

GLOBAL COMPACT

Communication on Progress 2011

Dear Mr Secretary General,

In October 2009, SOLYSTIC committed to joining, and upholding the values of, the Global Compact.

Today, I am pleased to confirm our commitment to the ten principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

I would also like to assure you of my intention to promote these principles both among SOLYSTIC employees and across our sphere of influence, namely our customers, partners, suppliers etc.

For us, supporting the Global Compact is a means of committing wholeheartedly to a sustainable development strategy. This commitment is one of the founding principles of our Corporate Social Responsibility.

In order to demonstrate our progress in 2011, we have taken the actions and best practices that best illustrate our commitment to Global Compact values.

As Chairman and CEO, I am anxious to put these values into practice each and every day. I am proud that SOLYSTIC, along with its entire workforce, is offering its support and, in so doing, is contributing to this UN initiative.

Yours sincerely,



Pierre Igou
Chairman and CEO



Introduction to SOLYSTIC

SOLYSTIC is a French subsidiary of the Northrop Grumman group, designing, manufacturing, installing and maintaining postal sorting equipment used to process letters and flat objects. The head office is based in Gentilly near Paris, France. The assembly plant is located in Bourg-lès-Valence in the Drôme region, not far from Lyon, France. SOLYSTIC is one of the two leading companies worldwide in the postal sorting sector, with a turnover of 127 million Euros in 2010 and almost 530 employees.

SOLYSTIC adapts its products to the specific needs of each customer. It uses simulation and modelling tools to determine the best configuration of machinery to meet the customer's requirements. We also offer products to facilitate data centralisation and monitoring

Throughout the lifecycle of a SOLYSTIC solution, we provide a range of services including consulting, support, training and even the optimisation of existing processes.

SOLYSTIC is also supported by its partner network and can therefore offer a complete range of sorting centre solutions.

The SOLYSTIC™ range includes:

- MARS – a compact machine designed to prepare postal rounds and sort mail for private companies,
- STAR – a letter-sorting machine capable of processing 53,000 items per hour,
- TOP 2000 – this machine sorts flat objects including newspapers, catalogues and plastic-covered items,
- Address recognition and interpretation systems for both handwritten and typed addresses,
- Information technology systems developed by software engineering teams.

SOLYSTIC invests about 6% of its turnover in Research & Development. This investment is vital for us to be able to continue defining and designing future solutions for postal operators.



SOLYSTIC at POST- EXPO 2011

Corporate Social Responsibility

SOLYSTIC has adopted a strategy of Sustainable Development based on mutual respect between all its stakeholders – employees, customers, partners, suppliers, regional and local authorities etc.

For SOLYSTIC, undertaking a sustainable development approach means:

- Being a responsible employer
 - By taking full measures to prevent health and safety risks while improving working conditions
 - By fostering diversity and equal opportunity and by helping to fight all forms of discrimination
 - By managing skills in a proactive and sustainable manner
 - By working to instil social practices and relations that are rooted and maintained in trust, respect, listening to and exchanging with others.
- Making customer interests our priority, supplying efficient, high-quality and economically competitive products, services and advice, whilst limiting environmental impact
 - By designing our equipment around technology that pollutes less and that consumes less energy, throughout the product lifecycle.
- Adopting a sustainable procurement strategy by
 - Incorporating sustainable development criteria in our procurement practices
 - Involving our suppliers in the company's sustainable development approach
 - Concentrating our interests in the geographical regions in which we operate our business activities
 - Procuring supplies for our own business activities that have been developed under environmentally-friendly conditions.
- Helping fight climate change by
 - By minimising our own greenhouse gas emissions
 - By reducing the energy we use for our infrastructures and employee travel.
- Limiting the impact of our business on the environment by
 - Taking preventive action against any form of pollution and controlling waste.
- Practising corporate governance promoting values based on respect and information exchange by
 - Disclosing our values and ethics charter
 - Committing to the United Nations Global Compact
 - Promoting internal communication and training tools.

For more information please contact
Communication: corinne.saulnier@solystic.com
Sustainable Development: jean-pierre.baiardi@solystic.com

Human Rights

Businesses should:

PRINCIPLE 2: make sure their own companies are not complicit in human rights abuses.

Environment

Businesses should

PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

■ Action undertaken

Drawing up the “Charter for responsible procurement” and raising awareness among buyers of the sustainable opportunities

■ Principle and context

For many years, SOLYSTIC has been working to integrate sustainable development criteria into its procurement strategy.

These criteria have gradually been incorporated into our various purchasing practices.

This policy constitutes one of SOLYSTIC’s Corporate Social Responsibility commitments.

The sustainable or responsible procurement involves integrating all purchasing impacts, whether they are economic, environmental or social.

Although this concept was already being put into practice, it needed to be clarified. We therefore drew up a communication plan to raise awareness of this commitment among SOLYSTIC staff.

■ Objective of the action

To draw up a document providing a better description of a responsible purchase, how it is carried out at SOLYSTIC and the two-way purchaser/supplier commitment it requires.

To engage the company in proactive and concrete continuous improvement and responsible purchasing practices.

To incite and make sure all buyers adopt the concept of responsible purchasing on a daily basis.

■ Approach and implementation

❖ Definition of the “responsible procurement” concept

A responsible purchase (product and/or service) is a solution that incorporates a social and environmental dimension as well as an economic one.

It takes these impacts into account from as early on as the design of a product or service, through its production phase and on to its end use and right up until the end of its lifecycle.

The concept is in keeping with a policy of sustainability and global cost management.

Responsible purchasing relies on long-term cooperation with suppliers so that risks and opportunities can be controlled bilaterally.

Responsible purchasing incorporates:

- Green or eco-purchasing, for products that have the lowest impacts on the environment.
- Ethical purchasing which, by taking social and moral aspects into account, ensures human rights are respected:
 - throughout the purchasing process,
 - when choosing suppliers,
 - in customer-supplier relations.
- Fair-trade purchasing, which ensures that producers are paid fairly and that human rights are respected.

❖ Studies into existing practices

This involved making an inventory of both formal and informal processes that already existed within the company and that could be considered good responsible procurement practices.

Examples include general or specific terms and conditions, contracts, supplier relations etc.

Similarly, a review of the relevant demands of our key clients has enabled us to define our sustainable procurement strategy.

❖ **Implementation and formalisation of commitments within SOLYSTIC**

By summarising the results of this analysis, we were able to draw up a charter defining SOLYSTIC's concept of responsible procurement. This charter lists SOLYSTIC's commitments in terms of:

- respecting human rights and labour regulations,
- respecting regulations and customer requirements,
- environment,
- health and safety,
- the global evaluation of the purchasing process and suppliers,
- ethics,
- developing sustainable purchasing.

❖ **Sharing the concept and its commitments with all our buyers**

This document, which was presented to all SOLYSTIC buyers, formed the basis of a constructive debate on the notion of responsible procurement.

By raising awareness among buyers, the concept of sustainability is integrated into the purchasing process.

❖ **Ensuring the approach is rooted in the long term**

Concerted actions on purchasing themes or categories will be regularly launched, followed through and monitored in order to ensure the approach remains practical and rooted in the long term.



■ Results

❖ Publication of the document

The document *Charter for responsible procurement* now forms part of SOLYSTIC's document base. It is used within the purchasing function.

❖ Raising awareness among buyers

Our buyers are aware of the importance of responsible purchasing. This awareness encourages continuous improvement and the development of sustainable purchasing at SOLYSTIC.

After our presentation on the concept of responsible purchasing, each buyer was given a booklet called "*Petit guide de l'achat responsable*" (*Little Guide to Responsible Procurement*) published by the network Eco-Entreprises Rhône-Alpes (Rhône-Alpes Eco-Businesses).

This simple booklet describes the notion of responsible procurement and provides practical examples. It catalogues the best practices in this field.

❖ Planning actions for 2012

As well as ensuring the concept is adopted in real time, we have identified two specific actions:

- A study into optimising and reducing the volume of packaging used by our suppliers,
- Implementing our "charter for responsible procurement" in contracts with suppliers.

**For more information please contact
anne-christine.dubreu@solystic.com**

Labour

Businesses should uphold:

PRINCIPLE 3: the freedom of association and the effective recognition of the right to collective bargaining

PRINCIPLE 6: the elimination of discrimination in respect of employment and occupation.

■ Action undertaken

Taking the strenuous nature of the work into account and carrying out ergonomic studies

■ Principle and context

As part of its Corporate Social Responsibility and in its role as a responsible employer, SOLYSTIC has adopted a risk prevention policy concerning health and safety at work by improving working conditions.

Various company initiatives, decided by management and/or negotiated with social partners, confirm SOLYSTIC's commitment:

. **Our Quality Safety Environment policy** and the objectives associated with it. One of these objectives for the period 2010-2012 is to improve work station ergonomics for employees aged over 45.

. **The Annual Prevention Programme** designed in partnership with staff representatives from the CHSCT (Committee on Health, Safety and Working Conditions) at each company site.

For both Gentilly and Bourg-lès-Valence sites, one of the priorities that has been validated concerns work station ergonomics. Consequently, recommendations resulting from studies carried out in 2010 and others scheduled for 2011 will be implemented. The choice of which work stations to analyse was made in cooperation with social partners.

. **The company's collective agreement concerning the employment of senior workers**, set up in 2010 and signed by all trade unions, was renewed in 2011 with the same unanimity.

This agreement stipulates that a study into ergonomics should be carried out at each company site, with priority given to work stations held by employees aged over 45, and for at least one management position.

. **The implementation of a *Stress Monitoring Centre* in 2010**, in partnership with the Rhône-Alpes CARSAT (French Retirement and Health at Work Insurance Fund), has enabled us to extend the ergonomic studies previously mentioned to include the psycho-social dimension of work station risks.

A questionnaire for travelling personnel was devised by a work group made up of members of the Stress Monitoring Centre, under the authority of the CHSCT.

Specialists in work ergonomics used this questionnaire as the basis of interviews with employees.

■ Objective of this action

By adopting these practices, SOLYSTIC is working to prevent syndromes such as RSI (Repetitive Strain Injury) for production workers, particularly at our Bourg-lès-Valence site, and those in the tertiary sector, with a key focus on customer service roles.

■ Approach and implementation

Naturally, in order to carry out these studies SOLYSTIC's management and its Committees on Health, Safety and Working Conditions contacted local Occupational Health units.

These units are responsible for carrying out regular medical checks and visiting company sites. These healthcare professionals therefore have a good knowledge of the risks and pathologies inherent in SOLYSTIC's different job roles.

Continuing on from the work station studies already carried out in 2010, each company site requested a specialist in work ergonomics to carry out these analyses in June, July and August 2011.

Specifications drawn up under the authority of Occupational Healthcare professionals to explain what was expected of these studies were validated by the specialists in work ergonomics.

During these presentations, members of the Stress Monitoring Centre also provided the specialists in work ergonomics with a detailed list of questions and topics specific to our business. The aim of this non-exhaustive check-list, validated by all those employees concerned, was to help the specialists in work ergonomics carry out their studies into the work of mobile personnel, by providing information on specific constraints, considered to be of importance by members of the Stress Monitoring Centre.

Some questions and examples: advance notice given before a business trip, definition of business trip, definition of reporting, which kind of trip, short or long, travelling within France or abroad, how close accommodation is etc.

For our Gentilly site, the specialist in work ergonomics suggested extending the range of his study to include an operational analysis of the work of a SOLYSTIC employee based at the customer's site to install equipment.

A half-day trip to La Poste's Sorting Centre in Villeneuve-la-Garenne was arranged so that the specific constraints of this role could be studied in its own environment.

This field-based study was also combined with:

- Interviews carried out at our Gentilly site for various job roles involving travel (customer support, equipment design engineers).
- Telephone interviews between the specialist in work ergonomics and managers of the job roles concerned.

In Bourg-lès-Valence interviews were only carried out on site, when those concerned came back from their business trips.

Ten or so interviews were carried out over a wide selection of job roles involving travel (Technicians and Executives responsible for installing machines or providing technical support to customers).

■ Results

The results of studies carried out in 2010 were presented to Committees on Health, Safety and Working Conditions at the end of 2010 and beginning of 2011.

During these presentations, specialists in work ergonomics focused on the following factors likely to improve work station ergonomics:

- . **Tidying** work stations and improving organisation, particularly for wiring roles and work stations judged to be "cluttered" and therefore presenting potential risks.
- . **Improving work station lighting**, particularly in Gentilly where individual lighting was too direct and general lighting was often deemed insufficient.
- . **More suitable furniture** to gradually replace desks that are too low or too deep and chairs that are not suitable for work stations where employees remain seated for a prolonged period;
- . **Standardising choice and ameliorating the positioning of IT equipment**, to avoid different equipment types, double screens placed at the wrong height or vertically non-adjustable, unsuitable position of documents in relation to the keyboard or mouse etc.

Several meetings were held on both sites to discuss these findings with regard to the initial commitments.

The following actions were proposed:

- [Defining, in conjunction with the IT Department and the Procurement Department, purchasing specifications for the different equipment required for an IT work station.](#)

By centralising procurement based on specifications covering various constraints including lighting, office furniture and IT equipment, work stations can be more easily standardised.

This measure complies with our goal to extend best practices to the entire company, to standardise them and to improve work station ergonomics for SOLYSTIC staff.

➤ Raising employee awareness concerning ergonomics of screen-based work stations

We have also launched a campaign to raise awareness of best practices concerning habits and postures for work on a screen. This campaign encompasses the following actions:

- Detailed presentation of results of ergonomic studies to the CHSCT,
- Creating a workshop, run by a specialist in work ergonomics, comprising a film and questionnaire to improve how work stations can be organised,
- Making this information, as well as a little guide to best practices concerning habits and postures for screen-based work, available to all staff via the Intranet,
- Interventions by the company’s healthcare professionals and individual consultations directly in the field, to raise awareness of best practices amongst production staff affected by the ergonomic studies.

➤ Implementing a panel of indicators for the Stress Monitoring Centre

Results of the studies carried out in 2011 should be published at the end of the year and presented for a joint analysis with the CHSCT and Stress Monitoring Centre. Implementation is scheduled for the very beginning of 2012.

A panel of indicators, selected as significant by a work group formed by the CHSCT, has already been put in place, with the aim of helping to prevent Psycho-Social Risks.

At the Palais du Luxembourg in late 2010, Mrs Muguette Dini, President of the French Senate’s Committee on Social Affairs, awarded SOLYSTIC a “Trophées Trajectoires” for the exemplary nature of its work concerning “senior employee contracts” within the company.

Details of this work can be found in our company publications.



POINT.COM
Flash d'information n°25 le 11 mars 2011

MARQUAGE DE CONFORMITE CE Afin d'assurer la libre circulation des produits au sein du marché intérieur de l'Union Européenne, de garantir la sécurité des utilisateurs et de limiter l'impact sur l'environnement des produits mis sur le marché, les fabricants et importateurs doivent garantir la conformité des produits aux règles communautaires. Dès qu'un produit est conforme aux exigences essentielles des directives qui le concernent, le fabricant peut apposer le fameux marquage CE. Les trois directives concernant les produits SOLYSTIC sont et prévoient le marquage CE dont : le **directive relative aux machines**, la **directive relative basse tension** et la **directive relative à compatibilité électromagnétique (CEM)**. Le processus de certification décrit par l'ISO 9001 et le guide DQC-2005-191 (voir l'FAQ sur intranet) comprend l'établissement d'un dossier technique dans lequel sont répertoriés différents documents, comme par exemple pour les machines : l'évaluation des risques, les plans, la notice d'utilisateur, les notes de calcul, les normes utilisées, les résultats des essais... La génération de ces documents obligatoires -qui font partie des processus de conception, réalisation, installation et support- demande une prise en compte de ces éléments dès le début du projet et même dès le lancement de la réponse à Appel d'offre ou de la Recherche & Développement. La déclaration CE de conformité est signée par le Directeur Qualité Sécurité Environnement qui en a reçu pouvoir par le DDC, Karim **DIRROS** et Vincent **GRASSIN** sont à votre disposition pour vous renseigner sur les démarches à accomplir dans le cadre de vos projets SOLYSTIC, et vous devez mettre en service en Europe à titre onéreux ou gratuit (vente ou prêt) un nouveau produit.

LE CONFORMITE CE Jacques PETIT et Vivien GRASSIN.

L'ERGONOMIE A LA PORTEE DE TOUS : Près de 35 salariés ont assisté jeudi 10 mars sur CTF à la réunion de présentation des conclusions de l'ergonomie ACHS dans le cadre de l'accord seniors. Cet échange a également été l'occasion de partager sur nos bonnes et moins bonnes pratiques individuelles et l'ensemble des signaux corporels qui nous alertent d'une posture au travail est incorrecte (troubles visuels, douleurs lombaires ou cervicales, problèmes de circulation sanguine...).

Même MOURQUEUX à également profité de sa présence pour conseiller certains salariés directement sur leur poste de travail. Vous pouvez retrouver tous les documents présentés lors de la séance (transparente, film et guidé) sur l'intranet.

TRUCS ET ASTUCES : Le savez-vous ? Avec la mise en place d'imprimantes/photocopieurs/fax/scanneurs à plusieurs salariés services et directions, vous pouvez imprimer vos documents de façon protégée et valider l'impression lorsque vous le souhaitez. Comment procéder ? C'est très simple : en choisissant l'impression protégée avant de lancer l'impression, un code à 4 chiffres vous est demandé (il sera alors enregistré une fois par tour). Votre document sera alors dirigé dans une boîte aux lettres d'attente de l'imprimante. Il vous suffira ensuite de saisir ce même code sur l'équipement pour "libérer" vos impressions lorsque vous le souhaitez et être ainsi que celui-ci soit malgaché ou emprunté par erreur par un autre destinataire, ou encore... de couvrir plus vite que l'impression afin de récupérer un document confidentiel ! Une notice est disponible sur chaque machine et le Di se tient à votre service.

SOLYSTIC
NORTHROP GRUMMAN company

For more information please contact marie-pierre.homberg@solystic.com



Environment

Businesses should:

PRINCIPLE 8: undertake initiatives to promote greater environmental responsibility

PRINCIPLE 9: encourage the development and diffusion of environmentally friendly technologies.

■ Action undertaken

Improving the energy efficiency of our new machinery

■ Principle and context

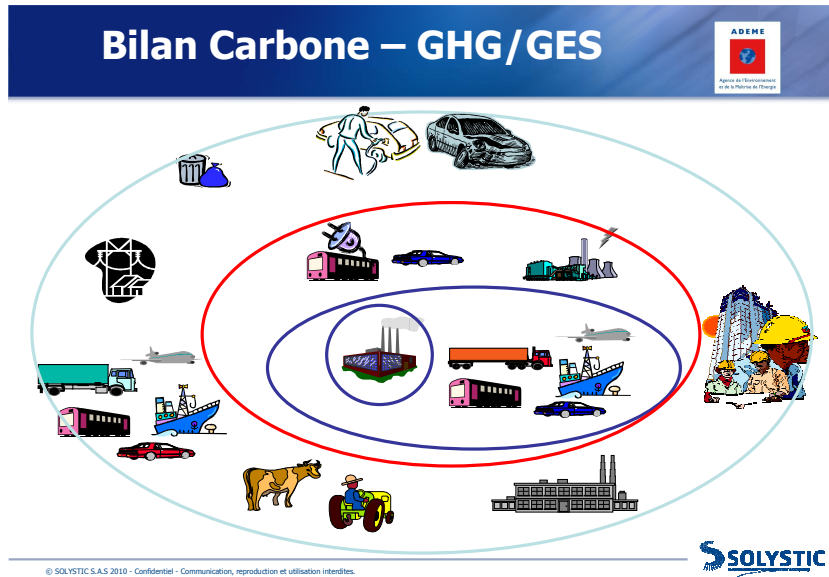


A few years ago, SOLYSTIC adopted a policy to reduce the electricity consumption of its postal sorting machinery.

This objective is one of our Corporate Social Responsibility commitments – making customer interests our priority, and supplying efficient, high-quality and economically competitive products and services, whilst limiting their impact on the environment.

With a view to fighting climate change and anticipating the economic and social impacts of the reduction in fossil fuels, SOLYSTIC made a report into its greenhouse gas emissions.

This analysis, based on the carbon footprint method, patented by the ADEME – the French agency for the environment and energy consumption – covered all direct and indirect sources of emission. It took our entire production flow into account, including emissions generated later in the product lifecycle when the machinery is installed on the customer's premises, and right through until the end of the lifecycle.



This study enabled us to determine that the electricity consumption of machinery already sold represents alone over 80% of emissions generated by SOLYSTIC's activity.

In order to sort mail and deliver it to the correct destination, our machines are fitted with a conveyance system and moving mechanical parts. These different functions use electricity, conveying letters between motorised belts, changing destinations, loading into sorting trays etc.

Most machines fitted in postal sorting centres are in operation for over twenty hours a day and it is not unusual for some customers to use them for more than fifteen years.

A targeted action to reduce the electricity consumption of our machines will therefore have a double benefit – reducing energy bills for the customer and reducing indirect emissions of greenhouse gas.

■ Objective of this action

The objective assigned to our Research Department was to develop concepts that will enable us to reduce the electricity consumption of a sorting machine by 30%. This work is spread out over a period of three years (2010 to 2012).

The idea is to compare the consumption of a new generation of machine - that uses less energy - with the machine we had proposed at the end of 2010, with equivalent functions of course (same number of outputs, identical features for objects being transported etc.).

■ Approach and implementation

This action was launched proactively and with its own funds. A work group was set up to lead the most extensive investigations possible in order to find credible means of reduction.

With regards to a more specific call for tender, we decided to put into practice the various hypotheses that had previously been explored. Research teams were faced with the constraint of introducing changes as early as possible so that they could be taken into account at the beginning of the design process.

These investigations were then compared to the technical constraints of the customers, relating to their own postal sorting processes, and to the functional and technological upgrades proposed by SOLYSTIC.

SOLYSTIC developed *mixed-mail*, a concept requiring a single machine that accepts a wide range of objects instead of two machines, one for sorting letters and the other for sorting flat objects (large format, A4 type magazines).

In the medium term and as machinery gradually needs to be replaced, this innovation also provides a real opportunity for customers to reduce their energy consumption.

❖ Reduction solutions adopted

In the same way as for a building, it was necessary to carry out an energy performance survey before identifying potential areas for reduction.

Here, energy consumption relates to electrical energy.

Reduction actions were principally focused on the conveyance function which alone represents the majority of energy used.

The conveyance function runs from the front of the machine, where the peripherals are located, to the stacking modules – the final destination of the objects being sorted.

Taking example from existing practices in other sectors, there are two types of action that can be explored – those that aim to reduce the power used and those that seek to improve the efficiency of transmission or production systems.

➤ Reducing power consumption

- Using “low consumption” bearings for conveyance system pulleys

This involved talking to our principal bearing suppliers and asking them to provide us with components that use less energy, commonly referred to as low friction bearings.

However, these bearings still had to comply with very strict technical conditions imposed by their usage constraints:

- Noise level
- Dustproof performance
- Reliability
- Specific fitting within the pulleys.

The initial extra cost of this type of component was deemed reasonable considering the savings it makes throughout the machine’s lifecycle.



- Developing new pulleys that absorb less energy.

Within the conveyance system, some pulleys are responsible for driving the belts that carry letters. These pulleys unavoidably absorb some power.

Bearing in mind certain machinery size constraints, we modified the shape of these pulleys in order to reduce the amount of power absorbed. This meant that some sub-assemblies had to be redesigned.

This solution was selected, an example of environmental impact taking precedence over the economic one.



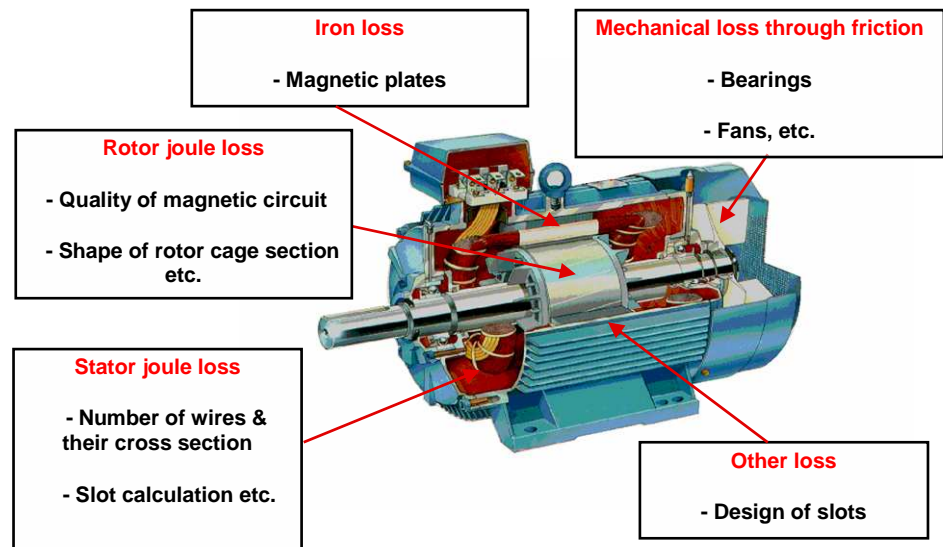
➤ **Increasing the efficiency of conveyor motors.**

The motors that drive the belts use a significant amount of energy.

The type of motor used, rated power, efficiency and the number of motors used in each module are therefore vital.

With this in mind, we have studied many hypotheses and developed mock-ups of various different scenarios, including the use of speed controllers to maximise the efficiency of an asynchronous motor.

The launch of the high-efficiency and low-consumption IE2 asynchronous motor, which has been rolled out to all SOLYSTIC products, has enabled us to reduce the electrical power absorbed, although the economic impact has once again been significant.



❖ **Reducing consumption, a continuous improvement process**

During these investigations, we have analysed many other different possibilities, none of which have yet been conclusive.

In some cases, it was the economic impact that was the most significant, in others it was the wish to minimise technical risks.

Finally, some solutions – although expected to bring gain – turned out to be of little benefit when out into practice.

Our Research Department is gradually integrating eco-design concepts and is constantly researching new ideas.

By taking on board technological developments and the industrialisation of solutions, our Research Department will therefore be able to develop upgrades that will enable SOLYSTIC to offer its customers machines that will consume less and less energy.

■ Results

The principal upgrades selected have enabled us to significantly reduce the energy consumption of our new generation of machinery.

The various contributions can be estimated and broken down in the following way:

- Roll-out of low friction bearings:

15% reduction in mechanical power absorbed.

- Optimisation of drive pulleys:

5% reduction in mechanical power requirements.

- Roll-out of asynchronous, IE2 type motors and an optimisation of the number of motors required:

Motorisation efficiency increased by **30%**.

It would be reasonable to estimate that what we have achieved so far will enable us to reduce the electricity consumption of our new generation of machinery by about **30%**.

**For more information, please contact
arnaud.caron@solystic.com**