

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

October 2014 – October 2015



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Continued support statement

The commitment to the Global Compact is an initiative born from management, but it has very quickly brought about the enthusiasm of the company's employees. The aim was to engage the company not only in a process of social responsibility but also to attract new talent by promoting corporate ethics by emphasizing our commitment to social causes.

For EXTENDE, respect of others, of their values and environment are synonymous with modernity and pride for the entire team.

In October 2012, just two years after its creation, EXTENDE embarked on this adventure. Our commitment has allowed us to formalize an already present mindset in our organization, respect for otherness and values of responsibility towards employees, customers and the environment.

EXTENDE, created in January 2011, is the exclusive distributor of CIVA simulation software for Non Destructive Testing, developed by the CEA EA (Commissariat for Atomic Energy and Alternative Energies).

This year, for the third time, we are committed to support and abide by the ten principles of the Global Compact, related to the topics of Environment, Labor, Human Rights and the Fight against corruption.



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COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



The Ten 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 of employment and occupation.

7. Businesses should support a precautionary approach to environmental 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.



Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights;

Much like the two previous years, as a French company, EXTENDE is obliged to respect all the articles of the law. EXTENDE agrees to comply with all the articles of the **Universal Declaration of Human Rights** and promote it. Included in the preamble of the French Constitution of 4 October 1958, it is a fundamental law of our republic.

Actions:

A given number of actions were set up two years ago in the framework of signing the Global Compact. No new actions were added on this topic, but we kept those already incurred.

In December 2011, in our **Quality Manual**, we committed to the values of: customer priority, active listening, rigor, technical humility and confidentiality that are the reflects of our respect for others, towards team members but also towards our collaborators and partners.

Since 2013, when EXTENDE and its employees have written together a **Code of Ethics**, which defines the values to which we are attached and which represent our company, our adherence to its values continues every day : openness, energy, professionalism, exchange, sustainability and responsibility are the core values of this Charter. It is available on our website at the following address: <http://www.extende.com/ethique>.

Besides, **a presentation is planned** at the end of the year, to communicate within the company, with the team, on progresses made in the framework of the Global Compact.

We also communicate externally about our commitment to the Global Compact via **our newsletters**, et **our blog**, created this year.

*« All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood. »
Universal Declaration of Human Rights, Article 1*

Human Rights

2. Make sure that they are not complicit in human rights abuses.

Just like last year and the year before, the independence of our company remains insured since we are not dependent on a larger entity. Our small industrial size allows us to be reactive and masters of our political choices, neutral and independent.

Actions:

Last year, we **reorganized the storage of our data** to insure maximum protection for our customers' data. This system is still in place.

A **report of our activities** was also established. It is sent every six months to **our distributors**. We draw a summary of our sales, of the evolution of the number of our training courses, or our efforts in terms of Marketing. We also mention on these reports our membership to the Global Compact in a paragraph dedicated to our commitment in terms of Corporate Social Responsibility. The goal is to promote the values of this engagement, and possibly encourage them to join it too.

We also already visited the premises of all our distributors. **Regular exchanges** mentioned above, and established with them through our bimonthly newsletters and biannual reports sent to them from our side; and their bimonthly progress reports sent to us from their side, allow us to observe the smooth running, and as far as possible, compliance with certain obligations, including social obligations. Sharing our experience and our desire to pursue further this commitment contributes to their awareness, (for those who are not already aware).

The **suggestion box**, installed at the beginning of our commitment to the Global Compact, is still in place in our premises, to guarantee freedom of expression for everyone.

*« The first of human rights is individual freedom, freedom of ownership, freedom of thought, freedom of work.»
Jean Jaures*

Human Rights



Measures:

In total this year (from October 2014 to October 2015), we **received sixteen activity reports** (compare to 10 only last year) and **we sent two biannual reports** about our activity. **A visit** was made in one of their premises, and we have all met at least once this year, during one out of our **five meetings**.

To date and as in previous years, **no suggestion or criticism** were identified in our suggestion box.

Openness

Customer priority

Energy

Active listening

Professionalism

Rigor

Exchange

Technical humility

Sustainability

Confidentiality

Responsibility

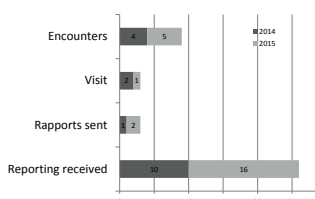


Reporting received: 16

Reporting sent: 2

Visit: 1

Encounters: 5



Labour

The gender equality, the elimination of all forms of forced or compulsory labor, the abolition of child labor, the elimination of discrimination, the respect for freedom of association and the right to collective bargaining are also provided by the French law that we respect. We also try, as much as possible, to favor partnerships with companies also committed to these values, and we try to set ourselves up as an example in regards to all our partners.

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining ;

As mentioned on the French government website, « *the negotiation of an agreement or a company agreement, allows adapting the rules of the Labour Code to the specificities and requirements of the business. In principle, the union representatives negotiate with the employer* ». EXTENDE, as a small company lacks union representatives, elected staff representatives on the works council, staff representatives and elected representatives. However, subject to the legislation established by the **SYNTEC**, labor agreement, the exercise of the right is recognized and is in accordance with the legal clauses mentioned in Article 3 of the Convention: « *Trade-union right to organize and freedom of opinion* ».

Actions:

A given number of actions were set up two years ago in the framework of signing the Global Compact. Very few actions were added on this topic, but we kept those already engaged.

Two years ago, we encouraged our employees to support a candidate for the election of a **union representative**. This election was held on January, the 13th, 2014, unfortunately, no one had volunteered for this task and a sort note was written to report this. Legally, this kind of election must be held once every 4 years by the employer. We plan to organize the next one in 2018.

We are continuing the organization of **monthly activity reports** enabling us to go through all our activities of the month and exchange with the team suggestions for improving our work. The Quality Management System is evoked on this occasion to check the status of various indicators.

*The preamble of the collective agreement **SYNTEC**, states: « The contracting organizations recognize that engineering consultants, engineering consulting offices and consulting companies within the federation of research companies and unions advice (SYNTEC), as by the nature of their structure and their activity, have very special characteristics, including for those who work in any capacity whatsoever, of the benefits and risks that need to be balance as smoothly as possible ».*

Finally, the **profit-sharing agreement** that we renewed this year, with a higher redistribution than the previous three years, demonstrates the willingness of management to position itself in a participatory management approach. The terms of this contract and the calculation of the bonus granted to everyone were controlled by three employees who have volunteered, following a review of activity.

**Strong action:
individual training.**

4. The elimination of all forms of forced and compulsory labour ;

The measures implemented in the previous years have been maintained.

Actions:

As stipulated in the French Labour Code, EXTENDE **reimburses 50 % of the price of public transportation** if your illness lasts less than 3 days.

Our employees pursue the **occupational health visits**, and this year, there is **no longer any unpaid day** sont passés d'un jour à aucun.

Furthermore, the well-being of employees is ensured by ensuring **high-quality equipment** is available to them (hardware material, office furniture, supplies, ...).

The same **premium health insurance** mentioned in the two previous reports has been chosen to ensure maximum social protection to all employees.

EXTENDE promotes **individual training** and maintains its training policy.

In addition to annual individual interviews, EXTENDE includes **annual professional interviews** (legally required every 2 years only).

Finally, according to our collective convention, this year, **holiday bonuses** were also granted to all employees.

5. The effective abolition of child labour ;

French law provides protection of minors (under 18 years). EXTENDE respects French law and ensures that we never hired minors as employees.

Actions:

Our **distributors and partners** distributors and partners are informed of our efforts and our commitment, which we hope will contribute to the promotion of these values beyond the borders of our country.

6. The elimination of discrimination in respect of employment and occupation

Article No. 14 of the European Convention on Human Rights prohibits discrimination. This prohibition is both broad and narrow, because on one hand, the Article prohibits any kind of discrimination on any criteria (sex, race, color, language, religion, membership of a national minority, etc.), and on the other hand, the scope of this prohibition is limited to discrimination to the rights covered by the Convention to promote the sharing of knowledge.

Actions:

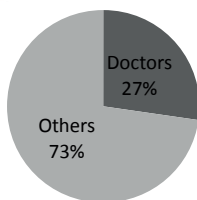
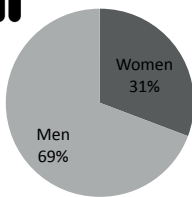
Free educational tools are available on our website. We believe that dissemination of knowledge will contribute to the evolution of everyone, and reduce inequalities.

Employee participation in corporate life is strongly encouraged, as participation in the development and empowerment of employees (**participation in activity reviews, opportunity to become a process leader, drafting the code of ethics , etc.)**

Informative notes are displayed, stating the legal reference articles, and advising on professional equality between men and women, the fight against moral and sexual harassment and the fight against discrimination.

EXTENDE certifies that it works to promote **diversity** and **equal opportunities**. Annual individual interviews for example are prepared in advance, to ensure maximum objectivity.

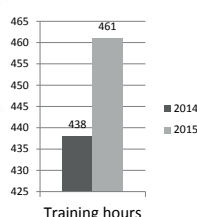
*EXTENDE's **mission** is to bring the benefits of simulation and methodologies of Non Destructive Testing to the worldwide NDT community for a free and fair sharing of knowledge. To do this, besides the values we are faithful to such as neutrality and independence in our work, we wish to advocate for **free sharing of knowledge**.*



Permanent contracts
100%



Complains: 0
Litigation: 0
Security incident: 0



Measures:

An indicator to quantify the **budget for the « welfare »** of the salaries of EXTENDE was calculated (it is the ratio of the total budget of purchases for employees on the total budget spent) and amounts to 13% (against 20% last year). It includes the equipment's purchased to improve staff comfort in the company (fridge, light therapy, replacement of old equipment, office chairs, computers, small computer equipment, etc.).

Increased our work force (from 12 to 13)

In total, our workforce consists of 4 women out of 13 (31% of the workforce) and 3 doctors out of 13 (23% of the workforce).

A total of 13 employees, **100% of the workforce, are on permanent contracts.**

No complaints about discrimination were made. **No litigation** as been recorded (concerning working hours or any other subject). Finally, **no security incidents** were reported.

Regarding the training policy, 461 hours of training have been scheduled this year (compared to 438 last year) for 13 employees (instead of 12 last year). Which means an **average hourly rate of training of 35.5hr per person**, (against 36.5hr last year), including 2 out of 9 completing certification training.



Environment

The heart of our activity contributes to the preservation of structures. It is therefore logical that since October, 2013, EXTENDE is certified ISO14001, attesting to our Environmental Management System (EMS). Indeed, we strive every day to respect and preserve the environment and the structures around us. We evaluate every year our impact on the planet and strive to minimize the negative foot prints that we could leave.

Our efforts are continuous and regular and we intend to renew our ISO14001 (and ISO 9001) certifications in 2017 (to be revised every three years).

ISO 14001: 2004 specifies requirements for an environmental management system. It applies to those environmental aspects that the organization identifies as those it has the capability to control and those that it has the capability to influence. It does not establish in itself specific environmental performance criteria.

7. Businesses should support a precautionary approach to environmental challenges ;

EnIn terms of environment, during the implementation of our environmental approach, we performed, with the help of DEXTRAL, a **diagnosis of our environmental impacts**. New appointments have also been made with them as we consider the possibility of a **transition to ISO 9001 and ISO 14001: Version 2015**.

Actions:

Precautionary principle

The **precautionary principle** is intrinsic to our business. Simulation of Non Destructive Testing helps to anticipate controls, reduce the number of mock-ups required for the preparation of an inspection, and offers many scenarios to evaluate all the possibilities before making a decision. This principle is widely used in the nuclear industry (half of the employees of our company come from this industry sector, including our CEO, Mr Philippe Dubois).

Le "principe de précaution" est une notion qui préconise l'adoption de mesures de protection avant qu'il n'y ait des preuves scientifiques complètes démontrant l'existence d'un risque; autrement dit, une action de prévention ne devrait pas être différée simplement en raison de l'absence de renseignements scientifiques complets.

We maintained the actions initiated two years ago: a **review of environmental indicators** during **annual management reviews** (with a questioning of new decisions to be made), and **regular inspections** of our facilities (air conditioning, heating).

Emergency Actions

Fire extinguishers were placed in our premises. Every year, these have been **audited**. **Emergency numbers** (fire, EMS, police) are always displayed in the entrance of our premises.

8. Undertake initiatives to promote greater environmental responsibility

We did not undertake further actions on the themes related to the environment in our offices in Massy, but our office in Grenoble, began some actions.

Actions:

Water Consumption

Our current premises do not allow us to control our water consumption and to measure our impact. Thus, we simply encourage our employees to maintain a responsible attitude in regards to the wasting water.

Gestion des déchets

We maintain a **responsible attitude** towards waste management through recycling paper, plastic and our Nespresso® capsules. Batteries, ink cartridges and light bulbs, are always sorted as DEEE (French name for electrical wastes), and traced via a Waste Monitoring Registry (RSD) in accordance with the law. This year, the three people based in Grenoble also launched the official recycling of their waste in their premises.

Gas, chemical products and other dangerous substances

As mentioned in the two previous COP, EXTENDE produces no polluting gas via its business, and does not manufacture, sell, or use any chemical. This is why no specific measures have been implemented in this regard, apart from encouragement to aerate our establishment.

Biodiversity

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

Natural resources, energy consumption and climate change

We **compensate** 50% of our environmental impact linked with our travels (carbon offsetting). The association to which we donate is called «Carbon Action». Our office in Grenoble also committed **by becoming partners PDIE Bouchayer-Viallet** (Map of Inter-companies transport network), with the goal of bringing together the different economic actors to improve public transport solutions.



Environnement

We are also pursuing our **good practices** with a set of recommendations put forward in our **charter**. For example, in terms of power consumption we perform **temperature control** via thermostats installed in several rooms allowing us to have a reasonable and responsible use of air conditioners and heaters.

Finally, we continue regular **regulatory monitoring** and we value providers complying with environmental standards.

*« Today the only condition for survival is the establishment of a more humble relationship with the planet. »
Alain Gras (Science et Vie, 2008)*

9. Encourage the development and diffusion of environmentally friendly technologies.

Actions:

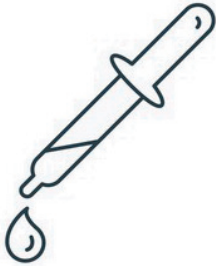
Ecological technologies

We continue to send the reports in **electronic form** to our clients. Educational tutorials are also transmitted in an IT way. Only training book exercises are printed.

The product that we distribute is also an environmentally friendly technology as it **promotes the simulation of inspections** thus reducing the number of mock-ups to manufacture before an inspection. This year, we announced the release of a version of the software dedicated to universities at a greatly reduced price, to promote simulation to the new generation of inspector.

We also encourage our employees to preferably use IT versions of documents to limit the amount of printing.

Environnement



DEXTRAL internal audition:

Major non conformity: 0
Minor Non conformity: 0
Observations: 4
**Opportunities for
improvement: 2**



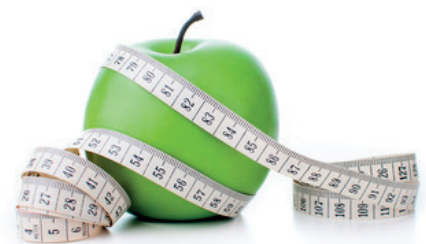
**30,3 tons of
CO2 offset**

Measures:

We passed the internal quality audit on June the 6th, 2014, conducted by the company Dextral regarding the ISO14001 referential and covering all of our EMS systems. On June the 5th, 2015, a **new internal audit** was carried out by Dextral. The report stated that: « *The environmental management system is simple, alive and suitable to EXTENDE's activity. It would be good to take advantage of the release of the new standard version of 2015, to rethink the environmental program in order to further integrate it into your system. The indicators have improved since the implementation of the approach. Continuous improvement actions have been undertaken.* »

This year, 30.3 tons of CO2 were offset with the Good Planet Foundation. This represents a total of 50% of our carbon footprint.

We evaluated the environmental impact gain from the use of CIVA software at 1,514,002 Euros this year and every year we offer training and support service to overcome a misuse of the software. EXTENDE also helps finance validation studies.



Anti-Corruption

The fight against corruption is essential in our commitment to the Global Compact. In order to prevent corruption, we have implemented a quality control system.

10. Businesses should work against corruption in all its forms, including extortion and bribery.

Actions :

Within our structure, the risks of corruption are located primarily in our sales process and partially in our purchasing process.

Since December 2011, EXTENDE has been certified **ISO9001: 2008 version**, renewed last year and valid for two years, it attests to compliance with respect to the processes set up to ensure quality in our business. The three people in charge of the commercial part of the company are following the description of the processes for sales, prospection and procurement.

A system of **proofreading and validating** of prices before sending each commercial proposal has been established; it guarantees non-favoritism in exchange for personal benefits.

Furthermore, we have integrated into our welcome booklet, delivered to all the new hires, a **paragraph dedicated to awareness of corruption**.

Finally, management pursues an **intense communication policy**, facilitating contacts between management and staff.

**Strong action:
Certification ISO 9001.**

ISO 9001: 2008 specifies requirements for a quality management system within an organization. It is based on eight quality management principles : customer focus ; the commitment of top management; the involvement of the staff; a process approach; management through a system approach; continuous improvement; fact based approach for decision making; and mutually beneficial supplier relationships

Anti-Corruption



INTERTEK external monitoring audition:

« The management system meets with the criteria of audits, it can be considered as effective to achieve the goals. Maintaining certification is recommended. »

Measures:

The surveillance audit by the company INTERTEK, conducted on January, the 16th, 2015 in our premises in Massy from January the 12th to 13th, concluded with the compliance of both management systems: environmental management system ISO 14001: 2004 and quality management system ISO 9001: 2008.

The strengths stated were our regular management reviews (two times a year), the commitment of the management, the monthly business review, the calculation of margin per case, the monitoring of business (via our CRM Act) and our support activity (via HelpDesk).

These official validations by auditors attest of our commitment in the quality of our management, and of the transparency of our business.



The 2016 targets

Our goals for 2016 are primarily pursuing the efforts made in the previous years (respect of the laws and the individuals, respect for the work of everyone in the best possible conditions, continuing training policy, maintaining the carbon offset and the sorting of waste, increasing the positive impact of CIVA software through an increase in sales and usage from customers, and keep on being careful in terms of fight against corruption.



As a testament to this commitment, a new COP will be written, followed by internal and external communications, supported by audits of ISO 9001 and ISO 14001 certifications.

Finally, a closer monitoring of our suppliers should be made to encourage those with a social and solidarity business approach.

