

Communication on Progress United Nations Global Compact



UNI WHEELS
UNITED WHEELS GROUP

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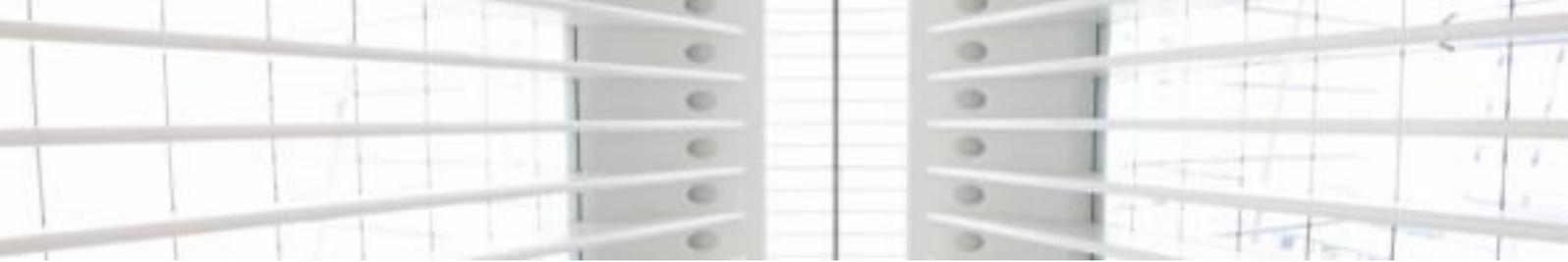
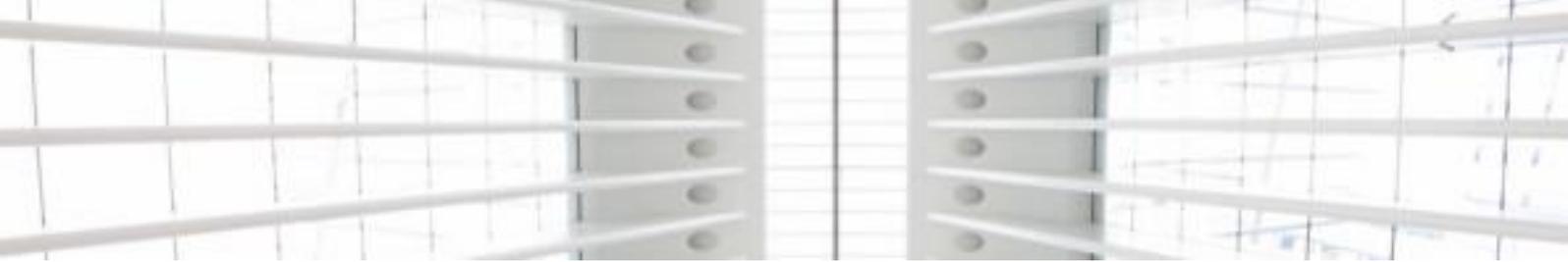


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Statement of continued support

Dear ladies and gentlemen,

We are pleased to announce the release of our first sustainability report showcasing the progress towards sustainability we have made thus far as well as reflecting on the challenges ahead of us.

Behind us lies a successful year, in which we tried to integrate more social and environmental aspects into our day-to-day operations: we further refined our formalized compliance management system, introduced our environmental policy, improved our energy consumption and worked on reducing our corporate as well as product carbon footprints. With the development of our light-weight performance casting, we also managed to lower the weight of our alloy wheels and therefore contribute to further material and fuel savings in the automotive industry.

In 2017, we signed up to the UN Global Compact to formally demonstrate our commitment to its core values in the areas of human rights, labor, environment and anti-corruption. With this report being our first Communication on Progress (COP), we would like to reaffirm our commitment and describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations. We are also committed to share this information with our stakeholders using our standard channels of communication. The report covers the period of March 2017 to March 2018 and will be published on the UN Global Compact Website.

We invite all business partners and other interested parties to join and support us in realizing this vision and encourage everyone to contact us in case of any questions or suggestions.

Bad Dürkheim, March 2018

Dr. Wolfgang Hiller
CEO



General Information

UNIWHEELS Group is one of the leading manufacturers of alloy wheels in the European aftermarket (Accessory Division) and one of Europe's largest wheel suppliers to the automotive industry (Automotive Division). UNIWHEELS Group also equips professional motorsport racing vehicle series with high-tech wheels. For more than 40 years, the Group has been producing high-quality aluminum wheels mainly using the low-pressure casting technique.

With the global brands of ATS, RIAL, ALUTEC and ANZIO, UNIWHEELS possess comprehensive knowledge in the accessories market and technical expertise as an original equipment manufacturer in the automotive industry. Furthermore, with its wide range of brands, the UNIWHEELS Group offers wheels for all target groups, from premium to economy. Across the UNIWHEELS-Group, nearly 3,000 employees work in the headquarters in Bad Dürkheim, Germany as well as in various production centers in Poland and Germany. The annual revenue in 2017 was 552.6 million Euro for the entire Group.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: and make sure that they are not complicit in human rights abuses

UNIWHEELS declare their full support for the United Nations Universal Declaration of Human Rights. Our operations are based in Germany and Poland. According to the Verisk Maplecroft Human Rights Risk Index 2016, Germany has a low prevalence of human rights-related risks. Our research and development activities are carried out exclusively in Germany, in cooperation with renowned research institutions. All quality standards and sector commitments are fully adhered to. Therefore, direct implications are not likely. Poland, however, is identified as medium risk country (see "Further information"). In order to prevent the occurrence of any potential issues, our group-wide Code of Conduct (CoC) outlines our stance on human rights related issues such as discrimination, harassment, mobbing, intimidation and assault. This CoC must be signed by all employees, business partners and suppliers upon completion of a contract.

As part of our training program, human rights related issues are being highlighted during the CoC training. Any incidents related to such issues can be reported either through our whistleblowing mechanism, or directly to the group-wide compliance officer or external ombudsman. Upon notification of an incident, the board of directors is informed immediately. In the event of minor incidents, internal measures will be taken, in the event of a severe incident, an external lawyer will be consulted. The contact details of our compliance officer and external ombudsman are provided to all staff in the form of a credit-card size compliance guide, through our company-wide intranet and via email.

During the reporting year, an internal audit on human rights issues was conducted which did not identify any risks or incidents. Equally, no incidents were reported via the whistleblowing mechanism. One incident with respect to discrimination was reported to the human resources department but was deemed unconfirmed after a detailed investigation. It is our declared goal to keep up the zero-incident rate in the future. In addition, we are planning to extend the currently only internal audits to our suppliers as well.

Further information: Verisk Maplecroft: Human Rights Risk Index 2014:

http://reliefweb.int/sites/reliefweb.int/files/resources/2016_ITF_Human_Rights_Index_2016-01.pdf



Labor Principles

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

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Working at UNIWHEELS

At UNIWHEELS, it is our aim to provide a happy and safe work environment to all our employees, business partners and suppliers. To ensure this, we have outlined clear rules and guidelines on fairness, transparency and respect in our group-wide CoC.

We also guarantee our employees freedom of association and the right to collective bargaining as regulated by national and European laws and standards. In Werdohl for instance, a workers' council has existed for years and meets once a week to discuss labor related issues. Recently, our site in Bad Dürkheim has also established a workers' council which will further increase our mechanisms to engage and address our employees' concerns. On reporting date 31.12.2017, 390 employees were subject to collective agreements which were negotiated with the MAV (Märkischen Arbeitgeberverband) union.

UNIWHEELS is an equal opportunities employer. We fully comply with national and European employee protection and antidiscrimination legislation. Also, our employment policy is aligned with legal requirements emphasizing that we do not condone any economic activity based on forced, compulsory or child labor.

At UNIWHEELS, we provide ongoing training and qualification initiatives to our employees, and focus on a long-term, cooperative HR development strategy. After successful completion of the probation period, a personalized training plan and budget is determined and will be reviewed in an annual performance meeting. These training programs include general courses such as leadership training as well as position-specific skill development courses. We also grant our employees educational leave to encourage further development. To guarantee the retention of skills, a succession planning scheme has been put in place. In the past year, we have been rolling out a structured staff retention program which includes the provision of discounts on e.g. food and gym memberships as well as a medical care program for employees and their families.

Health and Safety

Due to the use of heavy machinery and hazardous substances in our day-to-day business, occupational health and safety plays a crucial role for UNIWHEELS. This is reflected in our policies, which promise the protection of our employees' health and safety in everything we do. To achieve this, we focus on incident-prevention and have set ourselves a zero-incident goal.

To reach this goal, we follow a strict health and safety management system which is being implemented through various standard operating procedures (SOPs) by our Health, Safety, Environment & Energy (HSSE) Officer. As part of this, regular health and safety trainings are to be conducted. In the reporting



year, 100% of all employees were trained on health and safety aspects. In addition, UNIWHEELS provide training for around 20 people every year to become first aiders. Currently, we have 300 first aiders on site in total, which represents 10% of all employees. We also trained more staff to increase our total number of eligible forklift drivers to 300 and trained two staff members to become the company fire wardens.

Further, according to the EU guideline EU-RL 89/656/EWG, all employees are to be supplied with personal protective equipment (PPE). This requirement was fulfilled in the reporting year as well. We also conduct regular health checks for employees who are exposed to health risks during their work day, especially with respect to noise and chemicals. In the reporting year, no unusual occurrences were identified.

For every step in the manufacturing process, the responsible supervisor is to conduct risk assessments with regards to potential health and safety issues. These are to be conducted every two years unless a change in the process requires an additional risk assessment. The supervisors are trained to prevent accidents and health risks during work.

In 2017, 57 accidents occurred across all departments on all sides in Germany and Poland. Out of these, 41 occurred in Germany and 16 in Poland. 23 injuries were to the arms and hands, 20 to the legs and feet, five to head, neck and shoulders and nine to other parts of the body. 90% of these accidents were due to human error and only 10% due to technical reasons. To reduce the injury rate in the future, we have initiated more trainings as well as additional audits.

Another milestone was reached in 2017 by having obtained our first OHSAS 18001 certification. This has further formalized our health and safety measures and will help us improve our existing processes in the future.

Should a detailed investigation indicate that an incident occurred due to negligence or even recklessness, UNIWHEELS have the right to take legal actions against the responsible employee. This might lead to either termination of the contract, or in severe cases, court proceedings.



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

In May 2017, UNIWHEELS implemented a policy for the UNIWHEELS Group that addressed the protection of the environment. One of our objectives set in this policy is to further reduce our water and energy consumption. Furthermore, UNIWHEELS is ISO 14001 and 50001 certified.

Figure 1: Energy and gas used per produced wheel in kWh

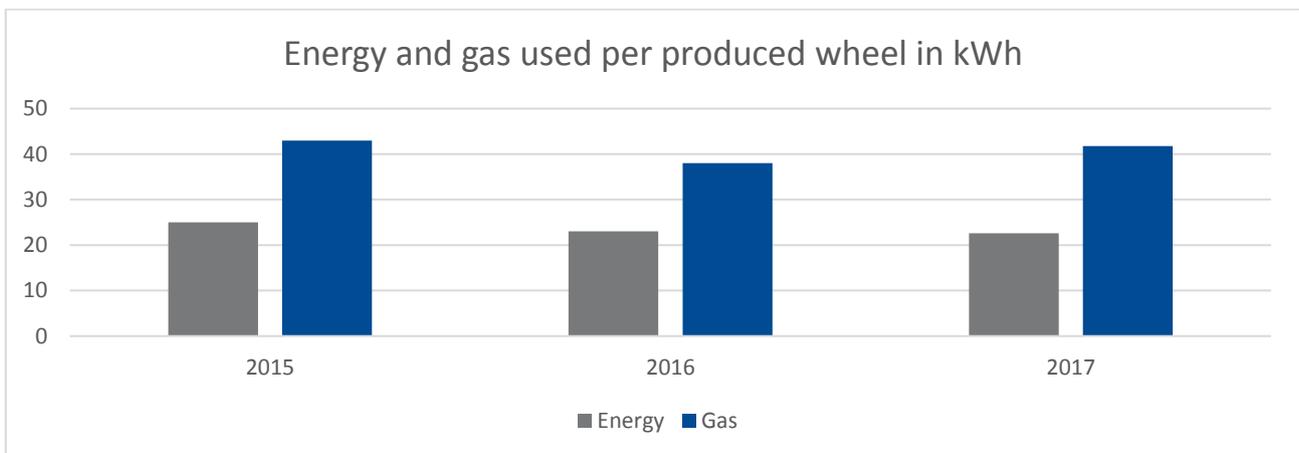


Figure shows the amount of energy and gas used for the production of one wheel (in kWh) calculated by dividing the total consumption for both categories by the amount of produced units. Compared to 2015, both values for 2017 have decreased. Comparing to data from 2016, however, a slight increase in relative gas consumption can be noted. This might be caused by the activation of Line 3 in Stalowa Wola 3 in 2017 which heavily relies on gas for the production process.

Energy

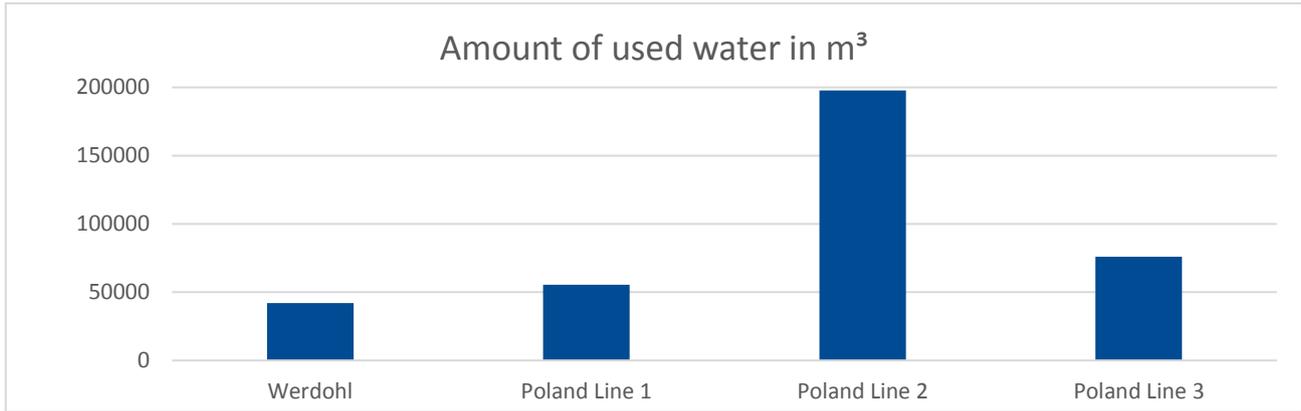
The production process of one wheel is very energy-intensive. To manage the associated impacts, UNIWHEELS set constant reduction goals. For 2016, those were set for the energy and gas consumption per produced unit. In Werdohl, our energy target of 23 kWh/unit was achieved. The initial target for gas was 43 kWh/unit but was lowered to 38 kWh/unit thanks to the implemented efficiency measures. These included the replacement of lamps with LED lamps at our production site in Werdohl and the improvement of our compressed air distribution process.

Water

All water is taken from the municipal water supply. In 2017, a total amount of 371,303 m³ water was used. The goal is to subsequently lower the water use. Figure shows the total amount split into the four different sites.



Figure 2: Amount of used water in m³

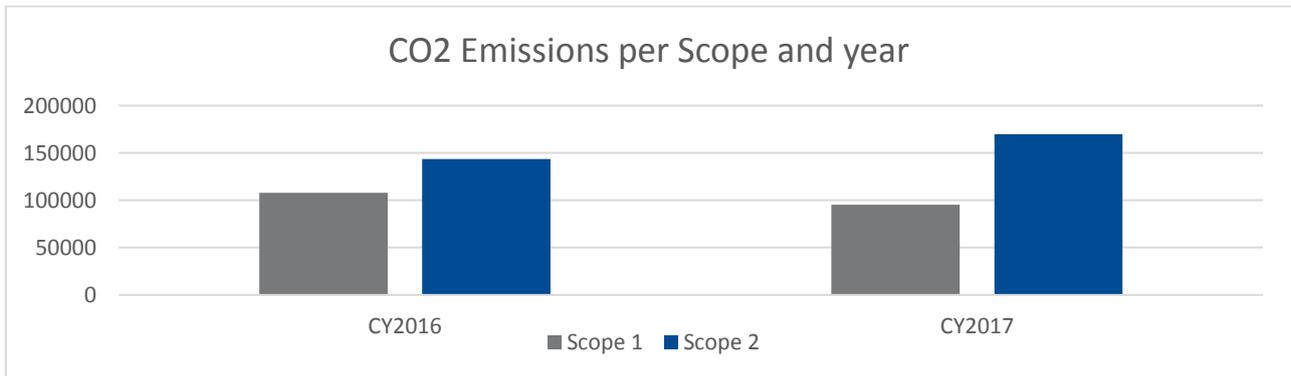


The surface water of UNIWHEELS' dispatch hall in Werdohl is discharged in the Biesenbergbach. To ensure that no hazardous substances are released accidentally, the related sludge trap is monitored monthly by the company itself, every six months by an expert employee and every five years, a general inspection must be undertaken. The next date for this inspection is 2019. UNIWHEELS comply with German law and ensure that those regulations are fulfilled properly. The results of these inspections are collected in an operation log. Also, the permission to withdraw a total of 54,000 m³ of groundwater at Werdohl via UNIWHEELS' own wells was not used in 2016, as no water was withdrawn.

Carbon Emissions

UNIWHEELS want to minimize their impact on the greenhouse effect. To quantify and benchmark that internally, a Carbon Footprint (Scope 1&2) is assessed on a yearly basis. For the calendar year 2016, the total Carbon Footprint was 251,725 t CO₂ and increased slightly to 264,844 t CO₂ in 2017. Despite a production increase of 10%, the overall Carbon Footprint (Scope 1 & 2) only increased by 5%. One reason was that the emission factor for natural gas was updated and decreased by 19%. Also, Line 3 in Stalowa Wola was fully activated in 2017 and contributed to the increase of Scope 2 emissions. However, driven by the energy reduction targets per wheel, UNIWHEELS energy reduction measures resulted in a lower increase in emissions than in production. Therefore, the emissions seem decoupled from the company's activities. Figure 1 shows the emissions per scope and year.

Figure 1: CO₂-Emissions per Scope and year





The carbon footprint is intended to be updated yearly to identify potential for improvement and keep track of the results of the implemented reduction measures. In mid-2018, the Carbon Footprint will be extended with Scope 3 emissions.

To reduce our emissions, we have further developed our energy management program, by implementing targets and several actions. In addition, we try to reduce the emissions caused by our products at the end of the life cycle.

Aluminum

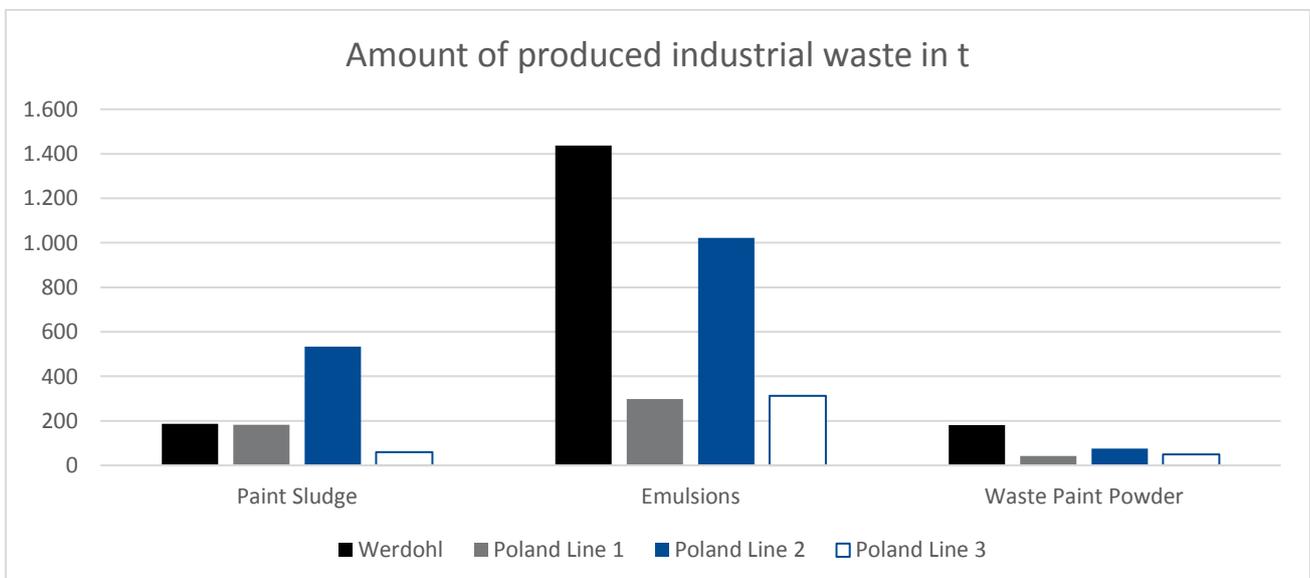
To match the EU requirements, vehicle manufacturers need to reduce the GHG emissions of cars (95g CO₂e/km). We want to help our customers meet this target and keep doing business with them. Therefore, we are focusing on developing products that help reduce fuel consumption and GHG emissions through lighter weight and/or better aerodynamics.

UNIWHEELS deal with these issues within their R&D department and are also in touch with external stakeholders. UNIWHEELS made excellent progress in the reporting year on their light-weight performance casting to improve the mechanical qualities of their wheels. In the first small production runs, the measurements of isolated mechanical properties almost doubled. It is estimated that wheel weight can be reduced by up to 1.2 kg. Emphasis was also put on the design of an alternative casting process which will not only allow very thin walls but also mechanical properties that correspond to those of a forged wheel. Weight-savings of up to 15% appear feasible using this technology. Technical feasibility was confirmed in a virtual simulation. An experimental tool for the first casting experiment and optimizing the alloys is in production.

Industrial Waste

We work with several potentially environment-harming substances. Therefore, we are aware of the necessity of strict and controlled handling procedures. Our biggest share of waste with 70.07% of total are emulsions. 21.99% are caused by paint sludge. The final 7.94% are caused by Waste Paint Powder (figure 4). As a future goal, the total amount of 4,380t of waste in 2017 is to be reduced over time.

Figure 02: Amount of produced industrial waste water in t





Anti-Corruption

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

UNIWHEELS condemn all forms of corruption, bribery and extortion. We believe in transparency and are convinced that open and honest communication, collaboration and fairness are the key to long-term business success. These values are reflected in our group-wide Code of Conduct which outlines our views on corruption, bribery, sponsoring, donations, hospitality, fair competition, and transparency. The CoC is available in German, English and Polish and is to be adhered to by all our employees and signed upon completion of a contract. In addition, we have developed a group-wide anti-corruption guideline, in order to provide specific guidance for staff in situations where they are confronted with extortion or bribery.

The 2014 Corruption Risk Index by Maplecroft shows that the countries UNIWHEELS operate in and most suppliers are located in, have a “low” risk of corruption, with the exception of Poland being categorized as “medium” risk (see “Further Information”).

To reduce anti-corruption risks, we are regularly training high-risk groups on general compliance as well as specific anti-corruption issues. Also, as part of our internal audits, we monitor the number of incidents related to corruption of any form. In case of an incident, a formalized whistleblowing mechanism is in place: after an incident has been reported to the group-wide compliance officer or external ombudsman, the board of directors is informed. In minor cases, internal measures will be taken, in severe cases, an external lawyer will be consulted. To raise awareness about this mechanism, a credit-card-size compliance guide detailing the dos and don'ts as well as the contact details of the external ombudsman and the compliance officer is provided to each employee. The contact details can also be found in our company-wide intranet and are being sent to each employee along with the compliance training dates.

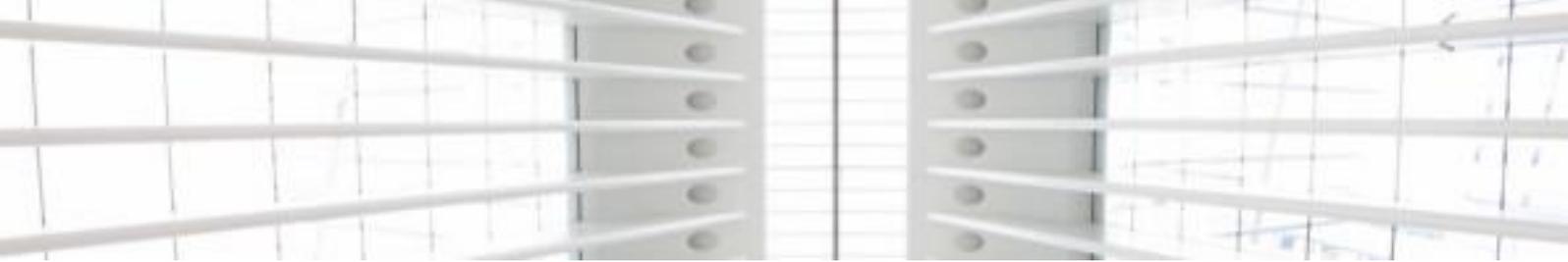
In the last year, no incidents were reported through the whistleblowing hotline. A few arbitrary cases in relation to event-invitations were identified during the internal audit but deemed minor. Countermeasures were taken immediately and information outlining the rules around hospitality sent out to all staff. Two incidents were reported directly to the compliance officer but deemed unconfirmed after a detailed investigation.

A second audit is planned for 2018 and we aim to further keep up our zero-incident rate in the coming year.

Further information:

Maplecroft Corruption Risk Index 2014

<https://maplecroft.com/portfolio/new-analysis/2013/09/24/corruption-risk-index-reveals-long-term-lack-will-tackle-corruption-brics/>



Key Performance Indicators

We identified the most important indicators for each of the topics. These will be reported on a yearly basis to the public.

Human Rights

0 incidents concerning human rights detected at internal audits
0 incidents reported through whistleblowing hotline
0 confirmed incidents after further investigation

Labor Practices

100% of employees with freedom of association
390 employees subject to collective agreements

Health and Safety

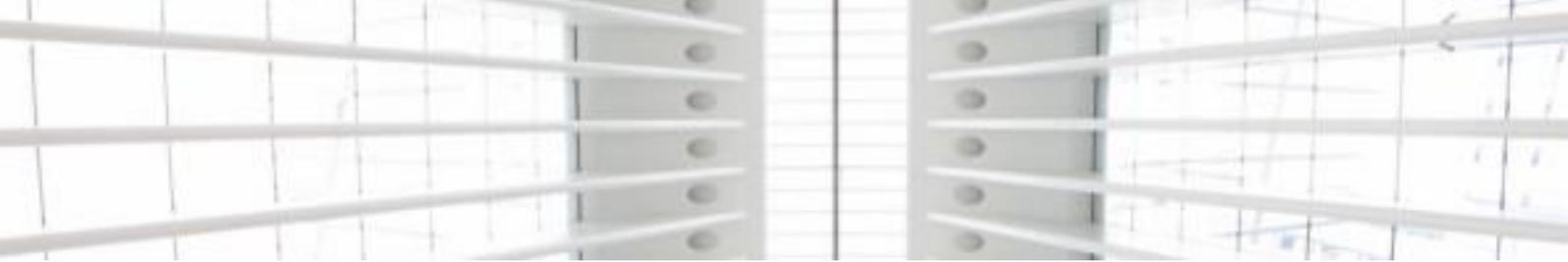
100% of our employees are trained on Health and Safety
100% of our employees received personal protection equipment
0 health risks were identified in regular health checks
57 working accidents – we aim for reducing this figure to 0

Environment

371 303 m³ total water used
0 m³ well water used
264 844 t CO₂ emitted
5% increase of carbon footprint despite production growth of 10%
4380 t of industrial waste produced

Anti-Corruption

0 incidents reported through whistleblowing hotline
0 confirmed incidents after further investigation



Outlook

Due to the recent merger with Superior Industries International, Inc., our focus for 2018 is to align our existing training and sustainability programs. Further, we hope to be expanding our internal audits in order to continuously improve the working conditions for our employees.

With the aim to engage more with stakeholders along our value chain, we plan expand our supplier quality audits in 2018. This is to pave the way for a more intense collaboration with selected suppliers to jointly achieve actual improvements.

Impressum

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