
SOCIAL RESPONSIBILITY REPORT FOR COMPANIES IN THE HIDRIA CORPORATION FOR 2018

Hidria is one of the leading European and global corporations in the field of automotive and industrial technologies.

We develop and produce innovative solutions to provide a safe, healthy and satisfying environment for our customers. The responsibility, knowledge and competence, innovativeness and excellence of all our employees help us create a successful corporation and contribute to the development of the environment in which we live and work.

Through our activity we wish to contribute to the sustainable development of the natural and social environments. We work thinking of future generations and strive for an efficient use of natural resources and the reduction of negative impacts on the environment.

We sell our products in 55 countries around the world, mostly in Germany, Hungary, France, Great Britain, Italy, in the Asian and American markets, and in Slovenia.

TABLE OF CONTENTS

- Vision, way and values 3
- Code of Ethics of companies in the Hidria Corporation 6
- Social responsibility** 7
- Environmental responsibility** 8
 - Developing the green mobility of the future..... 8
 - Caring for our surroundings..... 9
 - Raising awareness among young people..... 10
 - Responsible attitude towards the environment 10
- Responsibility to our employees**..... 15
 - Support for training 15
 - Ensuring safety and health at work 16
 - Promoting health at work 18
 - Encouraging diversity 19
 - We are non-discriminatory 20
 - Informing 20
 - Cooperation with representatives of workers’ organisations 20
 - Ensuring information security and data privacy 21
 - Measuring the corporate climate, employee satisfaction and commitment 22
 - We also look after the children of our employees and their friends.....23
- Responsibility to the community** 24
 - Encouraging young people 24
 - Cooperation with young people 26
 - Digitalisation 28
 - Connecting locally 29
 - Supporting humanitarian and ecology projects 30
- Responsibility to customers and suppliers** 31
 - Ensuring the safety and quality of products 32

WE HAVE THE VISION

We are a leading provider of customised innovative solutions for selected Automotive and Industrial applications using state-of-the-art manufacturing processes.

WE KNOW THE WAY

We create creating an inspiring environment, develop employees' competencies and live the Hidria Leadership System (HLS). We are a reliable development partner. We create value responsibly and build long-term relationships.

VALUES

Together, we are building a corporate culture based on responsibility, respect, innovation and excellence. We respect tradition and work with future generations in mind. We value knowledge, competence and cooperation. We provide opportunities for the professional and personal development of our employees, and encourage originality, resourcefulness, innovation and creativity among both individuals and teams.

RESPONSIBILITY AND RESPECT

We are responsible to our employees. We strive to provide an environment characterised by mutual trust, good relations and respect, and to provide for the professional and personal development of our employees. By reducing the risk of workplace-related injuries and health issues we provide for a safe and healthy work environment. We help motivate employees by setting clear goals and providing flexible remuneration schemes.

We are responsible to customers and end users. We are a reliable, transparent and trustworthy business partner. We understand, respect and strive to exceed the expectations of our customers. Together with our customers we are developing innovative solutions that provide a higher quality of life, safety and well-being of users.

We are responsible to suppliers. We are building partnerships with suppliers and deploying them our philosophy. We continuously improve quality and common competitiveness.

We are responsible to local communities. Our fundamental responsibility is to provide quality, long-term jobs. With the volunteer work of Hidria employees in various spheres of public life, and by supporting young musicians, athletes and institutions we play an active role in helping develop local environments.

We are responsible to the environment. We are always working to develop innovative solutions that ensure energy efficiency and reduce harmful emissions. Our operations are transparent. We operate in accordance with international environmental standards as well as legal and other requirements.

KNOWLEDGE AND COMPETENCE

We respect knowledge and competence. We help enable the professional and personal development of our employees, and encourage teamwork. We continuously improve the expertise of our employees by means of internal and external trainings, the encouragement of studies, and scholarships. We share know-how and experience among ourselves, with our business partners and with younger generations.

Our employees have high qualifications which they acquire in regular training. Our employees gain knowledge at large international trade fairs, professional conferences and congresses. Hidria supports undergraduate and postgraduate off-the-job studies. Hidria's specialist experts share their first-hand experience with their colleagues, students, junior researchers and business partners.

We are one of the main providers of scholarships in Slovenia. We regularly work in cooperation with Slovenian and foreign universities, institutes, and secondary and primary schools. We are also an active partner in the Career Club primary school project.

INNOVATION AND SUSTAINABLE DEVELOPMENT

We are future-oriented. We appreciate and reward originality and creativity. As a pre-development supplier of cutting-edge systems for automotive and industrial technologies, we are always looking for new opportunities and innovative solutions for a sustainable development. We create solutions that integrate a high content of know-how. We regularly monitor and reward originality and creativity in our employees.

With Hidria's Innovation Centre we develop innovations for a sustainable development of the environment. The Centre brings together Hidria institutes, technology centres and incubators for the development of new programmes.

Our innovations push the limits of progress. In 2012/2013, EBA designated Hidria the Most Innovative Corporation in Europe. In 2016, CLEPA, the European Association of Automotive Suppliers, awarded Hidria Corporation the First Award for Best Innovation in Green Technologies in the automotive supplier industry. Every year, we receive awards from the Chamber of Commerce and Industry of Slovenia for the best innovations in the country. For two years in a row (2017 and 2018), we were recognised by the French multinational corporation PSA, the owner of the Citroen, Peugeot, DS Automobiles and Opel brands, as its best supplier. We have thereby proven once again that we are among the most important and most innovative co-creators of green mobility of the future.

EXCELLENCE

We are committed to excellence. We create excellent products, driven by our desire to offer our customers solutions that are one step ahead of the competitors'. We consistently monitor the efficiency and success of all business processes, and work to ensure their consistent improvement. Our striving for excellence at all levels is linked by the HLS – Hidria Leadership System.

We value neatness and accuracy. We have received a great many awards in all areas of operations – for zero-fault supply, business excellence, product excellence, communication excellence, and for the best maintained industrial premises at both the local and national levels.

CODE OF ETHICS

In 2017 the Hidria Corporation adopted the **Code of Ethics for companies in the Hidria Corporation**, whose principles and rules constitute the standard for operations, governance and management.

We are aware that the Code contributes to forming a corporate culture and business excellence and is a very important tool for the ethical and sustainable growth of the business.



CORPORATE RESPONSIBILITY



RESPONSIBILITY TO THE ENVIRONMENT

We act responsibly towards the environment. In all business activities, we are constantly looking for innovative solutions that ensure an efficient use of natural resources and a reduction of negative environmental impacts. Based on the risk assessment we identify possible influences on the environment, to prevent pollution and protect the natural environment. The constant training and education of employees increases the environmental awareness. Our operations are transparent. We bring the environmental responsibility into the supply chain.

We consequently follow international environmental standards as well as all legal and other requirements.

DEVELOPING THE GREEN MOBILITY OF THE FUTURE

OPTYMUS PSG PROJECT

We are committed to the green mobility of the future.

In 2017 we developed the innovative and internationally awarded diesel engine cold start system with pressure sensor - Optymus PSG which drastically reduces fuel consumption and harmful emissions. This is an important contribution to the further development of green environmentally friendly diesel technologies. In 2018 Optymus PSG helped to reduce fuel consumption and harmful emissions in modern diesel engines by up to 30%.

Optymus PSG is installed in the diesel engine combustion chamber. It measures the data on the pressure in the engine more than 100,000 times a second and communicates them via microelectronics and a digital algorithm to the central engine computer. The system thus optimises in real time the injection of fuel and other parameters that are crucial for optimal combustion. This results in a radical drop of fuel consumption and emissions.

The new diesel engines meet all current and new emission regulations that will enter into force in 2020.

We are committed to decarbonise the environment.

Our system will be installed in modern diesel cars of the world's largest manufacturers, i.e. Audi, VW, Seat, Skoda and the Volkswagen Group

EDISON PROJECT

Building the future on a sustainable economy

We are becoming more and more aware that the future must be built on sustainable economy and that innovative technologies of green mobility are a crucial factor of sustainable development and the technical and technological progress.

Our long-term goal as a company responsible for the environment and future generations is to find appropriate solutions to be technologically efficient and environmentally friendly.

We work together with numerous partners on the strategic mobility project EDISON whose goal is to find specific solutions in green mobility by developing new technologies, products and services.

In the context of the EDISON project we strive to bring green mobility closer to users. Our goal for the future is to show municipal communities how to introduce green mobility for everyday use, for example as e-buses, city and inter-city e-car sharing, e-bikes and other digitally linked intermodal forms of green transportation

CARING FOR OUR SURROUNDINGS

PROJECT LET'S MAKE HIDRIA GREEN AND PLANT TREES

The Hidria Corporation conscientiously and consistently follows Hidria's core value - responsibility and respect for the environment and people; we also strive for a pleasant and creative work environment.

So we initiated the project **»Let's make Hidria green and plant trees«** with the goal to regulate the micro-climate of our premises and their surroundings and to plant indigenous or other fruit trees at all sites of our production facilities in Spodnja Idrija, Tolmin, Koper, Kranj, Jesenice, Vaihingen in Germany, Gyöngyös in Hungary and Suzhou in China.

These trees will make a significant contribution to co-creating a stimulating and creative work environment as well as a green and healthy future for all employees. The trees will be under the care of so-called Hidria's green ambassadors who will look after them with diligence and knowledge. All fruits from the trees will be free to eat for our employees or others.

The project's purpose is to make our surroundings nicer and even more pleasant for work and socialising. Our common goal is to **encourage the employees and our surroundings in the direction of a healthy way of life.**

RAISING AWARENESS AMONG YOUNG PEOPLE

SOČA VALLEY 2037

Together with students, we co-create a development vision for the Soča Valley.

We would like to encourage young generations to think about the attitude towards the environment; together with the Klub tolminskih študentov (Tolmin Students Club) we organised the "Challenge: Soča Valley 2037. The valley of opportunity", to make young people think about the opportunities of the Soča Valley and its development potentials.

The project involved young people under 30 from all Slovenia, who gave their ideas about the development of the upper Soča basin in 20 years in economy, tourism, education, mobility and environmental protection. They focused on the quality of life of the inhabitants of the Soča basin, sustainable tourism, tourist infrastructure and environmental protection of the Soča valley.

RESPONSIBLE ATTITUDE TOWARDS THE ENVIRONMENT

We consistently develop the Safety, Health and Environmental Protection System (SHE) and create safe and healthy workplaces and ensure a sustainable development.

The development of the integrated leadership system considering all requirements of interested parties, standards and best available technologies will ensure the quality of work life and the balance between the needs of the surroundings, society and our business.

The SHE parameters are controlled using the prescribed measurements and assessments, by monitoring the quantities and costs, and by systematically evaluating the results. We regularly assess the safety and health risks at work and environmental risks, check the adequacy of operation pursuant to law and regulations, execute numerous SHE projects of continuous improvement and process the collected opinions and complaints of interested parties.

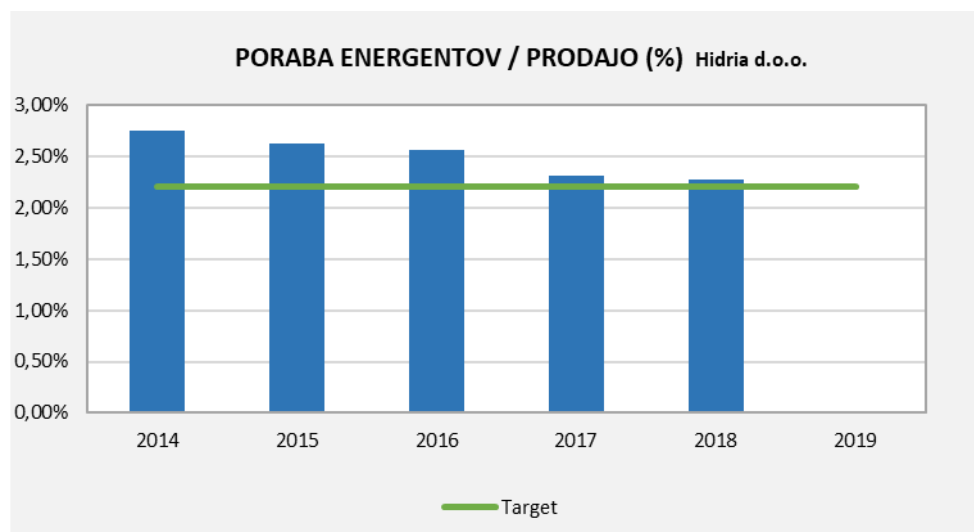
The identification and assessment of environmental aspects and risks for employees and other interested parties is an ongoing process controlled by means of the established system of environmental management. Based on the identified major SHE aspects we define SHE projects.

We ensure that the SHE goals are reached by implementing the SHE execution projects, implementing corrective and preventive measures resulting from risk assessments, internal and external assessments, the improvement collection system and the constant adaptation to legal and other requirements. Non-compliances are resolved using the 8D procedure.

The environmental efficiency is monitored using the defined targets and indicators that allow us to control and measure the efficiency of the SHE system, identify the opportunities for improvement and streamline production processes. The results are presented in a transparent way.

We regularly monitor the expenses for electricity, LPG gas, water, oil and natural gas, and compare them to the past periods.

Chart 1: Use of energy sources / sale



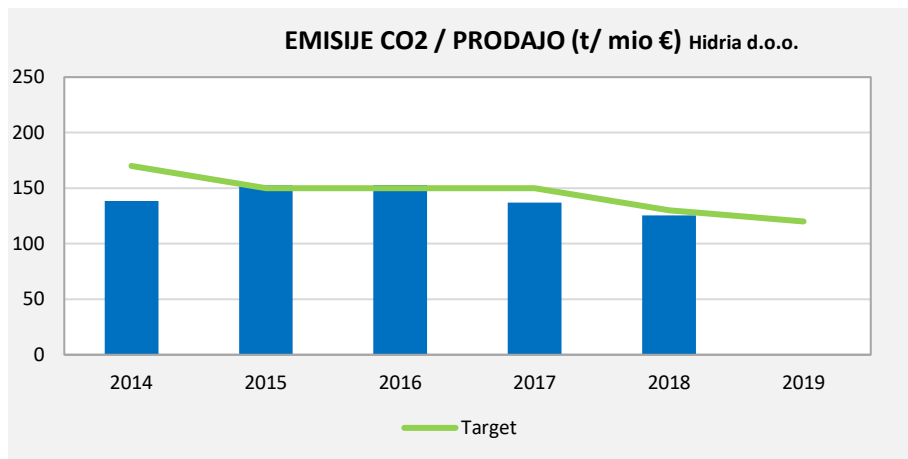
In a period of a few years now we notice a trend of decreasing costs of energy sources. In 2018 we again performed a comprehensive energy review and obtained more information to continue the improvement of the use of natural resources.

Greenhouse gas emissions have a negative impact on the environment, especially on climate change. Each product or service is an indirect cause of CO₂ emissions, as energy is required for the production, transportation, use and disposal or destruction.

The sum of all greenhouse gas emissions that are indirectly or directly caused by man, an organisation or product, is called the carbon footprint.

When calculating the CO₂ emissions for the energy sources used, we used the standard conversion factors.

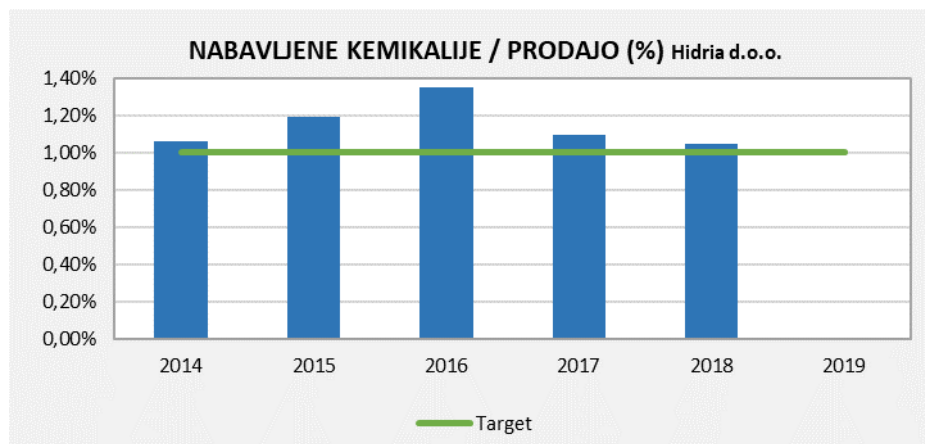
Chart 2: CO₂ emissions / sale



By optimising the production processes we have been recording a positive trend of CO₂ emission reduction for four years in a row.

Due to the nature of technological processes the hazardous chemicals we purchase represent a large portion of the costs and at the same time a risk for people and the environment. By means of numerous improvements the result of this indicator was improved in 2018 too.

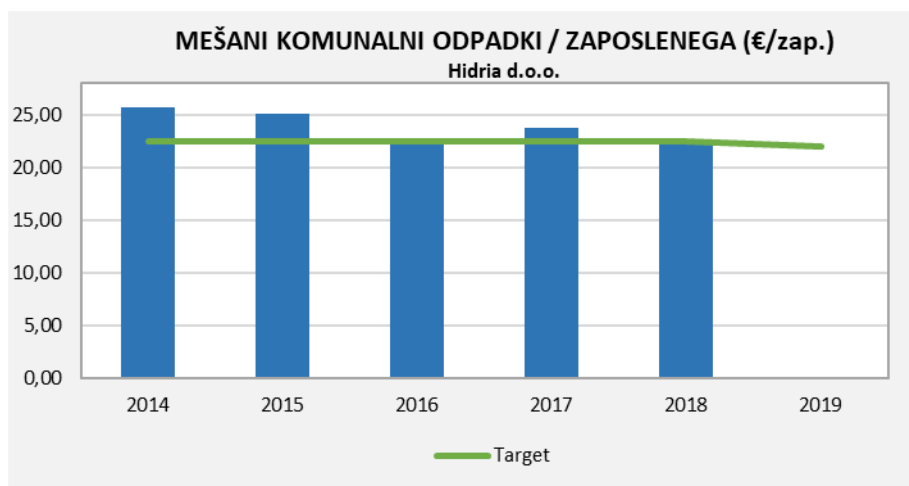
Chart 3: Purchased chemicals / sale



Much attention is paid to waste management that includes preventing the creation of waste, reducing the amount of waste and reducing its negative impact on the environment. The correct waste management at all stages from the origination of waste until the final disposal (collection, transportation, temporary storage, processing, disposal) brings direct financial benefits, and at the same time has a significant positive impact on the local and wider environment.

Waste sorting allows to bring useful waste into the processing industry and not to landfill sites; this returns raw materials back to the industry to produce new products, saves valuable disposal space, protects the natural resources, water and energy, reduces greenhouse gas emissions and thus generates savings. The waste sorting system is being continuously upgraded, which significantly reduces the share of municipal waste and increases the share of recyclable materials.

Chart 4: Mixed municipal waste / employee



Despite an increase of the cost of removal of mixed municipal waste in 2017 we managed to improve the result of this indicator in 2018 with additional measures. By consistent education and informing of employees we raise the awareness about the appropriate environmental management. Our expectation is that the further implementation of waste sorting at the source will result in a continued positive trend.

As we are aware that care for the environment and safety and health at work starts with every individual, we strongly emphasise training and employee awareness.

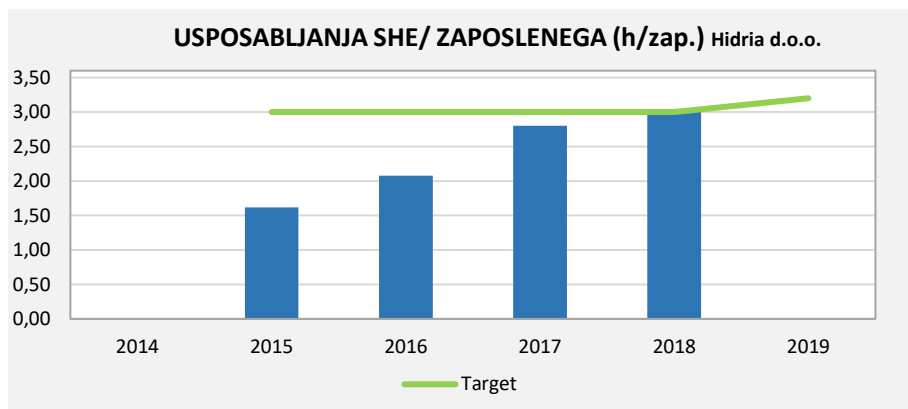
We inform our employees about SHE activities with noticeboards, internal conferences, news on the intranet and by publishing articles and news in internal newspapers.

Hidria strongly emphasises the consistent education of employees on SHE - safety, health, and environment.

We are aware that indirect environmental impacts are a result of the activities of our suppliers and subcontractors too, so we direct them to comply with environmental management standards and encourage them to carry out activities related to environmental protection.

In 2018 we defined a new aggregate indicator to monitor the number of hours of SHE trainings per employee.

Chart 5: SHE trainings / employee



In the period for which data have been collected, the trend was consistently positive. Most trainings were held by expert colleagues from the SHE division. We reached the goal set for 2018 and defined a higher target for 2019.

RESPONSIBILITY TO EMPLOYEES

We act responsibly towards our employees. We strive for mutual trust, good relations, and the professional and personal development of each individual.

We undertook the commitment to reduce the risks of workplace injuries and damage to the health. Our goal is a safe and healthy work environment.

We help motivate employees by setting clear goals and providing flexible remuneration schemes.

We at Hidria fully respect all generally applicable provisions of international law in relation to human rights and freedoms and consistently respect the provisions of labour law. We do not allow child labour, do not allow slavery nor permit any kind of forced labour. We pay special attention to the protection of vulnerable groups and respect the legal provisions related to the number of working hours, breaks and rest, and overtime work.

SUPPORT FOR TRAINING

We always strive to improve the expertise of employees by means of internal and external trainings. Our employees gain knowledge at international trade fairs, professional conferences and congresses.

In this year we redesigned the organisation of the HR Development and Education, which now focusses on the specialisation in four areas: human resource management, development, remuneration, and employee relations.

In order to improve our processes, we perform various activities and employ diverse approaches and tools, such as: a system approach to integrating employees in business process optimisation, annual development interviews, drafting of the development and career plans of employees, organising strategic workshops, etc. We enable and promote employee mobility and horizontal and vertical promotion within the Hidria Group companies, both at home and abroad.

With the development of information and communication technologies we decided to allow employees to use **e-learning trainings**.

The active learning of employees enables the promotion of employees, and the introduction of information technology improves the quality of the training, reduces the expenses and allows for an easier and more flexible path to knowledge. E-learning as an alternative to classical trainings represents a strategic tool to achieve the long-term

goal of a higher employee productivity that offers appropriate solutions for business challenges related to space, time and economy.

ENSURING SAFETY AND HEALTH AT WORK

By reducing the risk of health damage and accidents at work we strive for a safe and healthy working environment and the well-being of all employees at work.

We are aware that our employees are our most important asset and we invest a lot of energy into ensuring their safety and health at work. The SHE system ensures the identification of risks for the safety and health of employees and a consistent improvement of work conditions.

The safety and health risks are controlled using the system prescribed by the ISO 45001 international standard. We are introducing safe, ecologically-sound facilities, tools and equipment, and constantly upgrade existing resources to increase their safety and ergonomics. The employees' health is not just an issue of economy and the positive impact on productivity - it is also an issue of humanity and the wider social interest.

The preventive actions in this area are ensured by introducing modern work equipment that fulfils the safety aspects, by improving the work conditions, controlling external contractors, consistently using personal protective equipment and by training employees.



Figure 1: Machine dispensing protective gloves

We regularly carry out trainings in safety, health at work, prevention healthcare and fire safety. We also hold emergency preparedness drills on a regular basis.



Figure 2: Impression from a large-scale fire drill at the Tolmin Branch in October 2018

PROMOTING HEALTH AT WORK

In the context of health promotion we encourage a healthy lifestyle. We work on raising the awareness and educating all employees on a healthy lifestyle.

At all Hidria's sites we help our employees by financing various sports activities, organising educational workshops and lectures on a healthy lifestyle, organising an annual vaccination against the influenza virus and sponsoring cycling and running events.



Figure 3: Cycling together

Because we care for the health and well-being of our employees, we have been investing into the improvement of work conditions and ergonomic workplaces for a number of years now. We also perform many preventive activities to raise the awareness about the importance of health and work safety among our employees.

By raising the awareness of all employees in different areas of health and safety at work, we intend to exert a long-term influence on sick-leave levels and ensure they are manageable.

We know that healthy and satisfied employees are the key to achieving Hidria's business goals.

ENCOURAGING DIVERSITY

Our view is that the intergenerational differences we face in our current work environment are not only reflected in more complex relations but can be also the key to a better success of the entire corporation.

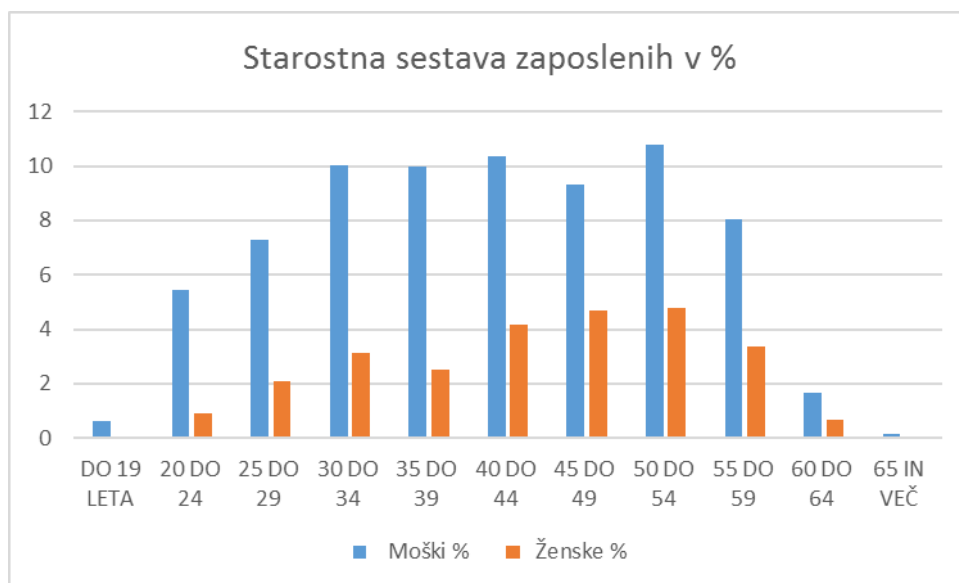
Corporations with a corporate culture that is tolerant of all differences can be more successful since they are able to respond better to the increasingly faster changes in the global environment.

People of different ages bring in different values, lifestyles, views and mind-sets to the workplace. Older employees with their advantages, such as different work experience, thoughtfulness, prudence and a different ability to judge based on broad life experience, can see certain aspects that teams composed solely of younger generations could overlook.

Hidria ensures that, in their last years before ending their professional career, the employees can share their knowledge with younger generations. Through the employee development plan system, we obtain information about the knowledge the younger employees are missing, which is then imparted to them by the more experienced employees in the context of mentorship.

For the older employees this is a confirmation of their past successful work. Besides having a positive psychological effect on the employees, their mentorship activities are additionally rewarded.

Chart 8: Age structure of employees (31/12/2018)



WE ARE NON-DISCRIMINATORY

We advocate the principle of equal opportunity and the prohibition of discrimination based on skin colour, ethnicity, nationality, gender, age, etc.

We have adopted the required internal rules and a contact person for reporting in case of bullying or any other form of discrimination, with the option to report anonymously too, which ensures adequate protection for victims of any possible misconduct and that proper procedures are followed in cases where reports are received.

Due to the labour market situation we were forced to also employ foreign nationals in 2018. To facilitate and speed up their integration in our work process and consequently into the wider social environment, we organised a Slovenian language course for foreigners which included general communication in Slovenian and also specific professional terminology. 3 parallel groups of participants were involved as we wished to include as many foreign-language colleagues as possible.

INFORMING

We are aware of the importance and value of internal communication and public relations.

Twice a year we publish the Hidria magazine that excels in its creative expression of corporate topics that are not only informative, but at the same time represent a motivation for all employees.

In addition to the rich content the magazine is distinguished by its attractive writing style, the editors' originality and the modern layout. We also publish the internal newspaper Modri planet (Blue planet) intended for our employees.

We encourage internal communication as part of the organisational communications, which means building and maintaining healthy, positive and constructive relations among the employees that are a positive influence for the entire organisation.

COOPERATION WITH REPRESENTATIVES OF WORKERS' ORGANISATIONS

Hidria encourages freedom of free trade union association and any other form of worker association.

It consistently works together with all representative trade unions, with employee representatives and with each employee individually.

ENSURING INFORMATION SECURITY AND DATA PRIVACY

We follow the principles of information security using generally applicable standards.

Many area policies have been adopted for information management, with the aim to improve the level of protection of all information at Hidria, reduce the possibility of unavailability of information, increase the level of comprehensiveness and authenticity of information, and provide continuous operation.

Each employee is obliged to contribute to information security. All are expected to follow the security policy, attend the prescribed training sessions on information security, consistently protect and change passwords, report incidents to the IT department, report changes in access rights to information assets, and more.

We have tens of adopted policies, instructions and attachments from the area of information security.



We strive to collect and process personal data in a way that respects the basic rights, freedoms and dignity of all involved, and in line with all relevant regulations.

We collect and record information required for special, clearly defined and legal authorised purposes, and retain such data only as long as required..

Our work is compliant with the EU General Data Protection Regulation (GDPR).

MEASURING THE CORPORATE CLIMATE, EMPLOYEE SATISFACTION AND COMMITMENT

The Hidria Corporation measures the corporate climate and employee satisfaction and commitment every two years. Therefore these measurements did not take place in 2018, but we continued to follow the results and findings from 2017 which shows that in general our employees were more satisfied than in 2015.

The total average Satisfaction rate in 2017 was 3.47, with 3.39 in 2015. Within this satisfaction rate on the average the employees were most happy with the permanence of employment (rating 4.10) and the working hours (3.99), and the least with the salary (2.54).

There were no large deviations in relation to the age at the time of the survey. On the average, the climate categories were best and equally rated by employees older than 50 years (3.32) and employees under 30, while employees between 30 and 50 gave them a lower rating of 3.26.

The 6 best-rated statements with ratings between 4.10 and 3.89 are:

- Satisfaction with the permanence of employment,
- The organisation expects proposals for improvement from everybody, not just our managers, Satisfaction with the working time,
- In our organisation employees feel responsible for the quality of our work,
- Employees learn from one another, and Satisfaction with colleagues.

Following the detailed and comprehensive analysis we assess that the climate in the companies from the Hidria corporations is relatively well rated and quite stable.

Our next goal is to above all preserve and maintain the relatively good perception of the organisational climate, and to gradually improve the areas and organisational units with a lower rating.

WE ALSO LOOK AFTER THE CHILDREN OF OUR EMPLOYEES AND THEIR FRIENDS

In the context of the project Building Strong Partnerships for Future Champions for our employees' children and their friends we organise Hidria's challenges three times a year; there young people can get to know those sports we support. In this project we

prepare, together with our partners, interesting workshops, introductory meetings and sports and cultural activities.

During the autumn holidays we organise the Ice challenge for little heroes for our employees' children. In the Podmežakla Hall in Jesenice our young kinds learn the basics of ice skating, ice hockey, table tennis and martial arts. During the winter holidays we take them to the Water Challenge in Žusterna. And at the end of summer holidays they release their energy by climbing trees, sliding down steel cables and learning the sailing and wilderness survival basics.

RESPONSIBILITY TO THE COMMUNITY

Our strategy and mission can only be successfully realised in close cooperation with the local communities in which our companies work.

We support numerous societies, educational institutes, institutions and projects in various ways – both financially and with the volunteer work of Hidria employees; in this way, we contribute to the sustainable development of the society in which we live and work.

Our interest are not only good business and achieving top business and financial results, but also satisfaction and social security; so we offer scholarships, summer jobs and employment possibilities in accordance with the needs of the corporation. Our fundamental responsibility is to provide long-term quality workplaces.

We believe that together, through cooperation, we are bringing society closer to a better future for us all.

We are also aware that a strong local community and satisfied citizens play an important role in the development and strengthening of the country and the local environments where our corporation is active.

All Hidria employees and their families, scholarship holders and retired employees are regularly invited to corporate events, such as Hidria Summer Day, sports and other events.

ENCOURAGING YOUNG PEOPLE

PROJECT BUILDING STRONG PARTNERSHIPS FOR FUTURE CHAMPIONS

Hidria started the project Building Strong Partnerships for Future Champions aware that young people's internal potential is immeasurable and that, therefore, it is indispensable to support their activities.

We decided to offer the largest possible support to the young talents in our surroundings and wider, and to establish strategic partnerships with individuals and institutions in which they are included (sports clubs, societies, cultural institutions, associations, etc.)

In the context of this project we **supported Idrija's basketball players, young tennis talents, ice hockey in Jesenice and handball.**

To demonstrate our support, we symbolically donated 264 handballs to young handball players in partnership with the **Handball Federation of Slovenia.**

In 2017 we became the **proud general sponsor of the hockey team HD Hidria Jesenice**, which brings together 8 selections of young generations of hockey in Jesenice, i.e. 250 players aged from 3 to 20 years. The young people in the HD Hidria Jesenice are always at the top, and each year individual selections become national ice hockey champions.

Since 2011 we have been also **the general sponsor of the Hidria Basketball Club** with around 70 children who are active in it. The main mission of this club is work with young players and education in the spirit of sport. The many years of good work of the coaches and club management is reflected in the extraordinary results of all selections.

Young football talents from the Soča basin also develop under our auspices. Together with the **Tolmin Football Club** we founded the Hidria Tolmin Football School which brings together the children's and youth teams of this club and provides a high-quality upgrading of their football skills. An important issue is the recognition of football talent and acquiring strong and good football players, among which some could play for a famous world team at some point.

We also support the **Cross-Country Ski Club Idrija**, because the tradition of skiing and hiking in the Idrija area has been present since early 19. century. Based on this rich history the first running events in the area were organised already between 1955 and 1965. And the runners from Idrija were usually among the best in former Yugoslavia.

In the context of the project with our international partners Porsche, Advantage Austria Ljubljana, Slovenian-German Chamber of Commerce and Tennis Slovenija we organise **tennis pairs tournaments Pro Am and the Porsche Mini-Maxi Challenge**, a unique event joining sports and business to support young promising tennis players. Last year the collected funds helped seven promising tennis players to participate at a one-week summer tennis camp of the Novak Djoković Academy in Belgrade.

We are aware that a sports career does not last for a lifetime, and only few live only from sports; so we provide summer jobs and scholarships for young talents during their active sports careers and later the option to get employed at Hidria depending on the needs and capacity. We work on six sites in Slovenia and three abroad. We have over 2000 employees in total. With our investments and the support for sports, culture and education we turn young people away from the streets, teach them work habits and prepare them for an independent life.

COOPERATION WITH YOUNG PEOPLE

We are aware of the importance of cooperation between schools and companies, therefore we are very open for cooperation with high schools and faculties.

We enable visits of students of mechanical engineering, mechatronics and metallurgy and are connected with institutions from electrical engineering, chemistry, computing and IT.

Every year we have over 400 visitors from various educational institutions.

During visits we allow them to have a look at our production, we present our work processes in business units and inform them about our recruitment needs and all possibilities for practical work in the corporation, from summer work to a later employment and the scholarship policy. The cooperation with pupils from high schools brings us potential new employees.

With the help of mentors the young candidates get to know our work processes, upgrade their theoretical knowledge, develop innovativeness and gain new experience.

To stimulate interest for jobs in natural science and technology, we organise summer research work during the summer holidays; the best are awarded with study grants for their hard work.

We stimulate interest in natural sciences and technology and technical jobs.

We offer financial support and active partnership in the Career Club project where we work together with a primary school and a high school. During the holidays the children get to know various, especially technical jobs in practice and develop their interest in such work, with the goal to make planning their further education and career easier for them.

In 2018 we had 50 scholarship holders.

We are one of the main providers of scholarships in Slovenia. Study grants help us to recruit adequate and qualified employees.

Chart 9: Number of study grants by study courses

COURSE	LEVEL					TOTAL
	4	5	6/1	6/2	7	
MECHANICAL ENGINEERING		12	5	11	6	34
FACULTY OF NATURAL SCIENCES AND ENGINEERING				4	3	7
ECONOMIC SCIENCES			1	5		6
ELECTRICAL ENGINEERING		1	1	5	2	9
LAW				1		1
MECHATRONICS	1	2				3
TOTAL	1	15	7	26	11	60

We also promote **summer work**, which is an excellent opportunity for the candidates to gain not only some income, but also useful work experience; it also helps us to identify the potentials of pupils and students.

During the holidays more than 100 young people were gaining work experience at all our sites.

Before starting work they had to pass a medical examination at the occupational medical facility, pass a safety-at-work exam and apply for a work referral form at their selected student work centre.

Student project Formula Student

We are actively participating in student projects in engineering. We provided sponsorship funds and professional help for the preparation of the control system in the context of the student project Formula Student. With the race car for which Hidria produced the entire race car control system with the most complex mechanical and manual processing, the team competed in the Netherlands, England and Hungary where they achieved extraordinary results. In the context of this projects we promote the gathering of valuable engineering experience and strengthening of the team spirit. For the new season, the team of students supported by Hidria set their new goal for the preparation and competition: a Slovenian electric race car.

DIGITALISATION

We follow the changes of modern society – digitalisation.

Digitalisation is one of the key processes of modern society. It is the cause of many profound changes in all areas. Hidria systematically addresses these changes in three areas:

- business model innovation,
- development of smart products and technologies,
- digitalisation of the entire supply chain.

Considering the nature in the industry in which we work, the key focus is the digitalisation of the entire supply chain, where we have several projects where we follow these purposes of improvement by means of various new digital technologies:

- increased productivity,
- reduced machine downtimes,
- reduced inventories,
- reduced cost of poor quality,
- improved accuracy of forecasts,
- shorter “lead times”,
- reduced maintenance costs,
- full production traceability,
- increased safety.

In some cases there are completely new approaches and new tools introduced; in others that were already implemented in the past, the main issue is linking them into comprehensive systems following the principles of Industry 4.0 development stages:

- informatisation,
- connectivity,
- clarity
- transparency,
- prediction ability,
- adaptability.

We set up a state-of-the-art digital classroom.

We fully supported the Jurij Vega High School in Idrija in the purchase of computer equipment, and set up a state-of-the-art digital classroom. In this way the students will be able to develop their IT skills and gather basic know-how for the work in a quickly developing world.

The Hidria computer classroom has 30 modern computers and the newest software used also in our high-tech and innovative production and development processes. It will be a great help for the high school students studying in the programmes Mechanical Engineering Technician and Mechatronic Operator to gather the experience and skills they will need to continue on their professional path, also at Hidria.

This digital classroom allows to provide high-quality studies and a better preparation for future technicians and engineers to be included in modern work processes. The new classroom will further improve the transfer of knowledge between teachers, students and our experts at Hidria. It will also increase the competences of teachers and strengthen the cooperation between the schooling system and business.

CONNECTING LOCALLY

We are always willing to listen to the interests of the local community.

SPONSORSHIP OF THE BRASS WIND BAND

Since 2002 we have been the general sponsor of the **Idrija Miners' Brass Wind Band** which is recorded in the Registry of living cultural heritage.

The financial support for the Musical society grew over the limits and became a creative cooperation. It not only helped to preserve its rich tradition, but even allowed for progress.



Figure 4: Concert of the Brass Wind Band

We work together because we respect tradition, culture and each other.

Hidria is aware that the link between business and art is very strong. We are collecting the funds for the development of young musical talents to purchase new instruments and education and we help the conductor of the Band to get education abroad.

The members of the Band regularly impress the audience at the annual and New Year concerts and are regular guests at Hidria's events.

SUPPORTING HUMANITARIAN AND ECOLOGY PROJECTS

Hidria was pleased to take part in the **Pure Joy humanitarian campaign** and has been participating in it for several years in this way we support waste separation and the **project Botrstvo (Patronage)** that aims to improve the quality of life of children and adolescents who live in deprivation and need financial help and encouragement.

The action includes the collection of waste electrical and electronic equipment, steel scrap, non-ferrous metals and paper.

RESPONSIBILITY TO CUSTOMERS AND SUPPLIERS

We are responsible to our customers and suppliers. We build partnerships with our suppliers and share our business philosophy with them. We work continuously to improve quality and our total competitiveness. We understand, respect and strive to exceed the expectations of our customers.

Together with our customers, we are developing innovative solutions that provide a higher quality of life, safety and well-being.

We are a reliable and trustworthy business partner.

We deliver on time, without mistakes and directly to the installation site.

We build long-term partner relations with our suppliers, inform them about our business philosophy, constantly improve the quality of cooperation and thus increase the total competitiveness.

We stand for business ethics, respect a fair and transparent business practice, act justly for the entire supply chain and pursuant to law. We follow the corruption-prevention provisions, the protection of intellectual property, respect business and personal data and the provisions about the export control and conflict of interest.

In 2017, we were again nominated by the French multinational corporation PSA, the owner of the Citroen, Peugeot, DS Automobiles and Opel brands, as its best supplier and awarded the special **»Best Plant Award«**.

Last year we also received the **Gold Award of the Northern Primorska Chamber of Commerce** for the innovative fuel heater developed by our development team for the German company Hengst, intended for MAN trucks.

ENSURING THE SAFETY AND QUALITY OF PRODUCTS

Product safety for the end user is our commitment.

As a development and pre-development supplier of the automotive industry we are aware of the responsibility arising from legal requirements for product safety. In developing and manufacturing products, we ensure their safety and optimal quality in relation to the current state of science and technology.

Risks are controlled by means of:

- the QMS risk register that discusses risk within the leadership system
- FMEA which discusses risk connected to product planning and production processes
- A Control plan for the case of emergencies which discusses the risks and a plan of steps to ensure uninterrupted supplies in cases of emergency, and
- a SHE aspects register discussing the risks connected with environmental aspects and aspects of safety and health at work.

We uphold an integrated leadership system; in this way we build the culture of continuous improvement of products and processes. In 2018 we upgraded the leadership system and obtained a certificate based on the international standards IATF 16949:2016 and ISO 14001:2015.

We appointed a Product Safety Representative (PSB) for each business unit or foundry site; the work is coordinated by the PSB at the level of Hidria. We organise trainings in product safety awareness for all employees; this ensures an adequate focus on the control of critical and functional characteristics of products.

We develop products with integrated electronics and software in line with the ISO 26262 standard to ensure the functional safety of products.