

SIFCOR GROUP
Corporate Social Responsibility
2022 Financial Year Report



CSR Report

2022

**FORGING
AHEAD**

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*data not published on the website

PREAMBLE

COVID-19, ELECTRONIC COMPONENT SHORTAGE, AND MILITARY CONFLICT IN UKRAINE

The activity in 2022 continues the trend of the previous two years, marked by production halts and restarts in the automotive industry due to disruptions in the supply chain caused by the war in Ukraine, the persistent shortage of electronic components, and the impacts related to COVID-19 in China.

- In China, the COVID-19 restrictions implemented in April and May severely affected the automotive production, which declined by 5% in the second quarter. The increase in COVID-19 cases towards the end of 2022, following the cessation of the zero COVID policy, contributed to a production drop of 6% in the last quarter.
- In Europe, logistic disruptions caused by the war in Ukraine and the persistent shortage of electronic components led to ongoing production halts and restarts, resulting in a production decrease of 11% in the first half of 2022 (17% in the first quarter).
- The shortage of electronic components persisted throughout the year, although it is expected to gradually decrease in 2023 and be fully resolved by 2024.
- Economically, 2022 was marked by high inflation affecting all countries, along with an energy supply crisis pushing prices to extreme levels and increasing interest rates to contain inflation.

This accumulation of health, industrial, and financial crises has had the effect of further accentuating changes both in the economic environment of our activities and in modifying societal roles and behaviours, where social and environmental issues have become even more fundamental. This directly translates into profound and lasting changes in consumption patterns, the use of transportation methods, and work organisation.

In this constrained context, SIFCOR has expanded its resilience action plan implemented since 2020, initially in response to the health crisis, and now adding a set of elements focusing on the following priorities:

- Health and safety of all employees
- Organisational flexibility to limit the devastating effects of the magnitude of client programmes on the operating income.
- Energy consumption efficiency
- Best possible maintenance of employees' purchasing power
- Innovation, diversification of our products, organisations, and markets.



A - A WORD FROM THE PRESIDENT

Our family group was founded in the 1880s, with the establishment and modernisation of industrial facilities for the production of cutlery blanks in Nogent in the Haute-Marne, and in the 1950s it was strategically oriented towards the rapidly growing automotive sector, which would enable its significant industrial and commercial development.

The SIFCOR Group is made up of subsidiaries representing two major stages of integration and technological development.

Starting with hot stamping for the forging of medium series parts, then integrating cold forging and then warm forging by extrusion from the 1970s onwards for the production of large series parts, the SIFCOR Group has developed the forging business to meet the precise requirements of the sector to which it is dedicated.

The automotive sector is adapting rapidly and in the short term to the major trends that will shape tomorrow's mobility, in response to regulatory requirements, social expectations and environmental and climate emergencies.

With its technical solutions and its various areas of expertise, our Group aims to be at the heart of these changes by offering the best advantages in terms of reliability, safety, robustness, lightness, size, modularity, durability and recyclability, all of which are hallmarks of the forging industry.

The commitment of our employees, our technical resources and our research and development make the Group, through its agility, the preferred partner of carmakers and automotive suppliers in its many areas of expertise.

For many years now, the Group has been integrating sustainable development concerns into its various activities, incorporating social and environmental concerns into its operational activities, and into the management methods it has put in place.

SIFCOR is naturally committed to Corporate Social Responsibility (CSR), and from 2023 it will be moving towards a truly transformative CSRD approach.

François DEGUY



B - OUR PRESENCE AROUND THE WORLD

As a supplier and partner, we support automotive manufacturers and suppliers with an industrial and commercial presence in Europe, China and India. We supply components for engines, differential housing, gearboxes, and suspension parts, i.e. a set of supplies characterised by their safety criteria that can be machined, treated and assembled. We aim to pursue profitable and sustainable growth through selective organic expansion and partnerships in targeted markets to accelerate development and integration, while focusing on local presence to limit our carbon footprint.



C - CUTTING-EDGE TECHNOLOGIES

The globalisation of the automotive market requires suppliers to car manufacturers and suppliers to automotive suppliers to guarantee the same level of quality and service all over the world. Within the SIFCOR Group, industrial excellence is applied on a daily basis at each of the production sites and in each function. Our ambition is to support our customers by meeting their requirements in terms of quality, cost, deadlines and performance.

This approach to excellence is the application of industrial principles in terms of organisation, methodology and flexibility of resources. It is based on all of its employees, through their involvement and the quality of their actions in the operation of processes. This means a constant evolution of their own skills enriched by training actions to increase their field of responsibility.

The permanent search for innovation focuses on both the process and the product to anticipate demand in terms of concept and productivity and thus meet product manufacturing quality at the best cost. It associates and develops long-lasting partnership relationships with certain suppliers to provide the skills required to meet the changing requirements of our businesses and the automotive sector.

Innovation is an integral part of our corporate culture and our industrial organisations. It is one of the fundamental pillars of our development and is reflected in:

1. Supporting our clients in the research and development of common technical solutions.
2. The proposal of anticipatory technical solutions: responding to the various constraints often associated with forged parts and whose mechanical, volumetric, functional and weight aspects are increasingly solicited. The contribution of our innovative solutions, the result of a structured approach, allows us to differentiate ourselves and to satisfy the development of the automotive functions expected by our customers.
3. Accelerating our digital transformation, with ambitious programmes to model our manufacturing processes and organise data analysis across our entire value chain to boost our competitiveness (new ERP).

D - OUR CLIENTS



Our customers' satisfaction is the main guarantee of our longevity. Our commitment is to offer the best technical solutions, total quality, service, and competitiveness. We accompany them in their development and offer them innovative solutions to meet their problems.

By combining an understanding of their current and future needs with a mastery of materials and our know-how, we offer them the most efficient solutions. Through the search for excellence in all areas of the company, we guarantee the satisfaction of our customers.

E - BUSINESS EXPERTISE



Since its creation, the Group has developed a range of activities that today ensures its growth and longevity.

Its expertise is in:

HOT FORGING - BY STAMPING

Stamping consists of forming, after heating, raw parts by pressure between two blocks (the dies) fitted with a preform or the exact shape of the product to be made. Hot forging temperatures are around 1,250°C for iron carbon steel.

COLD & WARM FORGING - BY EXTRUSION

The warm forging process combines the advantages of hot forging—forgeability—with those of cold forging—absence of oxidation and dimensional accuracy.

For carbon iron steels, the deformation temperature is between 600°C and 800°C so as to work at a temperature conducive to deformation without, however, exceeding the recrystallisation temperature.

The greater ductility of the material at this temperature allows fewer operations to be carried out and eliminates the need for intermediate annealing. This process is very well suited for axisymmetrical parts.

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THERMAL TREATMENT/SURFACE TREATMENT, are activities integrated within our production units to obtain the characteristics of our forged products.

MACHINING / ASSEMBLY: the machining and assembly of components on our forged products are carried out internally or subcontracted to provide products that can be used directly on our clients' assembly lines.

TOOLS: The forging activity within the Group is accompanied by the design and integrated manufacture of our own tools, which is the heart of our know-how, the source of our independence, the control of forging processes, and optimisation of their consumption.

In an increasingly competitive environment, agility, flexibility and profitability are key. In 2022, SIFCOR will continue to modernise and transform its industrial base in order to strengthen its economic, operational and environmental performance, in line with the demands of its core businesses.

F - SATISFYING OUR STAKEHOLDERS

Communication with stakeholders is a fundamental practice of corporate responsibility. Stakeholders are individuals, institutions, organisations, whether they be our clients, suppliers, financial partners, insurers or localities, that affect or could be affected by the activities of our companies.

For example, the involvement of our companies near decentralised technological universities, through technical exchanges or technological support, adds consistency to the learning of engineers in training and creates a local dynamic and a cultural mix within an industrial context located in a rural area.

Analysing stakeholder expectations enables the Group to integrate economic, social and environmental issues into the heart of its strategy.

The aim is to raise awareness of the impact of our companies' activities on society as a whole and thus better prevent risks, all the while identifying opportunities for innovation and transition. This is reflected in the communication of CSR information to our financial partner clients and suppliers, through their own questionnaires. Raising awareness of risks, our ethical expectations and other issues is also achieved through the publication of this report on our website, along with a number of principles and challenges for our clients and suppliers. This approach also aims to question existing means of dialogue or to strengthen existing ones with certain players, or even to create new modes of relations if necessary.

G - OUR VALUES

The commitment of our companies in the corporate responsibility has also led us to identify the values of our organisation through:

- 1- Actions carried out for the satisfaction of our clients, which is the main guarantee of our longevity, by working on the best combination of products and services in terms of technical solutions, total quality, service, and competitiveness, and by advising and guiding them in their development by suggesting creative solutions that meet their requirement criteria.

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- 2- Our employees are our first asset, thanks to their involvement, which is at the heart of our performance. Their skills, commitment and dynamism are the foundation of our success. We foster teamwork, while promoting safety, mutual respect, realism, commitment and responsibility. We promote initiative and continuous training for all. Their safety is our priority. It is an ongoing commitment to reinvent our awareness-raising actions. A safety culture is shaped and maintained every day.
- 3- Our industrial partners, suppliers of our activity, who are an essential component of our development. We establish long-lasting, demanding and fair relationships with them.

H – RISK MANAGEMENT

The Group has deployed a strengthened risk management process within each of its entities. The tools used to analyse these risks are defined at different levels of the value chain and according to the challenges or fields of application, starting with the DUER (Single Risk Assessment Document) for human risks, then the AMDEC and SWOT for products and processes and the strategic SWOT for activities and entities. These management tools make it possible to prioritise risks and anticipate any event that could undermine the Group.

For example, with a product and service offering focused on the automotive sector in a complex and constantly changing environment, the Group has taken stock of the industrial and commercial challenges ahead. These tools have enabled the Group to focus its strategy on enhancing its offering and broadening the scope of its activities to reduce its level of dependence on the automotive sector, and more specifically on internal combustion engines.

With a long-term vision in line with our strategic development plan, we act at all times with fairness and integrity so that our decisions take into account our social and corporate responsibilities. We respect laws and regulations and are committed to environmental protection.

4 CSR issues have been selected, contributing to the creation of a common culture:

- **Economic performance, quality and ethics**
- **Employee development**
- **Local involvement**
- **Respect for the environment**

The risks highlighted in these four challenges have been validated by the Group's President and remain a priority in a turbulent context of multiple crises that are having a considerable impact on SIFCOR's industrial activities.

I - POLICIES AND RESULTS



1 - ECONOMIC PERFORMANCE, CAPACITY AND ETHICS

BUSINESS ETHICS

To contribute to fair practices and in accordance with the French law called SAPIN II, we have set a framework in the partnership relationships established at the company level and in particular in commercial relationships with our customers and suppliers. This has led us to formalise a code of ethics specific to our organisation in order to make SIFCOR employees aware of these ethical principles. This ethics charter defines the rules of conduct which must guide our actions and inspire our choices to bring our values to life on a daily basis.

COMMUNICATION WITH OUR STAKEHOLDERS

This CSR report, published since 2020, attests to our desire to communicate transparently with all the organisations linked to our company. For us it is a matter of strengthening the communication already established with our partners over many years while at the same time reporting on our commitment to sustainable development. The purpose is also to promote CSR in the value chain in order to involve other actors in this new corporate vision of the company.

Openness and transparency are fundamental principles that we wish to put at the centre of our relations with our stakeholders. For this challenge, special attention must be paid to the satisfaction of our clients and suppliers. We therefore seek daily to maintain close and long-term relationships with our partners. This also requires a high level of quality to guarantee economic performance and the longevity of the company. Finally, compliance with precise rules of ethics is essential to create the conditions for a mutually beneficial relationship with each of our stakeholders.

The quality initiative undertaken by the Group enables us to strive for a high level of client satisfaction. Our quality system, organised by process, is IATF16949-ISO9001 certified. We are also working to improve the tools used to measure client satisfaction and we also track the projects that have been the subject of complaints or penalties in order to deal with malfunctions in the shortest possible time.

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Our industrial sites are all certified for their environmental management approach (ISO14001) with the intention of improving their environmental impact, for example by optimising water use or reducing the amount of waste emitted or reprocessed.

Improving the energy efficiency of its production processes also remains the Group's priority. As energy is mainly consumed when heating blanks before forging or processing, each new investment or renewal of a heater or an oven is an opportunity to improve the Group's performance. The same applies to the optimisation of the material used or the quality of the production start-up production process by complying with standards for assembly and adjustment or efficiency of manufacturing operations. We are therefore in the process of developing methodical energy management in order to prioritise responsible-energy performance (ISO50001). All this is part of a virtuous circle of financial performance that ensures the Group's competitiveness and long-term future.

In the interests of respecting the well-being of our employees in the workplace, each of our entities is ISO45001 certified. All our entities aim for zero accidents based on respect for rules, commitment and dialogue.

SUSTAINABLE PROCUREMENT

We wish to involve and raise awareness among all our suppliers on the CSR path. This is why we initially provide each new major supplier with our Supplier Quality Assurance Manual, which includes requirements for quality, safety, environment, and energy. Additionally, we share our Customer Specific Requirements, Responsible Purchasing Charter, and Ethical Guidelines. To support this approach, our purchasing staff have received CSR training in the ISO20400 standard, with a view to achieving certification.

In the same way that we map and monitor the volume of kg of CO₂ per tonne of steel purchased, we have set ourselves the target of dividing the 2017 benchmark for this criterion by 3 by 2030. In addition, we make it a priority to purchase steel from recycled sources and to maintain a utilisation rate of over 50%. The measurement of local purchasing has begun, with the aim of integrating the notion of carbon footprint on the origin of our generic purchases.

In the short term, we will be incorporating a more in-depth analysis by steel article and supplier, integrating the 3 scopes. Any tender for a new steel product will include the CO₂ criterion as a clearly highlighted and selective element.



2 - EMPLOYEE DEVELOPMENT

PROMOTING EQUALITY AND DIVERSITY

In its general policy, the SIFCOR Group fights against all forms of discrimination, whether in terms of sex, gender diversity, origin, disability or age. Gender equality action plans regarding professional equality have been formalised and implemented. In 2022, at AMIS, 3 out of 7 managers hired were women, in addition to 2 women promoted to management positions.

Another focus of our diversity policy is to facilitate the hiring of young graduates through several partnerships with schools and in particular the regular integration of interns and apprentices within company. In 2022, Forges de Courcelles welcomed 15 interns (representing 304 internship days), 10 of whom completed their studies in the local area.

Work-study training is also being developed at our sites. In 2022, for example, one of our units signed 7 contracts, compared with 5 in 2021.

The proportion of disabled people in employment at our French sites is 8%.

IMPROVEMENT IN WORKING CONDITIONS

There are several aspects to SIFCOR's policy for improving the working conditions of its employees.

The first of these concerns the numerous training actions carried out each year for employees, based on the use of a Jobs and Skills System (GPEC in French), which makes it possible to anticipate needs. This is also reflected in the individual annual or multi-year interviews carried out as part of a review of objectives and professional exchanges.

Second, in terms of health, initiatives are underway to improve the ergonomics of workstations in offices or workshops, through the use of robotics, and to improve air quality, with, for example, better ventilation of workshops, all of which is linked to exposure to the risks assessed, as well as training in the risks generated by poor handling postures to combat MSD. A training programme on "Becoming a resource person for the company's MSD prevention project" was launched for 2022.

In order to structure the protection and well-being actions to be carried out with our employees in the areas of MSD, work stressors, exposure to hazardous chemical agents and noise, a management tool called the Multi-year Health Agenda, steered by the HSE department and facilitated during the CSSCT HS council, has been implemented since 2021. As part of this process, the first hazardous chemical agent product was removed from our manufacturing processes.

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To prevent any risk related to safety in the workplace, a strict policy of employee awareness and involvement in complying with instructions is being implemented. Safety information sheets have been posted internally and distributed to new hires to raise their awareness of this issue. These safety rules or instructions are also applied to all external persons, service providers and visitors as soon as they enter one of our establishments. In addition, a daily system for collecting and processing weak signals of the risk of accidents in the workplace has been set up for each business sector, and immediate action is taken as part of the continuous improvement of prevention.

Furthermore, the Group has launched an initiative to promote individual and group physical activity and sport among its employees through internal media (newspapers, website).

INDUCTION OF NEW EMPLOYEES

We regularly organise visits to our industrial sites to familiarise new recruits with our various business lines, whether for schools as part of discovery classes, for students studying for professional or engineering degrees, or in conjunction with local authorities such as Pôle Emploi (the French employment service). The increase in student internships and active participation in events like the European Week for Employment of People with Disabilities demonstrate that industrial companies remain an opportunity for personal development open to everyone.

As we are always on the lookout for new talent, we attach great importance to the integration of our employees. Upon their arrival, they receive a 2-hour module that highlights our values and commitments in terms of Quality, Safety, Environment, and Energy Performance. On this occasion, a welcome booklet is presented and given to each new employee. They are then guided through the company's orientation program to familiarise themselves with the organisation.

DIALOGUE AND INTERNAL COMMUNICATION

Despite the fact that the headcount is spread across different geographical locations, the standardisation of communication resources or media helps to communicate effectively internally within the Group.

Newsletters, in-house journals and web info sites are designed by each establishment with an editorial team involving several employees and their managers. Distributed several times a year to all employees, the purpose of these media is to communicate on current events and company projects.

Employees can be asked to give their opinion on a wide variety of subjects such as continuous improvement using the tools made available to them, and declare any anomalies observed in the context of prevention (suggestion boxes and defined management processes).

Everyone in the company is taken into consideration during an annual or biannual appraisal with their manager that makes it possible to gather their views on the various areas that concern them. Similarly, a social barometer was rolled out in 2019 to gain a better understanding of employees' perceptions and expectations of their day-to-day work (their feeling of well-being at work). This make it possible to take action to improve team satisfaction in the longer term.

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During 2022, in the context of relations with the partners of the Economic Social Committees, the following agreements were reached:

- Three collective agreements, including two agreements relating to mandatory annual pay negotiations and one relating to the value-sharing bonus.
- Three amendments to previous agreements, including one relating to the agreement on the extension of part-time working and two relating to the compulsory reimbursement of healthcare costs.

CHANGES IN MANAGEMENT STYLE

The health crisis has led the Group to evolve its management style for certain employees with the introduction of remote work, and a rethink of certain organisational methods. Over and above these changes, the challenge is to redefine the management style of these employees and to teach them how to lead a remote team while maintaining the corporate culture.

Despite the difficult context, the Group is committed to developing and promoting a caring environment for its employees, paying particular attention to the balance between private and professional life. As part of our training programmes and cross-Group projects, we give priority to distance learning, which saves our employees unnecessary travel.



3 - LOCAL INVOLVEMENT

DEVELOP EXCHANGES OF SKILLS:

The SIFCOR Group actively participates in training and integrating new generations in the labour market. Thus, initiatives are carried out each year in the companies to welcome trainees and apprentices of all levels in order to help them discover our various professions.

At the same time, we regularly act as an exam jury in schools. We also take part in school/company meetings.

Involvement with local communities is an integral part of our CSR strategy. The aim is to involve SIFCOR and its subsidiaries in the development of the countries in which it operates, taking into account their particularities, in order to play the role of a responsible corporate citizen, but also to strengthen local, social and economic dynamism. Our approach focuses on three areas, namely promoting integration, strengthening local economic dynamism and developing partnerships with social and environmental associations.

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Our involvement in local events and initiatives demonstrates this commitment, as does our sponsorship of humanitarian initiatives such as the Gazelles Rally, Trek'Rev (a national humanitarian operation to prevent breast cancer) and artistic initiatives (a theatre company from Haute-Marne).

PROMOTE LOCAL EMPLOYMENT

The industrial establishments located in different regions of France demonstrate our commitment to be as close as possible to local communities. It is both a question of preserving local employment, since we want to retain all employees when they are integrated within an entity, but also of developing the business directly in the regions by recruiting employees locally, close to where they live, by creating the necessary skills through our in-house training programmes.

It also involves supporting new engineering schools that are located in the immediate vicinity of our industrial units such as IUT, UTT or METALTECH.

In addition, our approach to local development also involves giving priority to local suppliers through responsible purchasing, such as the purchase of annual maintenance services for green spaces by APAJH (a disabled people's association).

SUPPORT SOCIAL ACTIONS

We take part in collective actions through associations to promote industry professions. With the Nogentech cluster, for example, we are part of an initiative to set up initiatives to promote and energise companies in the Haut-Marnais region. These are based on three permanent committees: training, communication and technology. In particular, we are responsible for running the training centre.

We give a large proportion of our apprenticeship tax to establishments in our industrial areas.



4 - RESPECT FOR THE ENVIRONMENT

Although our activities have a moderate affect on the environment, compared to other industry sectors, we have initiated an action plan to reduce our environmental footprint.

We are working on reducing CO2 emissions, particularly related to business travel required to meet our clients' requests.

Involving employees in this approach is another aspect of our environmental commitment that we propose to develop more broadly.

FIGHT AGAINST GLOBAL WARMING AND THE CONSUMPTION OF RESOURCES

Every year, we devote a significant proportion of our capital expenditure (€9.4 million, or 5% of revenue in 2022) to modernising or renewing our energy-intensive industrial facilities (16%), whether they be heat treatment furnaces, induction heaters or compressors, and 10% to quality-safety-environmental prevention. This major and worthwhile initiative significantly improves our industrial performance. By working to optimise our manufacturing processes, we are striving to limit our energy consumption. Similarly, all our workshops are being relamped with LED lighting.

Special attention is also paid to raising awareness among our employees about eco-friendly actions. The aim is to limit the consumption of resources needed for our operations. Through our various internal communication media (awareness-raising on HSEE themes via the monthly flash). Through our various internal communication media, an eco-friendly-action charter has been formalised and distributed internally to involve all employees in order to adopt the right gestures on a daily basis at various levels (switching off computers and lighting, air conditioning and heating settings, double-sided printing, etc.). Green spaces are maintained without the use of pesticides, and some are eco-pastured.

We have also put in place a series of measures to limit the consumption of drinking water or water taken from the natural environment necessary for the manufacturing processes, for example by using new water softeners.

Intensified by the 2022 energy crisis, actions to reduce gas and electricity consumption have been stepped up across the board and in all sectors of the Group's businesses. For the same level of production, some sites have reduced their gas consumption by 11% and their electricity consumption by 8% over one year.

Finally, as part of our expansion, we have decided to redevelop a brownfield site to accommodate new activities. This will lead to the elimination of distant subcontracting (with an impact on transportation and carbon footprint) and the promotion of local employment. The brownfield site has undergone land reuse, complete asbestos removal, and refurbishment of the building with improved insulation and an industrial heat pump for heating. We have also implemented a rainwater retention system (not required) to prevent flooding.

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RECYCLING OF WASTE, REDUCTION OF POLLUTION AND PRESERVATION OF BIODIVERSITY

In terms of recycling, office waste sorting systems have been set up mainly for paper, cardboard and glass, but also for all electrical or mechanical waste relating to our industrial maintenance activities. Actions are underway to reduce to zero the number of cigarette butts discarded outside dedicated areas and to recycle those that are collected (flyer campaign in the company).

We also have a proactive policy of reducing industrial waste in order to limit the cost of recycling. A number of measures have been implemented to quantify and optimise the consumption of lubricants for both forging and machining of parts. This action is also carried out in partnership with the manufacturers of these products. The installation and operation of an on-site physico-chemical station has enabled us to significantly reduce the volume of effluent pumped out, thereby reducing the number of HGV transports from one per day to three per year.

By setting up a plastic packaging re-use scheme, we have been able since 2021 to recondition 225 IBCs a year, thereby avoiding the production of 8.7 tonnes of steel, 3.4 tonnes of plastic, and the emission of 19.1 tonnes of CO².

We have asked our cleaning company to stop using products with pictograms, and we have asked our landscaping company to limit its use during the nesting season.

An initiative to reuse forging tools took full effect in 2021, enabling us to considerably reduce the purchase of steel blocks and specific treatments, with a virtuous circle effect reducing the volume of CO² generated by the manufacturing and transport savings on the purchase of these blocks.

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5 - METHODOLOGICAL NOTE: other criteria

Only the Group's French activities are used as a reference for social and environmental elements. Chinese and Indian entities that are majority owned (0.09% of the Group's consolidated revenue) or not (2.2% of revenue, Group share) are not included in this report.

A CSR management IT tool has been rolled out to the Group's French entities since 2020, enabling standardisation of media and indicators. A reference manual setting out all the definitions of the indicators has been drawn up to avoid any distortion in understanding and consistency in the data reported.

The elements published in this report are the result of monitoring carried out by domain managers in the areas in charge of these indicators. They meet the criteria expected in other areas such as internal process management, social reporting, the economic and social database (BDES), and gender equality.

Due to the type of activities of the Group's companies, it is not possible to deal in this report with criteria relating to the fight against food waste, the fight against food insecurity, respect for animal welfare, or responsible, fair and sustainable food.

The basis for calculating SCOPE 1 has been revised in accordance with the recommendations of the OTI at one of our sites, to take into account all gas consumption and not just the total of meters dedicated to the production facility. The historical data has been restated to comply with the 2022 results.

"Under the heading of the consequences on climate change of the company's activity and the use of the goods and services it produces, including:

- 1 the direct and indirect greenhouse gas emissions linked to transport activities upstream and downstream of the activity

- 2 an action plan to reduce these emissions, including the possibility of resorting to rail and river transport, biofuels with a virtuous energy and carbon footprints, and electromobility. "

SCOPE 3 is not yet mandatory due to the Group's size. The above SCOPE 3 criteria are not necessarily all directly applicable to the Group's activity. However, it should be noted that SIFCOR has initiated some work in this direction.

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Definitions of some of the indicators produced in the appendix to this report:

Social indicators:

Total workforce: this is the number of registered physical employees paid on 31 December

Percentage of managerial staff: number of managers out of the total headcount

Age pyramid: Number of employees by age group out of total headcount

Absenteeism rate: this is the number of days of legal absences accumulated over the year (illness and other) divided by the average workforce over the year weighted by the theoretical working days

Frequency rate: this is the number of lost-time accidents x 1,000,000 / Number of hours worked annually

Amount spent on training: cost of training organisations + payroll of trainees + ancillary costs of trainees (transport, accommodation, meals, etc.)

Rate of employees trained: employees trained out of total headcount

Environmental indicators

Waste recovery: tonnage of waste recovered out of total tonnage of waste

GHG SCOPE 1: This is defined in relation to the consumption of both non-road diesel used by forklift trucks and natural gas used for heat treatment of parts, pre-heating of dies, and heating of buildings.

GHG SCOPE 2: This is defined on the basis of electricity consumption (this information is provided by EDF).

Production of oily residues: These are graphite residues from the lubrication and cooling of forging tools. Number of litres used per tonne of steel forged

Total energy consumption: this is the sum of energy consumption including electricity, gas and non-road diesel.

APPENDIXES

- **Business model**

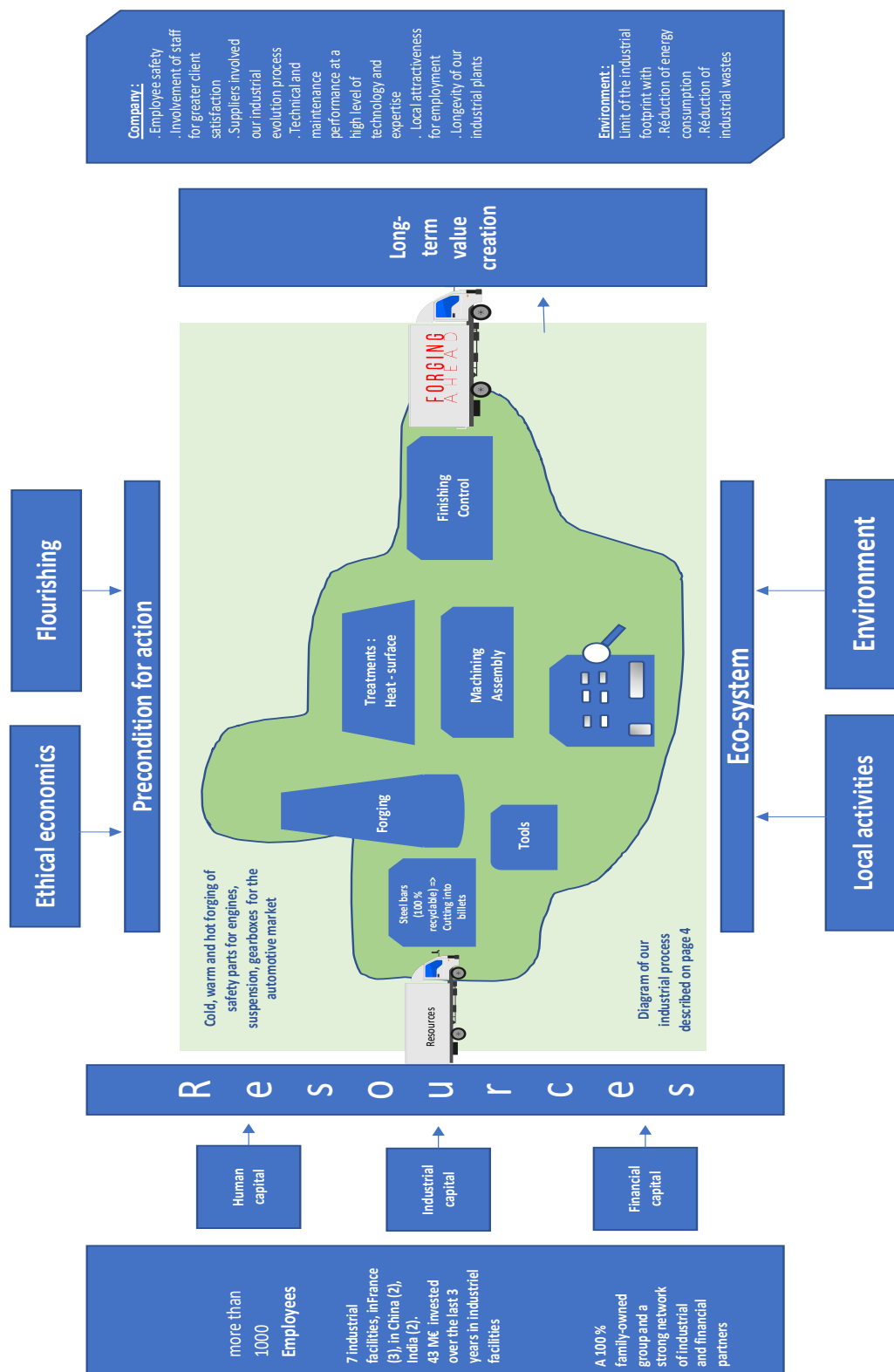
- **Indicators:**

Economic

Social

Environmental

Our value creation model



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The successive crises since 2020 have had an impact on the industrial activity of the Group's entities, which may explain certain variations in the indicators in the tables below.

ECONOMIC INDICATORS* (Data not published on the website)

	2022	2021	2020	Unit
Turnover				Millions of euros
Operating income				Millions of euros
Net income				Millions of euros
Investments				Millions of euros
Total number of employees				Number

- * Information taken from the report on the Group's consolidated financial statements

SOCIAL INDICATORS (Data not published on the website)

	2022	2021	2020	Unit
Jobs (value 1 & 2)				
Total number of employees				Number
Percentage of female employees				%
Percentage of managerial staff				%
Age pyramid				
Less than 30 years old				%
From 30 to 44 years old				%
From 45 to 60 years old				%
More than 60 years old				%
Work organisation (values 1 & 2)				
Absenteeism rate				%
Health and Safety (value 2)				
Number of occupational accidents with lost time				
Accident at work frequency rate with stoppage				%
Training (value 2)				
Amount spent on training****				Thousands of euros
Employees trained				Number
Rate of employees trained				%
Hours of training				Number
Training hours per employee trained				Number
Apprenticeship contracts signed during the year				Number
Equality of treatment (value 2)				
Percentage of female executives				%
Promotion and observance of the provisions of the ILO fundamental conventions ***				
Incidents recorded relating to freedom of association				Number
Incidents recorded relating to discrimination				Number
Incidents recorded of forced labour				Number
Incidents of child labour				Number

*** concerns the entire consolidated Group and includes minority JVs, where the Group monitors and makes its partners aware of the need to comply with these 4 principles.

**** in 2021 increase in the cost of training following a correction at one entity by integrating the salaries and incidental expenses incurred for the people trained at this same entity.

SIFCOR GROUP
Corporate Social Responsibility
2022 Financial Year Report

ENVIRONMENTAL INDICATORS

(Data not published on the website)

	2022	2021	2020	Unit
General policy on environment, pollution, and waste management (values 1 & 4)				
Waste recovery				%
Scope 1 GHG emissions				T CO ₂ e
Scope 2 GHG emissions				T CO ₂ e
Production of ordinary waste				€/forged tonne
Production of special waste				€/forged tonne
Production of oily residues <small>(per 1,000)</small>				L/forged tonne
Sustainable use of resources (values 1 & 4)				
Drinking water consumption				M3
River flow water consumption				M3
Excess water consumption				Number
Total energy consumption				MWH