusion of environmentally friendly technologies.

#### A) Strategy and implementation

##### Green technologies

To date, the main activity of EXTENDE is the distribution of CIVA simulation software for Non Destructive Testing. It reduces the number of mock-ups and controls to be performed prior to the inspection of a specimen. CIVA reduces costs and environmental footprint by anticipating what to do, thus reducing the number of actions.

*Non Destructive Testing prevents destruction of structures and helps to prevent industrial disasters.*

We try to limit our emissions so that they are as much as possible lower than the energy savings gained through our activity. The ratio of these two values should increase gradually.

In addition, we also encourage our employees to use preferably computer versions of documents to limit the number of prints.

*See Appendix No. 1 Charter of good practices*

#### B) Measure of the effectiveness of actions taken

We evaluated the environmental impact gain from the use of CIVA to 1,513,474 Euros this year.

Over 19 report studies were produced since October 2012, all of them were sent to all our customers paperless. Educational tutorials are also provided to our customers on a dematerialized form. Only workbooks for training are printed.

In addition, we have developed an educational application on NDT (a kind of quiz game). It should be released in the next year.

## Conclusion and goals for 2014

Actions have been undertaken this year as part of our commitment when signing the Global Compact. Generally EXTENDE and its team have the desire to work for the promotion of the Global Compact values.

In 2014, we also want to progress in the areas of human rights and fight anti-corruption.

We plan to set up a **dialog box** to promote the exchange and transmission of everyone's wishes (suggestions for projects in four areas of the Global Compact, for example). A satisfaction questionnaire dedicated to employees could also be implemented, but this satisfaction assessment is generally based on individual interviews.

We would also like to launch a new **incentive to elect trade union delegates** or representatives, and try to **obtain the support of our distributors and partners** in the Global Compact initiative. Concerning labor standards and anti-corruption (ensuring for example, that no minors are victims of forced labor in their business), and continue to **provide certified training** to our employees.

Finally, a **simulation of evacuation** that was initially scheduled in October this year, will be realized.

We hope that new ideas will grow as well during the next year.

Attached Documents:

Appendix No. 1 Charter of good practices

Appendix No. 2 Process of waste management

Appendix No. 3 Letter to partners



Poster campaign at EXTENDE



Evacuation map of EXTENDE