

Extra Financial Performance  
Statement  
Ugitech Europe 2020 Report



Ugitech

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**Current events show us in a clear and brutal way that it is not possible to isolate economic factors from other influential factors in our environment.**

Social Responsibility is therefore an integral part of the many challenges facing a company like Ugitech.

Once again this year, and despite the economic difficulties, we are making progress. We are proud of this and want to communicate this positive approach through this document.

Firstly, it is obvious to all that our ecological footprint must continue to decrease in order to move towards zero impact.

Secondly, well-being at work is becoming a must, a sign of the renewed attractiveness of our profession.

Finally, we aim to build our medium-term vision with as many participants as possible. These changes are local victories.

However, our approach will only be successful once we have succeeded in generalising these good practices on a global scale.

This responsibility is first and foremost an individual one; it becomes a societal one when it is widely shared.

So let's continue to lead by example so that together our future counts!

**Patrick Lamarque d'Arrouzat**

Managing Director of Ugitech

# The Swiss Steel Group

## Swiss Steel Group

### Production

ASCOMETAL  
DEUTSCHE EDELSTAHLWERKE  
FINKL STEEL  
STEELTEC  
UGITECH

### Sales & Services

Swiss Steel International  
More than 70 locations  
in over 30 countries worldwide



Sales & Services | Production



Key figures (2020)

Sales volumes **1,535 KT**

**2,288 million** turnover

**70 offices** Sales&Services

**9,950 employees**

**27** production sites

Present in **over 30 countries**



Today, the Swiss Steel Group is one of the world's leading suppliers of customised solutions in the field of long special steel products.

Recognised as a world leader in the tool steel and stainless steel long products sectors, the group is also one of the two largest alloy steel producers in Europe. With just over 10,000 employees at production and distribution sites in more than 30 countries on five continents, the group supports and serves its customers wherever they are. In addition to a comprehensive product and service portfolio, customers benefit from the group's technological know-how, consistent quality worldwide and in-depth knowledge of local markets.



# Swiss Steel Group. Together. For a future that matters.

## **Steel is our purpose, our DNA.**

## **This is our best contribution to shaping a sustainable future with our teams, customers and suppliers.**

Together, with passion, we develop our steels for ever more efficient solutions of the highest quality.

Our expertise makes us an ally in consulting, development, production and services.

## **Together. For a future that matters.**

We think actively, we have experience and we act sustainably.

The new name of Swiss Steel Group embodies the Group's claim and values:

### Committed.

With passion, expertise and an innovative spirit, we aim for the optimum. We are driven by progress. We move forward, open and fair, encouraging and stimulating innovative solutions and services.

### Expert.

Thanks to our experience and understanding of needs, we are recognised throughout the value chain. We develop the best solutions through exchange. This is our strength. Our knowledge and rigour are the basis for continuous progress.

### Sustainable.

Women and men are at the heart of our actions. Together we create the efficient, ecological and sustainable solutions of tomorrow.

# Ugitech, subsidiary of the Swiss Steel Group, who are we?

## **Ugitech is one of the world's leading manufacturers of stainless steel long products.**

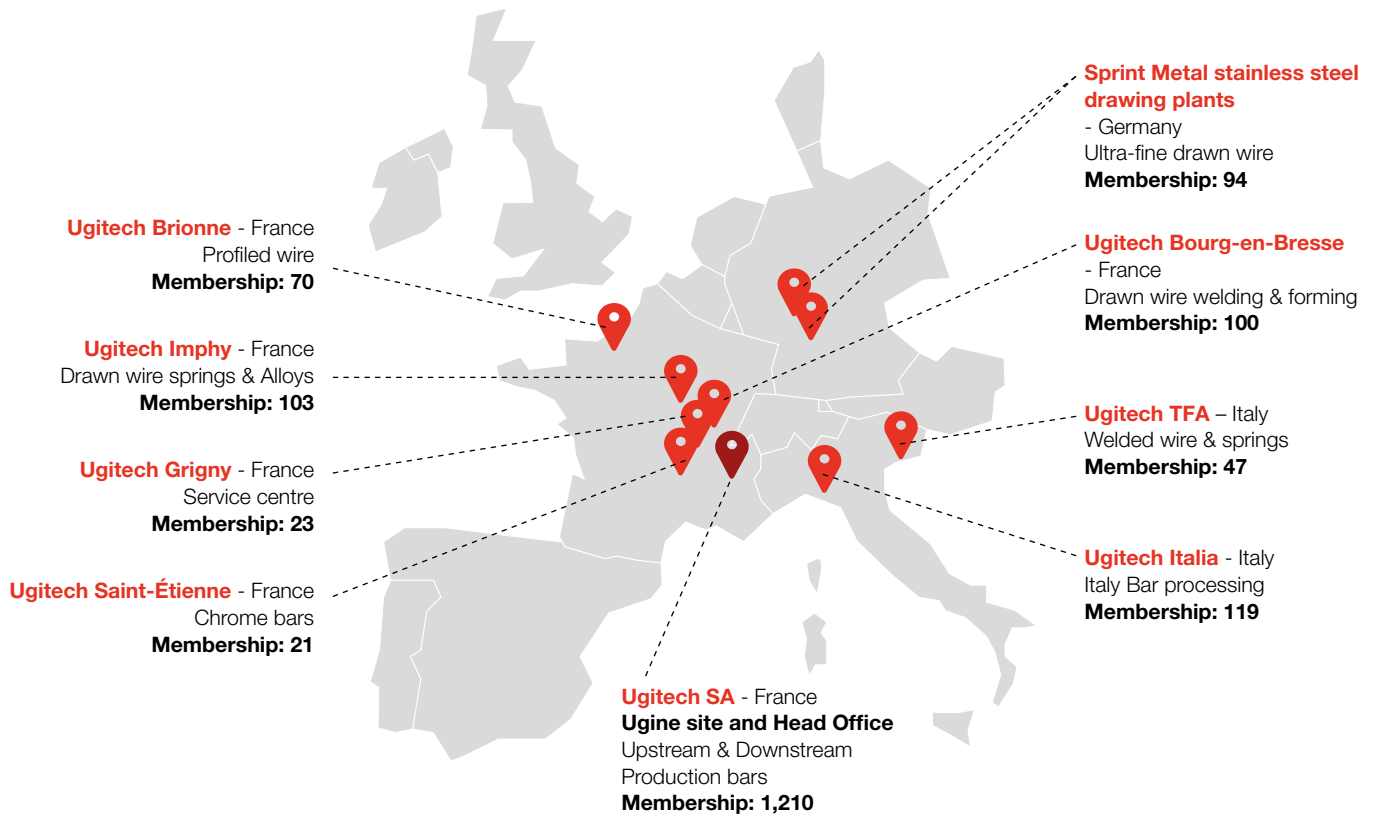
The company's main products are billets, bars, wire rod and drawn wire, which it manufactures in its own steel mill and processes in its hot rolling mill, finishing shops and drawing mills.

Stainless steels are characterised by their high mechanical properties and their resistance to corrosion. They are used in the manufacture of a wide range of parts, including valves, turbine components, welding rods, automotive injectors and surgical equipment.

With more than 110 years of experience in steel manufacturing and continuous research in the field of metallurgy, the company guarantees optimal steel solutions for the demanding applications of its customers from the automotive, construction, process industry as well as the aerospace, nuclear and medical sectors.



## Locations of our sites and staff per site - 2020



## Ugitech products

### Bars

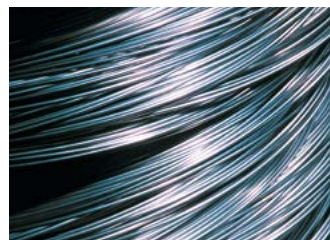
(Square/Round/Hexagonal)



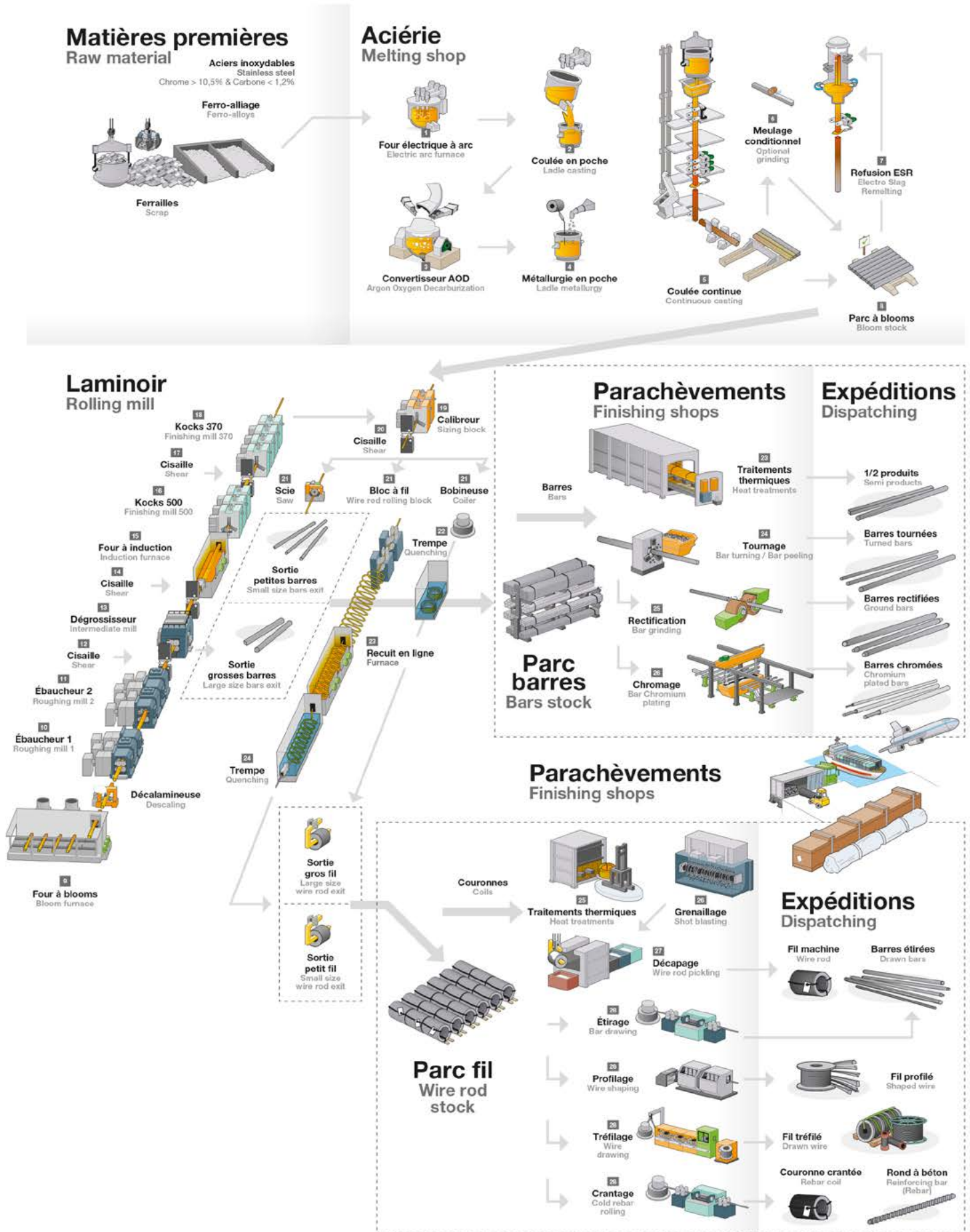
### Wire rod



### Drawn wire

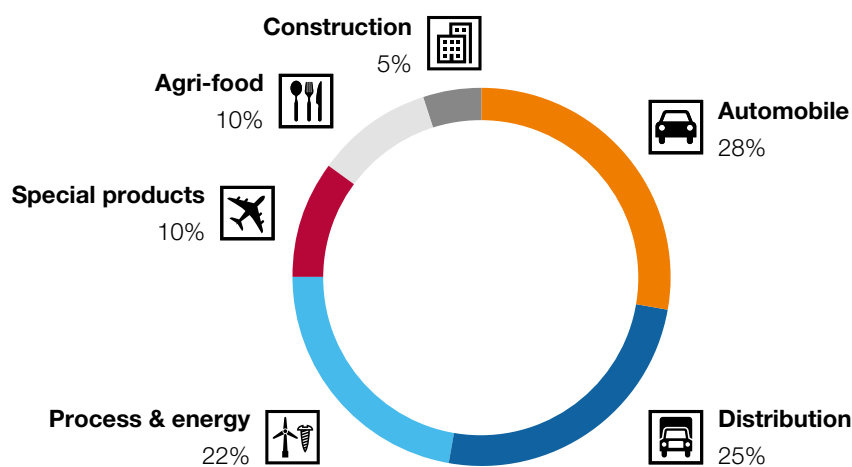


# The manufacturing process



# About Ugitech

## A major player in its market



Driven by the desire to produce safe steel with long-lasting performance, Ugitech is a leading supplier of stainless steels in quality long products for the automotive, energy, aerospace, construction and medical industries.

With 1,787 employees, including 60 researchers, spread across its production site, its processing units and its service centre, Ugitech is one of the world's major players in stainless steel.

The Ugitech group produced 157,000 tonnes of stainless steel in 2020 and had a turnover of €500 million.

- 157 KT products
- 1,787 employees
- 500 million turnover
- 60 researchers

## Since 2019, Ugitech has embarked on the co-construction of its strategy with its 300 managers.

This co-construction began with an analysis of the mega-trends and their influence on Ugitech's four strategic areas.

### Recap of the mega-trends

#### VALUES

- Managing generational diversity
- Autonomous Teams and the Empowering Company

#### GROWTH

- Slowdown in the markets, particularly in the automotive and specialties (aeronautics, nuclear, medical, etc.) sectors
- Geopolitical Uncertainty and Economic Globalisation
- Scarcity of resources

#### DIFFERENCIATION

- Technology acceleration and digital disruption
- Increasingly stringent regulations and standards

#### COMPETITIVENESS

- Increasing skill needs and the effects of robotisation
- Transition to a low carbon economy

**This analysis has enabled us to build the Cap 2025 strategy and to identify Ugitech's key strategic projects.**

# Ugitech

TOGETHER. FOR A FUTURE THAT MATTERS.

### Our vision

Ugitech, a leading producer of long stainless steels, aims to :

- develop **customer intimacy**,
- to promote **the development of employees**,
- to meet the challenges and **integrate the societal issues** of tomorrow's world by shaping its **ecosystem**,
- **be profitable** and **create value** in the long term

### Our strategic axes



Anchoring our **Corporate Social Responsibility** to support a sustainable world.



**Innovating for our clients** by relying on collective intelligence.



Ensuring permanent **competitive advantage**.



Accelerate our **digital transformation**.

# Business model

Ugitech, with all its employees and co-contractors, supported by the Swiss Steel International sales network, provides its skills to ensure the long-term satisfaction of its customers thanks to the differentiation of its services and its long products in stainless steel and alloys.

## Ugitech

ENSEMBLE. POUR UN AVENIR QUI COMPTE.



Ugitech and Swiss Steel Group's distribution network, Sales&Services, work together to provide stainless steel solutions internationally. There are several logistics channels depending on the service provided to customers:

- Ugitech delivers from the factory and invoices the customer directly
- Ugitech delivers directly to the customer, but the billing is done by Sales&Services in local currency.
- Ugitech delivers to Sales&Services' service centres, which forward and invoice the customer;
- Ugitech delivers from its service centre and invoices the customer directly.

# Process mapping

To support and deploy its strategy, Ugitech has chosen to structure its activity with a "Process" approach.

In this way, it is possible to align the operational performance of the business lines and services with the company's strategic challenges by promoting a cross-functional approach.

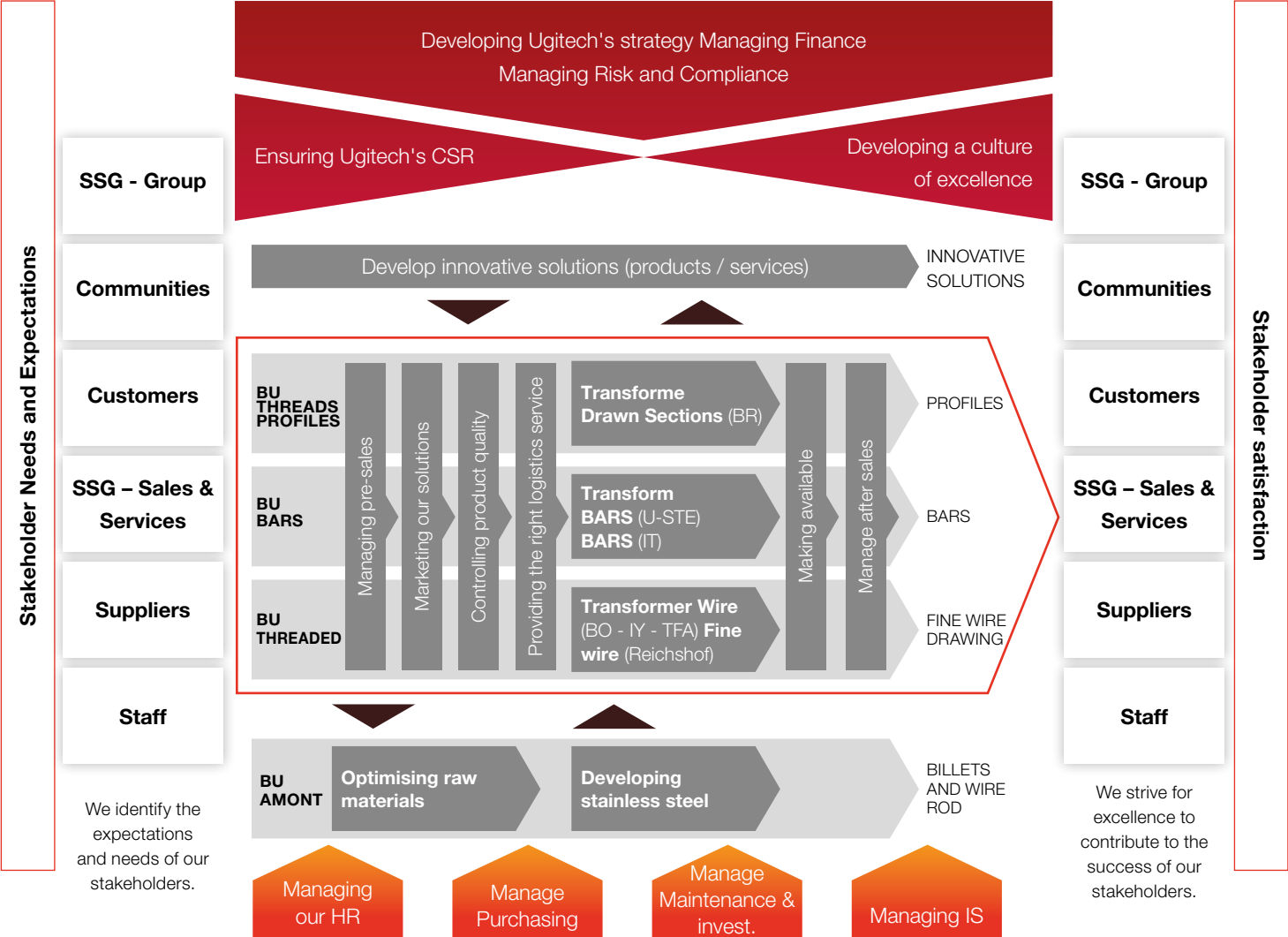
Ugitech's management has identified the company's key processes and, together with all the process managers, has defined their objectives in line with the defined strategy.

Each process has been described via an identity card which contains elements such as the purpose, the challenges, the indicators...

During the process evaluations carried out by the members of Ugitech's Executive Committee, the CSR topics (approach, impact, workstreams, KPIs) of the processes are discussed and avenues for improvement are identified.

**Here are all Ugitech's processes positioned in a process map:**

## Together. For a future that matters.



# Our risk management

**Risk management is an important issue in our economy and is becoming one of the central aspects of our concerns. As part of the Group's policy, risk management is one of the components of the company's strategy and helps to inform budgetary choices.**

The Swiss Steel Group brings its Risk Management approach to life through a dedicated organisation. A dedicated team and a Group Risk Manager are responsible for improving the risk resilience of the Group and its subsidiaries and are involved in operations and decision-making throughout the organisation. They support the Group's ability to achieve its operational and strategic objectives. They report functionally to the Group Audit Committee and Group Management. Their roles have been formalised in a Charter.

Ugitech works on its risks by process and more globally in collaboration with the Group Risk Manager.

An initial identification of potential hazards (threats, weaknesses) is based on an in-depth analysis of the 22 processes, in relation to the strategic axes, issues and objectives to be achieved. It is carried out by each process manager and includes:

- A study of the "strategic" risks in relation to the issues and objectives at stake, via a SWOT analysis (Strength, Weaknesses, Opportunities, Threats)
- An operational risk analysis of the tasks to be performed by sub-process.

This results in the actions and projects to be implemented by process. The rating of these processes is validated by our Management Committee.

More generally, a Ugitech Risk Management correspondent identifies and assesses risks in order to create a risk map. He or she integrates the potential dangers and action plans drawn from the analyses carried out by process. He prioritises them using a rating (FMEA type) and monitors the progress of the action plans.

An extract of this mapping, consisting of strategic, operational, reporting and compliance risks, is also updated twice a year with the support of the Group Risk Manager, and is completed with a quantified estimate of the impact per risk.

This work provides an overall view of the company's main potential risks, and a follow-up of the action plans aimed at controlling or reducing these risks, particularly on aspects related to our social responsibility.

In 2020, the risk mapping was updated in particular following a review of the Processes and SWOT analyses. We also applied a specific look at the management of the Covid crisis.

# Extract from the societal risk map

**The risk map highlights our concerns in terms of Corporate and Social Responsibility on subjects such as ethics, the environment and our resources, compliance with rules, social dialogue, our partnerships, etc.**

In all processes, CSR risks are identified individually.

The table below is an extract of the main societal risks of our company.

<b>Danger / Opportunity (SWOT) Description</b>	<b>Description of the impact</b>	<b>Project</b>
<ul style="list-style-type: none"> <li>– Risk of fatal occupational accidents</li> <li>– Serious injuries caused by lack of safety in the tool area (measures to be implemented by type of machine).</li> <li>– Serious injuries related to transport risks: pedestrian and forklift.</li> <li>– Compliance with local regulations to provide a suitable working environment for employees working at height.</li> </ul>	<ul style="list-style-type: none"> <li>– Civil and criminal condemnation (compensation) Company image / employer brand.</li> <li>– Impact on staff.</li> <li>– Court-ordered production stoppage.</li> <li>– Increase in ATMP contributions.</li> </ul>	<ul style="list-style-type: none"> <li>– Security strategy with multi-year action plan for compliance...</li> <li>– Focus of the security strategy.</li> </ul>
<ul style="list-style-type: none"> <li>– Lack of water, electricity...</li> </ul>	<ul style="list-style-type: none"> <li>– Production disruption due to lack of natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>– Water supply WG and all prevention approaches.</li> </ul>
<ul style="list-style-type: none"> <li>– Serious environmental incident (discharge of polluted water, leakage of dangerous products into the ground, toxic cloud).</li> </ul>	<ul style="list-style-type: none"> <li>– Pollution and stoppage of operations, degradation of Ugitech's image (Discharge of water contaminated by dust from the plant into the natural environment, soil pollution, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>– Rainwater treatment project in the investment plan for 2023.</li> <li>– Control device in place. To be completed at Afs.</li> </ul>
<ul style="list-style-type: none"> <li>– Environmental compliance of tools close to regulatory limits (steelworks, PFM).</li> </ul>	<ul style="list-style-type: none"> <li>– Formal notice to bring the tools in question into compliance and, failing that, to shut them down.</li> </ul>	<ul style="list-style-type: none"> <li>– Study on the optimisation of dust extraction systems.</li> </ul>
<ul style="list-style-type: none"> <li>– Risk of litigation and illness due to exposure to chemicals (Chromium and Cobalt).</li> </ul>	<ul style="list-style-type: none"> <li>– Evaluation based on the costs of treatment of serious diseases (cancer).</li> </ul>	<ul style="list-style-type: none"> <li>– Follow-up of ongoing processes.</li> </ul>

<b>Danger / Opportunity (SWOT) Description</b>	<b>Description of the impact</b>	<b>Project</b>
<ul style="list-style-type: none"> <li>- Absence of PM culture in UGITECH.</li> </ul>	<ul style="list-style-type: none"> <li>- Return of non-recoverable internal scraps - Process impact: off-analysis rate</li> </ul>	<ul style="list-style-type: none"> <li>- Continued technical investment to improve workshop sorting (CETAP 1-2).</li> </ul>
<ul style="list-style-type: none"> <li>- Dusty" image of the steel industry.</li> <li>- Degradation of external relations.</li> </ul>	<ul style="list-style-type: none"> <li>- Degraded employer brand, lack of attractiveness.</li> <li>- Bad image.</li> </ul>	<ul style="list-style-type: none"> <li>- Intensify the institutional communication plan.</li> <li>- Communication plan in place and relations with local residents and the DREAL maintained regularly.</li> </ul>
<ul style="list-style-type: none"> <li>- Increase in transport costs in the medium term (diesel, carbon tax, etc.).</li> </ul>	<ul style="list-style-type: none"> <li>- Price increases.</li> </ul>	<ul style="list-style-type: none"> <li>- Development of intermodal flows.</li> </ul>
<ul style="list-style-type: none"> <li>- Insufficient "external" resources in number &amp; skills to keep up with our volume growth.</li> <li>- Insufficiently known employer brand.</li> <li>- Tight labour market in certain functions.</li> </ul>	<ul style="list-style-type: none"> <li>- Failure to achieve the 2020 business plan.</li> <li>- Recruitment difficulties, unfilled posts.</li> </ul>	<ul style="list-style-type: none"> <li>- E-nox School.</li> <li>- Employer branding project to be continued in Ugine and rolled out to remote sites.</li> <li>- PA recruitment maintenance.</li> </ul>
<ul style="list-style-type: none"> <li>- Damage to the company's image - Reputation (failure to respect fundamental rights and regulations).</li> </ul>	<ul style="list-style-type: none"> <li>- Stakeholder expectations (decline in stock market quotation), recruitment difficulties, decline in confidence of customers/suppliers/ administration and political organisations/poor media communication.</li> </ul>	<ul style="list-style-type: none"> <li>- Deployment of compliance procedures / e-learning.</li> <li>- Awareness-raising on non-discrimination and harassment in services.</li> <li>- Anti-discrimination recruitment policy based solely on candidates' skills: French law.</li> </ul>
<ul style="list-style-type: none"> <li>- Using products from a disrespectful company.</li> </ul>	<ul style="list-style-type: none"> <li>- Engaging with a third party who does not comply with the rules of compliance and who does not fit in with the culture of our company.</li> </ul>	<ul style="list-style-type: none"> <li>- Supplier Code of Conduct.</li> <li>- Purchasing policy.</li> </ul>
<ul style="list-style-type: none"> <li>- Failure to control energy expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>- Additional / unplanned billing.</li> </ul>	

Thus, the greatest risks for Ugitech are an integral part and are included in the themes of the CSR policy as well as other CSR concerns that may appear in the overall risk map as lesser issues.

# Our CSR policy

## On the basis of :

- of the 4 axes of our strategy,
- of our business model,
- the insights of our process approach,
- of our risk management dynamics,
- requests from our customers who are increasingly sensitive to this issue,
- the Ecovadis evaluation structure with which we carried out an evaluation at the end of 2019

## We have structured our overall CSR approach around the following pillars:

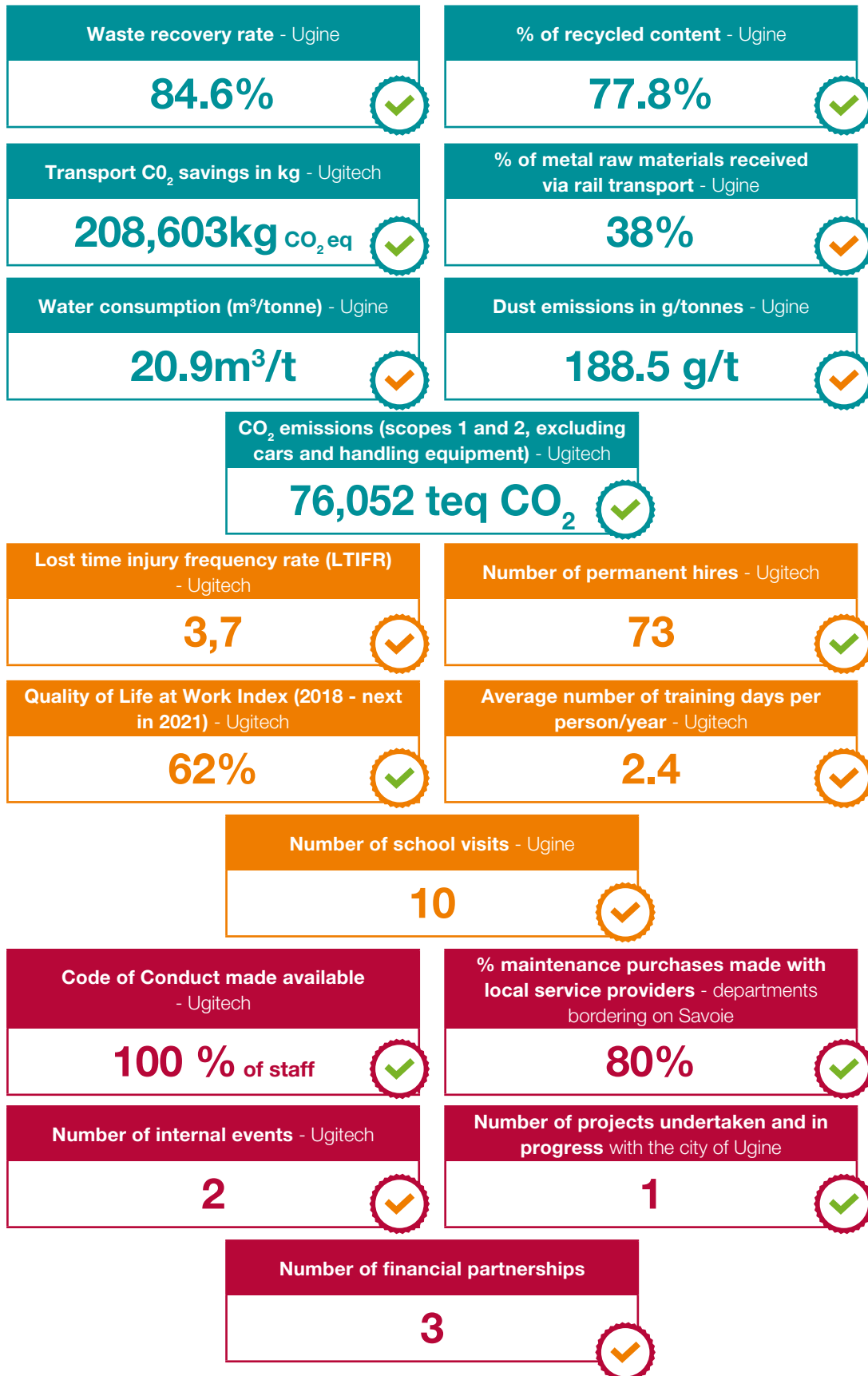
ECO-RESPONSIBILITY	
⚠ Sustainability of natural resources: sustainable products and markets - circular economy	⚠ Responsible logistics
⚠ Energy and Climate	⚠ Protection of the local environment
SOCIAL DEVELOPMENT AND QUALITY OF LIFE AT WORK	
⚠ Health, safety and working conditions	⚠ Skills development and access to training
⚠ Attractiveness, equal opportunities and pay	★ Sustainable partnership with colleges and universities
★ Social dialogue	
BUSINESS RELATIONS AND TERRITORIES	
⚠ Ethics and internal control	⚠ Contributions to the territories
⚠ Responsible purchasing	★ Taxation
★ Employee engagement	

⚠ major risk - ★ significant element

This structure, supported by a well-defined transversal organisation (project manager, steering committee) must clearly participate in the development of Ugitech's strategy, in particular on axis 1 of our values, but not only... and thus allow Ugitech to anchor itself in the 21st century to go beyond the 120 years mark... and much more.

Given the nature of our activities, we consider that the following themes: the fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food, and food waste, do not constitute major CSR risks and do not justify a development in this management report.

# Key indicators of Responsibilities 2020



# Eco-responsibility



# Sustainability of natural resources: sustainable products and markets - circular economy

## Definition of the issue

**Integrating the sustainability of natural resources into our daily concerns.**

Designing products that meet the sustainability needs that are central to the concerns of designers using metallic materials, by developing **eco-design** principles.

Develop the principles of the **circular economy** in all our activities.

## Qualitative objectives

To provide the markets we serve with products for more sustainable lifestyles:

- Helping our automotive customers to optimise existing solutions and working with them on the engines of tomorrow.
- To offer the construction market products that limit the energy consumption of buildings.
- Supporting the aeronautical market in the development of low-emission engines.
- To meet the demand of luxury markets to push the circular economy by manufacturing bars maximising the content of recycled products collected within a radius close to the factory (< 200 km).
- Adapt our offer to regulatory requirements (REACH, RoHS).
- Assessing and improving the environmental impact of our products and processes, by developing life cycle analysis and eco-design.

Develop the principles of the circular economy:

- Favouring the purchase of recycled materials for the production of our metal
- To create an industrial unit for the valorisation of waste and industrial metal co-products for the production of ferro-alloys.

## Annual recurring targets/KPIs

---

**20%**

to renew our product portfolio

**75%**

of recycled content in our products.

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## Existing actions

### Circular economy - Raw materials

The stainless steel manufactured in Ugine is mainly made from scrap and offcuts from recycling (72.7%). These recycled materials are supplemented by primary carriers (ferro-alloys and pure raw materials such as nickel).

Indeed, the manufacturing process maximises the input of recycled materials.

The raw materials from recycling come from different sources:

- **Scrap and scrap metal purchased externally**

These materials are sourced from circular economy channels and are fully recycled at the steel mill.

- **Internal scrap**

All production scrap is recovered and recycled at the steel mill.

- **Recycled waste**

The site has waste recycling facilities for the waste produced by Ugitech (rolling mill sludge, steel mill dust, grinding grit, etc.). These channels allow the waste to be shaped for final reuse in the steel mill.

The recycled content of products has been calculated for 2020 according to the following formula:

$$\% \text{ recycled content} = \frac{\text{Tons of raw materials from recycling}}{\text{Tons of raw materials fed into the furnace}}$$

A distinction is also made according to the origin of the off-cuts, in order to establish a pre and post consumer recycled content.

The pre-consumer recycled content is made up of internal scraps and recycled waste, while the post-consumer content is made up of scraps purchased from outside Ugitech.

- **Recycled content:** 77.8%
- **Recycled content PRE consumer:** 53.1%
- **Recycled content POST consumer:** 24.7%

In 2020, the steelworks department worked on monitoring the recycled content of Ugitech products. As a result, Ugitech now knows the percentage of recycled content for each ladle of molten metal, according to the composition of its material basket.

In 2020, in order to meet a very specific customer request, a metal pouch was produced with a material basket containing 100% recycled content. This is a historic first for Ugitech. Although it cannot be generalised to all production, this experience shows Ugitech's ambitions in this area.

#### Ugi'Ring Project

This ambitious project aims to create the world's first "circular steel mill", positioning the steel industry, which is essential to many national value chains, as a key player in the recycling of strategic metals. This project requires a significant investment and the year 2020 has been dedicated to the search for partners.

### Circular economy - End of life of our products

**Stainless steel is 100% recyclable.** Stainless steel recovery and recycling channels are already well established. Ugitech is working to offer short channels by recovering its customers' production offcuts.

In addition, France wishes to implement a principle of Extended Producer Responsibility (EPR) in the construction market. Ugitech is participating in the working group of the Metals and Minerals Alliance to assess the impact of this reform.

Ugitech has launched a think tank on the packaging of its products, both on their quality and their recyclability.

## Products for a sustainable world

If the market for long stainless steels has been growing steadily at the rate of 2 to 4% per year worldwide for several decades, it is, among other things, because long stainless steel products respond perfectly to this need for durability, linked in particular to better resistance to corrosion than more conventional and less alloyed steels.

## Car market

Ugitech works in close collaboration with the major automotive industry contractors to reduce the ecological footprint of conventional petrol and diesel engines:

- Improved engine combustion with gas pressures up to 3000 bar,
- Increasing the operating temperatures of the turbos to improve their efficiency.

## Hydrogen WG

Ugitech has built a special multi-skilled team around the development of hydrogen as an energy of the future.

We are thus working on stainless steel solutions required by clean motorisations such as hydrogen and electric motorisation.

- Launch of a research thesis on the mechanisms of hydrogen embrittlement of stainless steel.
- Development of stainless steel grades resistant to hydrogen embrittlement.
- Launch of a project for a mechanical testing laboratory in an H<sub>2</sub> atmosphere.

The Auvergne-Rhône-Alpes region is investing in the field of hydrogen through the "Zero Emission Valley" project, and Ugitech wants to be a player in this approach and be inspired by it to apply it to a wider area. The study of the production and potential use for the process and mobility is a concern initiated in 2019. Ugitech has prioritised the study of the use of hydrogen in its process and wants to promote the production of hydrogen

A call for projects for a demonstrator is currently being prepared for a "clean" electrolysis unit using high temperature electrolysis from waste heat. A call for projects for a demonstrator is being prepared. Its submission to ADEME is imminent. Before all that, we need to validate the potential for use in our process and this point is the subject of a project to build a pilot furnace.





The Bourg-en-Bresse site is studying the possibility of supplying itself with hydrogen, produced from green energy in Etrez, by 2022-2023, within the framework of European projects for the development of hydrogen mobility, supported at the level of the Auvergne-Rhône-Alpes region by the "Zero Emission Valley" project.

Finally, the Brionne site, which uses hydrogen, is also analysing the possibility of producing this gas internally.

Our Imphy site is a consumer and producer of hydrogen for its furnaces.

## **Construction market**

Ugitech is developing a range of products that significantly increase the durability of structures as well as their energy consumption.

In order to gain recognition of the value of stainless steel reinforcing bars in terms of durability in the building industry, Ugitech is working with IFFSTAR (French Institute of Transport, Planning and Networks Science and Technology) in France and the DIBt (German Institute for Building Technology) in Germany.

Ugitech has developed a stainless steel grade with a building materials supplier that limits energy loss in housing. This new grade has a guaranteed thermal conductivity of less than  $12.5 \text{ W.m}^{-1}.\text{K}^{-1}$ , whereas the standard for stainless steel reinforcing bars is between 15 and  $16 \text{ W.m}^{-1}.\text{K}^{-1}$  and carbon steel reinforcing bars have a thermal conductivity of  $45 \text{ W.m}^{-1}.\text{K}^{-1}$ .

Following the registration of this grade by the European steel referencing body (German VDeH) under the material number 1.4670, in 2020, the French patent office worked on its registration in several countries. This grade is marketed by Ugitech under the name UGITHERM® 4670.

## Aerospace market

Ugitech is participating in the deployment of the Leap engine developed by Safran and GE, which has the advantage of reducing CO<sub>2</sub> and NO<sub>x</sub> emissions by 15% compared to previous jet engines.

We are developing harder and more resistant grades to lighten the weight of the parts on board and thus participate in the reduction of emissions and eliminate certain surface treatments of parts, a factor of complexity and logistical costs.

In 2020, we deployed a range of products designed for 3D printing and we market them under the UGIWAM® (UGI In Wire Additive Manufacturing) brand. This allows the aeronautics industry to design solutions more quickly than in the past and to reduce by a factor of 5 the "Buy to fly" ratio, which represents the ratio between the weight of material used to manufacture a part and the weight finally shipped.

## Medical market

Ugitech is helping its customers deploy the new MDR 2017/745 and CLP (Classification Labelling Packaging) regulations which will require medical devices containing more than 0.1% Cobalt to be identified by October 2021; their marketing authorisation will be subject to the provision of complex studies and tests. Indeed, the medical market is looking for grades containing less than 0.1% Cobalt. UGITECH has developed a new range in 2020 to enable its customers to respond more easily to the changing regulations. These grades are marketed under the name UGI XXXX LR (Low Residual).

## Blacksmiths' market

In order to better meet the demands of this market, we have developed stainless steels with a lower nickel content. This development allows us to reduce our carbon footprint because the nickel introduced in these grades is manufactured by carboréduction in an arc furnace, which emits large quantities of CO<sub>2</sub>. By reducing the nickel content of these products, we are reducing our carbon footprint within the scope 3 of the life cycle analysis of these materials.

## Market for the pulp and paper industries

Brionne supplies profiles for the manufacture of filter baskets in the pulp industry. These profiles make it possible to replace baskets made of perforated sheets and thus significantly reduce the electricity consumption of paper mills.

### **Assessment and development of the environmental impact of our products and processes.**

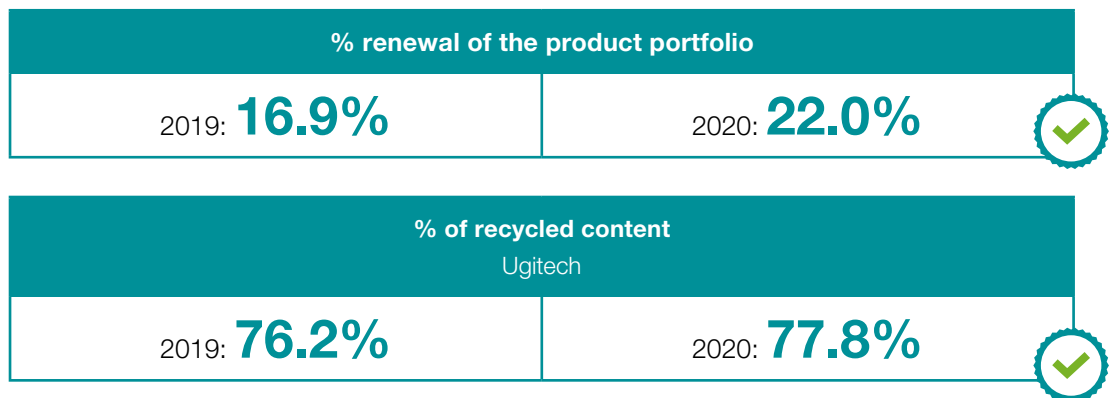
With a view to having non-toxic manufacturing processes for our operators, we have initiated a process aimed at replacing our bar chromium plating process, which currently uses hexavalent chromium, a carcinogenic product, with a non-toxic chromium plating process using trivalent chromium. This development is being carried out in partnership with the largest French companies in the automotive and aeronautical sectors and coordinated by a public technological research institute (IRTM2P). A Life Cycle Assessment (LCA) of this process has been produced in collaboration with this IRT. In 2020, we installed a pilot line for this development on the Ugitech Saint-Étienne site, which ran for the whole month of August.

An LCA of the Ugi'Ring project was carried out in 2020. This process enabled Ugitech to assess the environmental impacts of the project. In 2021, Ugitech wishes to carry out an LCA on some of its products, with the aim of making an Environmental Product Declaration (EPD) sheet available.

## Future actions

- Improving environmentally responsible external communication to all our stakeholders.
- Develop our positioning on sustainable products and markets.
- Continue to work with our partners on cleaner mobility (hydrogen motorisation, increased pressure on combustion engines).
- Develop partnerships on 3D printing to adapt the UGIWAM® thread to the use values expected by users.
- Carrying out LCA and an environmental product declaration (EPD) for certain building applications in order to further develop eco-design.
- Carry out an improvement project on our packaging.
- Continue to work on the production of stainless steels made with material baskets consisting of 100% recycled content.
- Develop the circular economy in all our activities:
  - Continue the deployment of the Ugi'Ring project.
  - Submit an operating permit application for a temporary storage area for hazardous waste.
  - Leading the Hydrogen Project.

## Performance monitoring



# Energy and climate

## Definition of the issue

Supporting climate change issues and major international policies. Supporting the international objectives of carbon neutrality.

Controlling our consumption by taking into account the direct and indirect impact on the environment.

Making energy efficiency and climate impact a permanent concern for Ugitech staff.

## Qualitative objectives

- Improve our resilience to climate change issues by limiting our CO<sub>2</sub> emissions through energy saving actions.
- Valuing all our carbon footprint reduction actions.
- Participate in the national effort to control consumption peaks and disruptions to the electricity network.
- Valorise our waste heat.
- Controlling energy efficiency in our projects.
- Raising awareness of climate energy among our staff.

## Annual recurring targets/KPIs

---

CO<sub>2</sub> emissions : **Scopes 1 and 2**  
**< 0.5 T<sub>eq</sub> CO<sub>2</sub> / T**

Energy efficiency: **reduction of**

**1 GWh/year**

(electricity + natural gas)

Consideration of **energy efficiency** in our projects (eco-design)

---

## Existing actions

### Climate change - CO<sub>2</sub> footprint

Ugitech's CO<sub>2</sub> emissions are taken into account within a broad scope. A distinction is made between emissions according to the scopes defined by ADEME in the greenhouse gas balance methodology:

- Scope 1: direct CO<sub>2</sub> emissions.
- Scope 2: indirect CO<sub>2</sub> emissions related to energy use (electricity).
- Scope 3: upstream and downstream emissions, including raw materials, transport and waste.

Ugitech is also working on regional carbon emissions, by promoting projects that minimise CO<sub>2</sub> emissions globally and not just within Ugitech's perimeter.



Ugitech established a carbon footprint® of its activities in 2011. Some data are updated annually and communicated in this report. Ugitech's carbon footprint® will be updated in 2021.

The Ugine site is subject to the EU ETS 3 scheme - the European CO<sub>2</sub> allocation system. In 2020, the Ugine site made all the necessary declarations and preparations for the following ETS 4 plan (Emission Trading System).

Emissions from process and natural gas combustion are monitored regularly and verified once a year by a verifier. No additional allowances have been purchased.

**Low carbon policy**

In 2020, Ugitech took part in the development of several national and international approaches to integrate the requirements of climate change. Ugitech was a member of the working groups for the development of the ACT methodology, designed by ADEME and CDP, which allows companies to assess whether their low-carbon policy allows them to meet the challenges of the Paris Agreement; as well as the Sector Transition Plan, a French tool defining national low-carbon objectives.

The energy management unit keeps a watchful eye on various bodies to encourage Ugitech's participation in these international working groups and to take advantage of opportunities such as exemptions or CEE-type aid.

Ugitech has chosen as its strategic topic for 2021 the construction of its path to carbon neutrality. This strategic project will make it possible to define a low-carbon policy that meets the international challenges.

**Carbon footprint**  
**Scopes 1 and 2 - Direct and indirect emissions**

Scope 1 is verified annually by an independent body at the Ugine site as part of the ETS. The verification of the 2020 data quantified emissions of 52,497 tonnes of CO<sub>2</sub> equivalent in scope 1.

Ugitech's scope 1 and 2 (excluding light vehicles and handling equipment) represents 76,052 equivalent tonnes of CO<sub>2</sub>. That is 0.48 Teq CO<sub>2</sub>/T invoiced. (Appendix 1)

In order to reduce its CO<sub>2</sub> emissions, Ugitech is working mainly on energy efficiency and is seeking to reduce its consumption of natural gas or electricity. Indeed, more than 70% of the direct emissions declared in the ETS come from the combustion of natural gas.

In 2021, reflections will take place on :

- electrification of mobile equipment with a diesel-powered engine.
- a reheating furnace (Ugine site).

In 2020, the Ugine site continued to benefit from State aid on the compensation of the cost of CO<sub>2</sub> in the price of electricity.

### **Scope 3 – Upstream and downstream emissions**

An assessment of some Scope 3 emission items is provided in Annex 2.

#### **Incoming raw materials**

In order to improve CO<sub>2</sub> emissions from incoming raw materials, the objectives of developing the circular economy are equally ambitious.

Thus the development of the recycled content of our products contributes to the reduction of CO<sub>2</sub> emissions in this scope.

When the material was produced with a material basket containing 100% recycled content, an evaluation of the reduction in CO<sub>2</sub> emissions on the scope of the raw materials impacted was carried out. It shows a 90% reduction in CO<sub>2</sub> emissions between the conventional grade and the 100% recycled grade, on part of scope 3 for the raw materials in the materials basket.

#### **Transport**

The CO<sub>2</sub> emissions related to the upstream or downstream transport of our goods are included in the Responsible Logistics chapter.

## **Energy Management System**

Ugitech Ugine has been ISO 50001 certified since 2015. An appropriate organisation, with energy correspondents and regular exchanges, enables us to control our scope.

Work is already underway for our future certification according to the new standard issued in 2018 (application in 2021).

The ISO 50001 energy management system is fully integrated with Ugitech's ISO 14001 environmental management system, enabling climate issues to be addressed jointly.

The Ugine site accounts for more than 94% of Ugitech SA's energy consumption. This is why the focus is mainly on this site, but the other entities also take this subject into account.

## **Energy improvement programme**

### **Energy savings**

In 2020, the team focused on innovative pre-projects such as :

- Recovery of waste heat ;
- The replacement of 3 of our gas boilers by a connection to the Ugine city network;
- Hydrogen ;
- Photovoltaics.

The Brionne site was able to save hydrogen, nitrogen and electricity by optimising the capacity of its main furnace. In the event of an increase in activity, the secondary furnace is no longer systematically required.

## Energy consumption

The 2 main energies are electricity and natural gas (NG).

Ugitech's consumption in 2020 is lower than in previous years, in line with our lower production. Our performance is strongly affected by our adaptation to the activity: empty cycle, smaller loads, more frequent setpoint changes... (appendix 3)

Diesel and LPG are marginally used to power handling equipment. Diesel is gradually being replaced: in 2020, the Brionne site replaced its last diesel-powered machine with a gas-powered machine.

At the Ugine site, the supply of gases such as oxygen, argon and nitrogen for the operation of our installations has been entrusted to a subcontractor since the year 2000. The same applies to our compressed air supply.

### New projects

Ugitech's new investments are analysed in terms of energy and the environment. Impacts are identified during studies that allow for reflection based on the best available technologies. Several projects, which have been the subject of an energy efficiency study, were launched in 2020:

- The replacement of one of our soda ovens on our DC6 pickling line;
- The study of the replacement of burners on a DC8 pickling line soda furnace;
- The commissioning of the "NADCAP" furnace, a heat treatment furnace for very sensitive grades. The installed burners have low CO<sub>2</sub> and low NOx technology.

## Heat recovery

Our industrial facilities have the potential to recover waste heat, which is being studied.

A first project has started, in partnership with the city of Ugine, to supply the hot water network of the city of Ugine. This project will be commissioned for the 2021 winter season. Ugitech will supply 20% of the network's needs and will avoid the need for a gas boiler. No less than 1,200 teq CO<sub>2</sub>/year will be avoided.

### Flexibility

Ugitech has been involved for years in balancing the French electricity network alongside RTE via various electricity market mechanisms that it contracts with a partner (aggregator).

Thus, through its commitment, Ugitech avoids the use of fossil-fired power plants (gas or coal) and reduces the risk of blackouts on the French or even European grid.

### DataLab




Launch of an energy monitoring project that will enable us to forecast our consumption on the Ugine site.

This project will enable us to have more relevant indicators and to provide RTE with better visibility of our consumption to enable better management of the balance of the French network.

## Future actions

- Carbon footprint® update
- Deployment of the strategic project: supporting carbon neutrality
- Improve the energy performance of our tools and buildings.
- Investigate renewable energy solutions.
- Continue our commitment to adjustment mechanisms with a view to forecasting our consumption.
- Carry out our heat recovery project.
- Improve the energy management system at the TFA site.
- Continuing to raise awareness among our staff of the need to support carbon neutrality and the energy transition.
- Integrating energy/climate issues in IT.
- Use our available space for the installation of photovoltaic plants:
  - Studies are underway on our various sites, following on from the 1,200 m<sup>2</sup> already in production since 2011 in Ugine.
  - Preliminary projects have been carried out for the installation of shaded areas on the car park in Ugine and panels on our central warehouse in Grigny. Others are being considered for our Bourg and Brionne sites.
  - These projects are part of our strategy to contribute to reducing the CO<sub>2</sub> footprint of the territories.

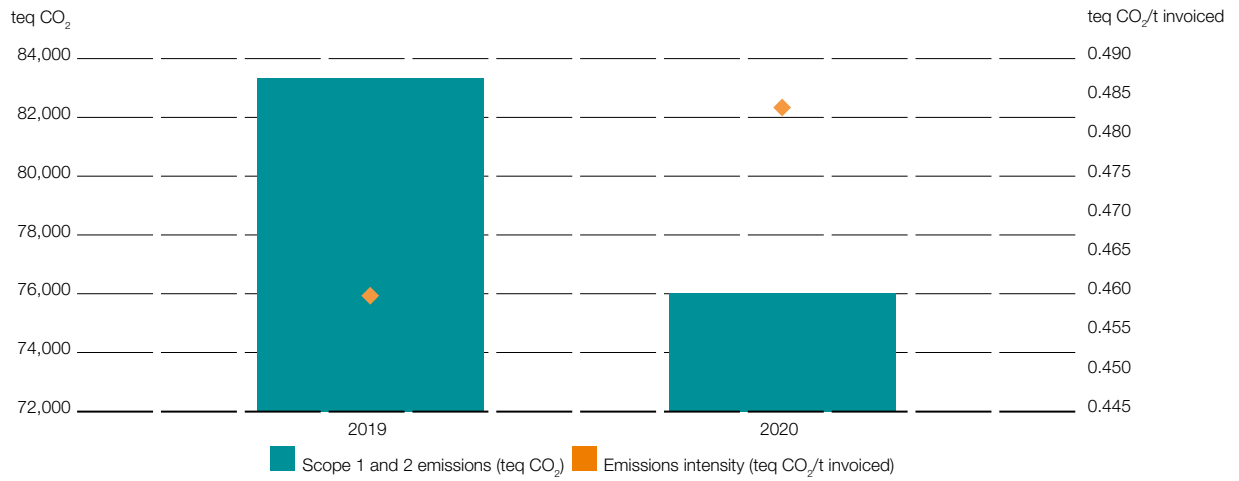
## Performance monitoring

CO <sub>2</sub> emissions (scopes 1 and 2, excluding cars and handling equipment)	
Ugitech	
2019:	2020:
<b>83,327 teq CO<sub>2</sub></b>	<b>76,052 teq CO<sub>2</sub></b>
	
Energy consumption per tonne invoiced	
Ugitech	
2019:	2020:
<b>2.78 MWh/t</b>	<b>3.1 MWh/t</b>
	
% of electricity in the energy mix	
Ugitech	
2019:	2020:
<b>50%</b>	<b>51.3%</b>
	

# Annexes

## Annex 1

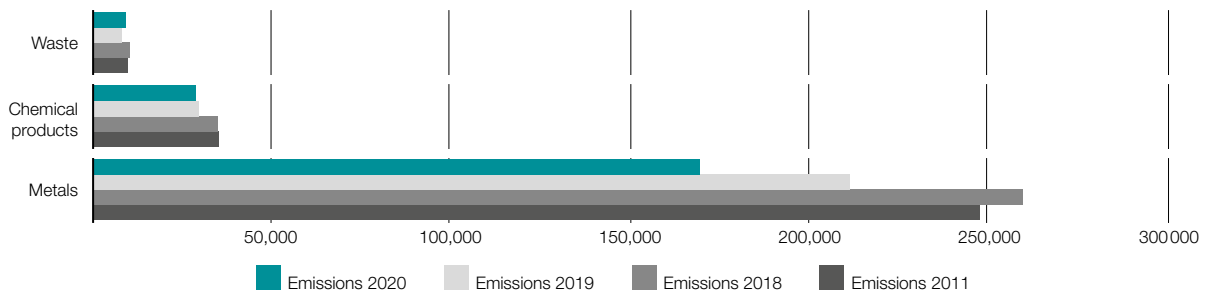
### CO<sub>2</sub> emissions - scope 1 and 2 (teq CO<sub>2</sub>) - Ugitech



## Annex 2

### Scope 3: Inputs - metals, chemicals; Waste

#### Tonnes of CO<sub>2</sub> equivalent



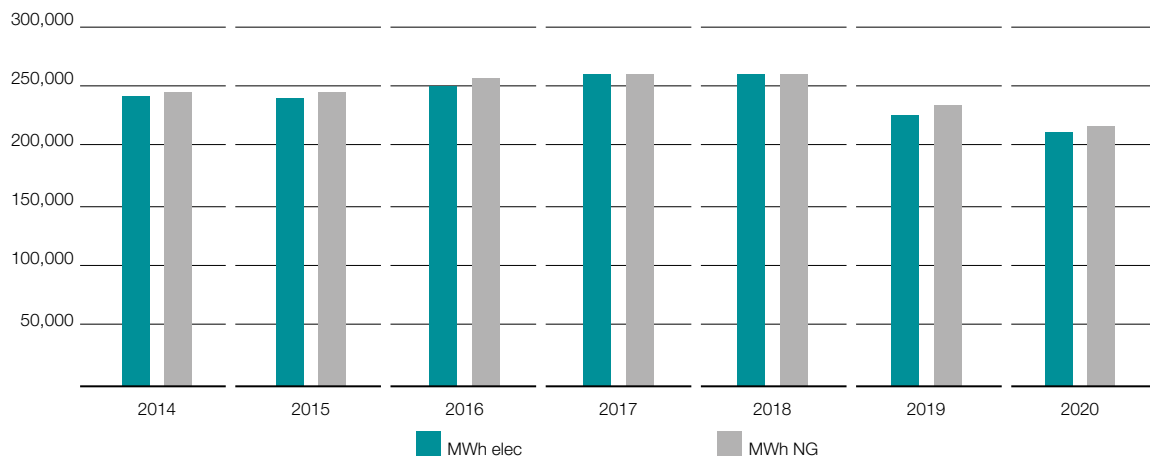
#### Perimeter considered:

The main emitting items of the 2011 carbon footprint have been taken into account in this graph:

- Waste: 91% of waste-related emissions. Recovery of our dust, scraps, etc. into co-products.
- Chemicals: 95% of emissions from chemicals used.
- Metals: 97% of the emissions related to the metal raw materials supplied.

## Annex 3

### Energy consumption in Ugine in MWh



# Responsible logistics

## Definition of the issue

**As part of our strategic ambition to support carbon neutrality, we wish to participate in the ecological transition by favouring soft transport for the purchase of our raw materials and the delivery of our products to our customers.**

## Numerical and qualitative objectives

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We are looking at all possible destinations and our aim is to maximise the use of rail both upstream and downstream, to reach 40,000 tonnes.

The global approach to the implementation of strategic ambitions is being deployed. The constitution of relevant relative KPIs and quantified objectives is one of the first steps.

---



## Existing actions

Despite the COVID crisis, the transport department continued to work to increase the tonnage shipped by road-rail.

Every opportunity to favour soft transport is studied. Whenever possible, we use rail transport for materials received in bulk and also for deliveries to our end customers.





In 2020, we used the train to deliver to customers in China.

## Future actions

Continue to develop the volumes delivered by road-rail for our customers in Europe by studying new logistics routes.

Maintain the use of rail transport for part of the replenishment of raw materials.

## Performance monitoring

Transport CO <sub>2</sub> savings in kg eq CO <sub>2</sub>	
2019: <b>326,345 kg eq CO<sub>2</sub></b>	2020: <b>208,603 kg eq CO<sub>2</sub></b> 
Rail/road tonnage (t)	
2019: <b>20,400 t</b>	2020: <b>16,884 t</b> 
% of total volume shipped rail/road	
2019: <b>8.5%</b>	2020: <b>8.2%</b> 
% of metallic raw materials received in Ugine via rail transport	
2019: <b>39%</b>	2020: <b>38%</b> 

# Protection of the local environment

## Definition of the issue

**To understand and reduce the impact of Ugitech's activities on the environment, particularly in the areas of water and air emissions, soil pollution prevention, noise and waste management, in order to preserve the environment and adapt to the realities of climate change.**

For sites classified as Seveso, work on the prevention of major accidents and on reducing the presence of dangerous substances on the site as much as possible.

## Qualitative objectives

- Respect the various regulations applicable to the sites and participate in their development.
- Raising environmental awareness among Ugitech staff.
- Reduce our impact on the local environment by reducing our water, air and noise emissions and water consumption.
- Prevent any critical or major accidents and reduce the potential effects of hazardous substances.
- Continue to make progress in reducing the quantity and recovery of waste.

## Numerical and qualitative objectives annuels

---

UGITECH

**0 critical incidents**

**≥ 80%**

Waste recovery rate

**100% for dairy**

UGINE SITE

Concentration of discharges in total nitrogen for the Ugine PFM plant

**≤ 260 mg/l**

Dust emissions from the steel mill

**≤ 200 g/t**

BOURG-EN-BRESSE SITE

Concentration of phosphorus discharges

**≤ 2 mg/l**

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## Existing actions

### **Environmental Management System**

In order to meet our environmental challenges, the industrial sites, with the exception of Saint-Etienne, have an environmental management system and are certified ISO 14001 version 2015. The Saint-Etienne and Grigny sites are to be included in the scope of ISO 14001 certification in 2022. The Italian sites of TFA and Milan are also EMAS certified.

This organisation aims to reduce the risk at source.

All of the establishment's personnel and the neighbouring population were also informed of the measures to be taken in the event of a major accident occurring on the Ugine site.

For several years, we have had a specialised "Environment" department at the Ugine site, with strong skills in managing and reducing environmental risks. This department monitors regulations and is in close contact with the Regional Department of the Environment, Planning and Housing. Each Ugitech site has set up an environmental organisation in conjunction with the Ugine site's environmental department to manage the approach and improvement projects. Each site manager is responsible for the environment in his or her area.

In addition, in order to increase the number of actions and global vigilance, an environmental awareness campaign for 100% of the staff is underway. An e-learning awareness module is being prepared.

An organisation for the prevention of major SEVESO-type accidents has also been set up at the Ugine site. It is based on the Safety Management System, the Internal Operations Plan, the Fire Safety and Environment Department and a team of regularly trained volunteer firefighters.

### **Environmental impact management**

#### **Aqueous discharges into the natural environment**

Water discharges from the various industrial sites are monitored in accordance with the regulations in force. The results are sent to the authorities.

#### Reduction of overall nitrogen discharges in Ugine

Since 2011, the Ugine site has been working on the industrialisation of a pilot acid regeneration plant to reduce the amount of overall nitrogen in the water. The project is now complete and the results are visible. (Annex 4)

#### Reduction of Phosphorus discharges in Bourg-en-Bresse

The Bourg-en-Bresse plant discharges its effluent into the river Reyssouze, which is sensitive to phosphorus, which can lead to eutrophication of the river. The plant first set up a project to replace the wire cleaning products used to reduce the presence of phosphorus in our wastewater. Since 2019, the site has been working on improving its water treatment plant before discharge, including the renovation of the lime circuit in 2020. The results obtained allow us to be within the target set by the administration. (Annex 5)

#### **Renovation of essential equipment for the proper control of discharges.**

Maintaining water treatment facilities in good working order is essential to ensure the quality of discharges into the natural environment.

For example, the Ugine site replaced a pre-treatment tank in its pickling workshop effluent treatment station. The TFA site replaced the lamellar decanter of its treatment station, while the Milan site improved its treatment station by installing a pre-treatment tank and computerising its operation.

### **Air emissions**

Air emissions from industrial sites are regularly monitored and comply with regulations (except for one occasional exceedance out of several hundred monitored parameters).

Ambient air measurements have also been carried out around the Ugine site by the Auvergne-Rhône-Alpes air quality association for several years and here again the results comply with national regulations.

The level of dust emissions from the steelworks will increase in 2020 but will still comply with the values required by the prefectural decree (150 g/t for the "furnace" zone) and by European regulations (current efficiency rate = 99.05% for a minimum rate required by the regulations of 98%). (Annex 6)

## **Local impact management**

### **Protection of biodiversity**

A bibliographic inventory of biodiversity interests was conducted in 2017 for each of the French ISO 14001 certified sites. Updated annually, no major biodiversity risks were identified.

However, the main problem to be taken into consideration is the presence of invasive species, in particular Japanese knotweed on the Brionne and Ugine sites.

### **Soil pollution prevention**

A programme for the installation of containment facilities for the storage of hazardous products has been deployed at all industrial sites in order to prevent any accidental pollution, particularly of the soil. These containments are regularly checked and maintained.

In 2020, the retention tank for a used acid recovery tank was completely rebuilt when the tank was replaced (Ugine site).

### **Noise pollution**

Noise emissions from the sites are monitored in accordance with the regulations in force and the results are in compliance.

### **External communication**

The Ugine site has regular exchanges with local residents. The aim of these exchanges is to focus improvement actions on their specific expectations. An annual meeting is organised and telephone exchanges take place during the year.

Ugitech's other sites meet with their local stakeholders according to their needs.

### **Waste management**

Waste is sorted at all Ugitech SA industrial sites. Material recovery channels are favoured when they exist.

Over one year, nearly 62,000 tonnes of waste were generated at Ugitech, 25% of which was hazardous waste. There has been a net decrease in the quantity of waste generated, linked to the drop in production volume. (Annex 7)

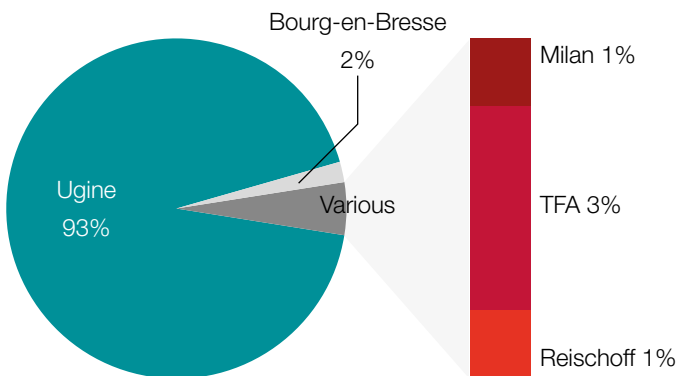
Steelworks slag represents the largest part of the waste produced by Ugitech (37,200 tonnes in 2020). It is recycled in road construction in collaboration with a specialised service provider. In 2020, due to the health crisis and the resulting economic crisis, their recovery rate is down and below the target, but it remains at a very good level (88%).

Refractory materials are also found, particularly from the steelworks. Some of these materials are recycled internally or externally. (Annex 8)

Among the progress actions on waste treatment, the Brionne site has invested in a mobile hydrostatic filtration machine to limit its lubricant and alkaline degreaser waste.

## Natural resource management

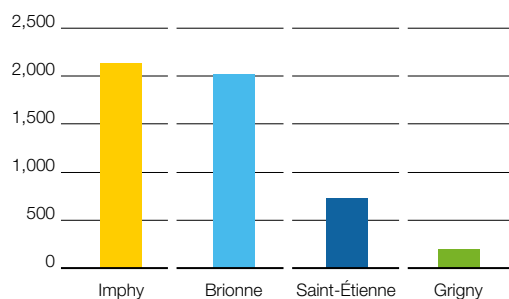
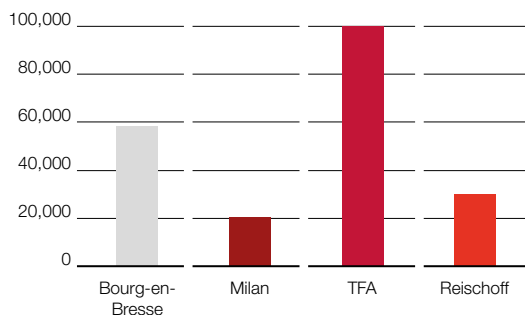
### Water withdrawal and consumption



The UGINE site is Ugitech's main water consumer (> 93% of consumption).

The following graphs show the water withdrawals of Ugitech's sites excluding UGINE. The UGINE site withdrew 3,068,142 m<sup>3</sup> from the natural environment in 2020.

### Water withdrawal (m<sup>3</sup>)



At the UGINE site, since 1995, numerous actions have made it possible to significantly reduce the consumption of cooling water by switching to closed circuits in which the water is cooled by air-cooling towers. The quantity of water taken has thus been divided by 3. (Annex 9)

In 2020, a working group mapped out water uses in order to make further progress and reduce water withdrawal from the natural environment. An investment is planned for 2021 in this regard. In 2021, this working group will expand its scope to include representatives from all Ugitech sites.

## Future actions

### Reducing the environmental impact of factories:









- Finalise the project to improve the quality of water discharges in Bourg-en-Bresse.
- Implementing an ISO 14001 environmental management system in Saint-Étienne and Grigny.
- Carry out a test of nickel treatment in water using an innovative technology and improve the removal of hydrocarbons from the rolling mill's discharges (UGINE site).
- Improve the air treatment system (Milan site).

### Reduce the risk of water abstraction:

- Carry out the project to reduce water consumption at Ugitech, including a new water recycling project at UGINE.



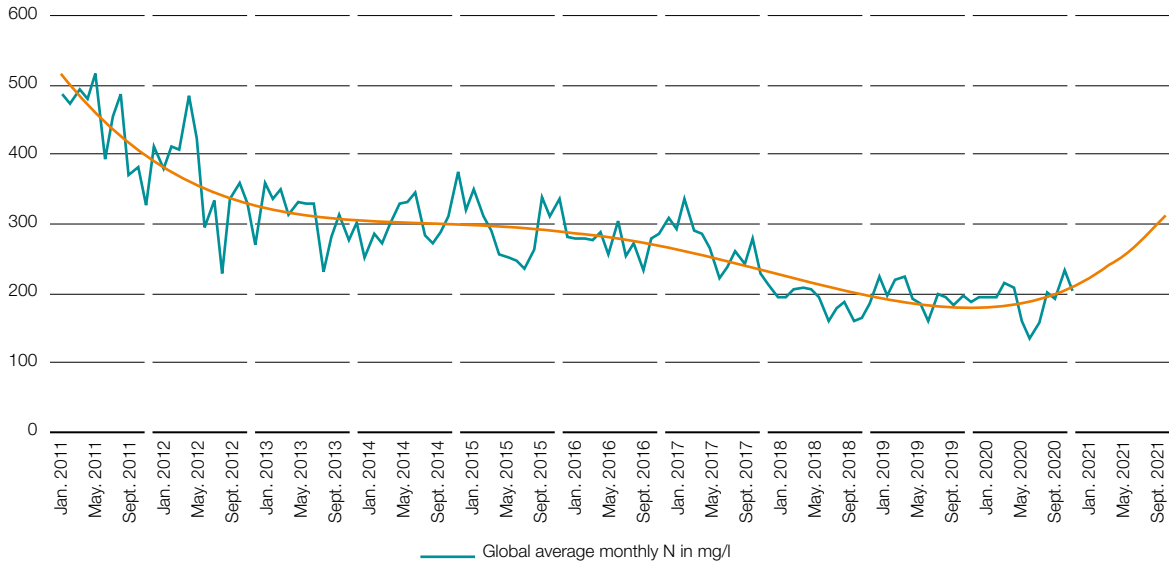
## Performance monitoring

<b>Number of critical incidents</b> Ugitech France		
2019: <b>0</b>	2020: <b>0</b>	
<b>Average concentration of the PFM water discharge in total nitrogen</b> Ugine site		
2019: <b>194 mg/l</b>	2020: <b>187 mg/l</b>	
<b>Average concentration of phosphorus in the discharge from the WWTP</b> Bourg-en-Bresse site		
2019: <b>3.13 mg/l</b>	2020: <b>2.16 mg/l</b>	
<b>Dust emissions in g/tonnes</b> Steel mill - Ugine site		
2019: <b>110 g/t</b>	2020: <b>188.5 g/t</b>	
<b>Water consumption (m³/tonne billed)</b> Ugitech		
2019: <b>18.1 m³/t</b>	2020: <b>20.9 m³/t</b>	
<b>Waste recovery rate</b> Ugitech		
2019: <b>76%</b>	2020: <b>84.6%</b>	
<b>Rate of recovery of refractories</b> Steel mill - Ugine site		
2019: <b>72%</b>	2020: <b>60%</b>	
<b>Dairy recovery rate</b> Ugine site		
2019: <b>196%</b>	2020: <b>88%</b>	

## Annexes

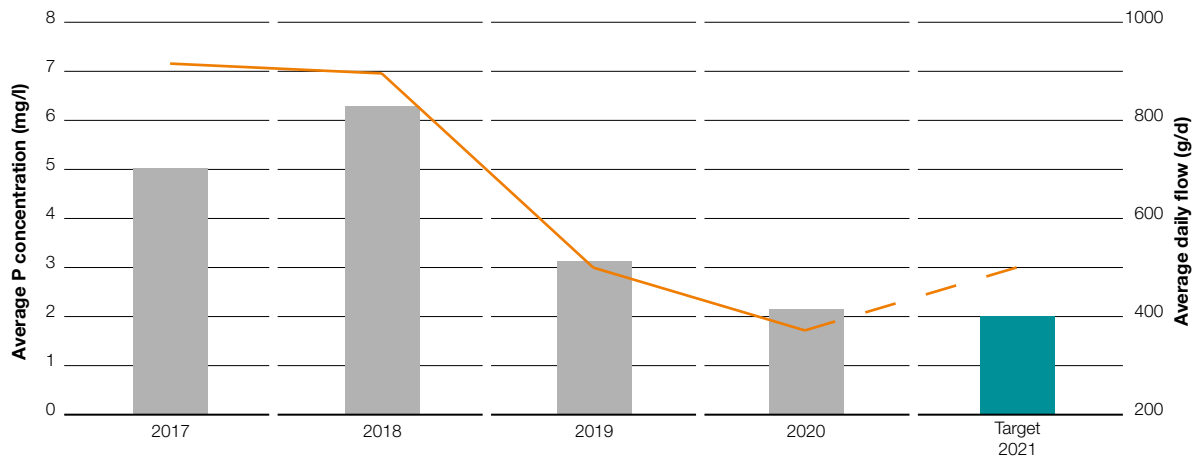
### Annex 4

Global Nitrogen concentration in mg/l - stripping workshop discharge - Ugine site



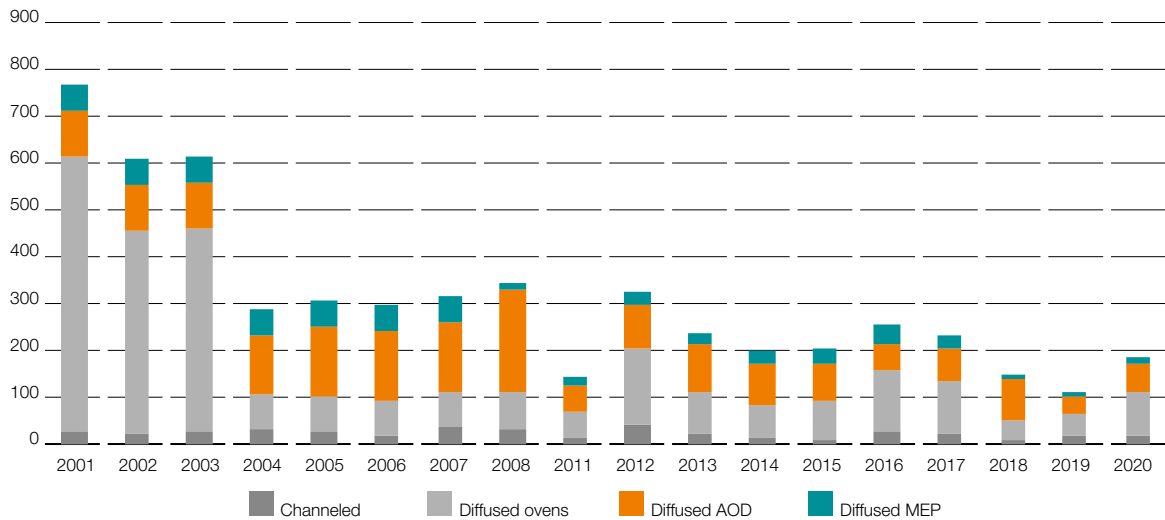
### Annex 5

Phosphorus evolution - Bourg-en-Bresse site



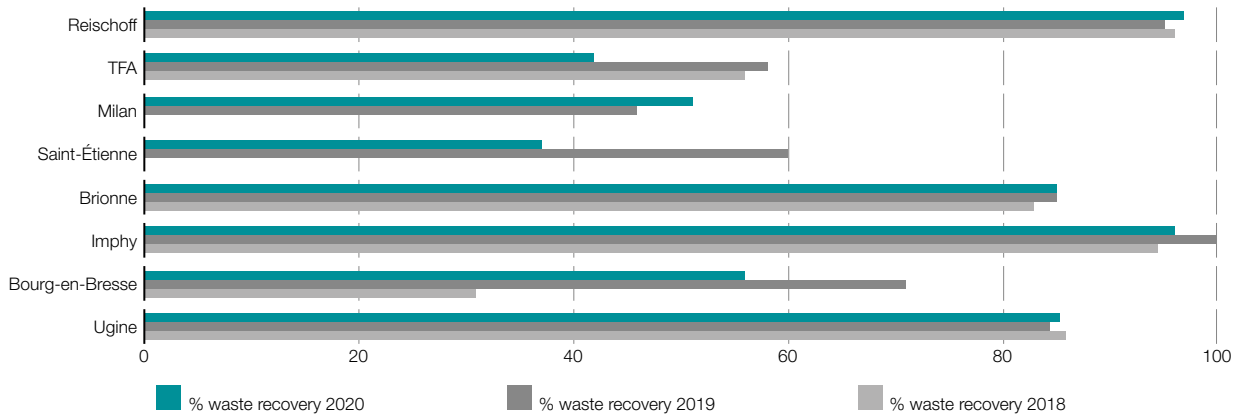
### Annex 6

Dust emissions Steelworks (g/t)



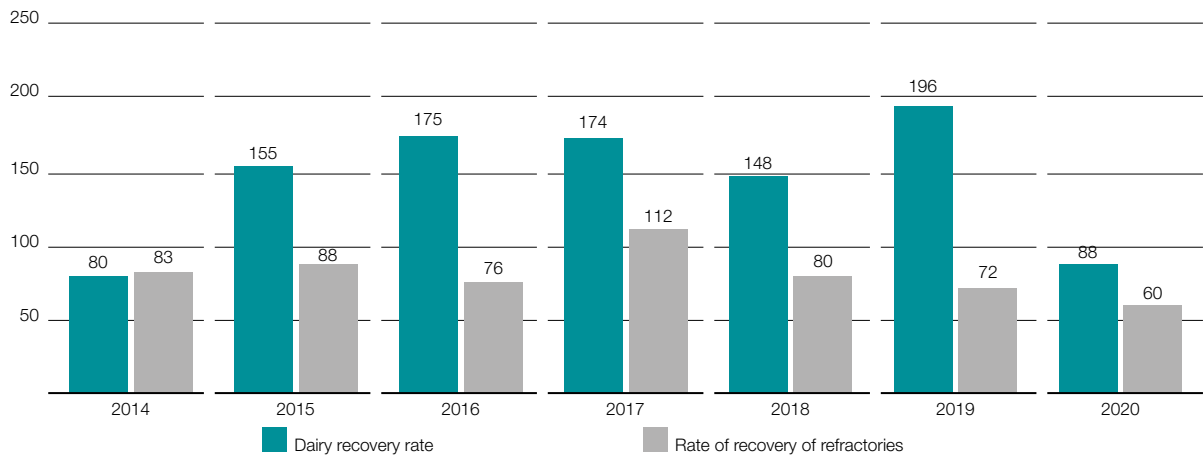
## Annex 7

### Waste recovery



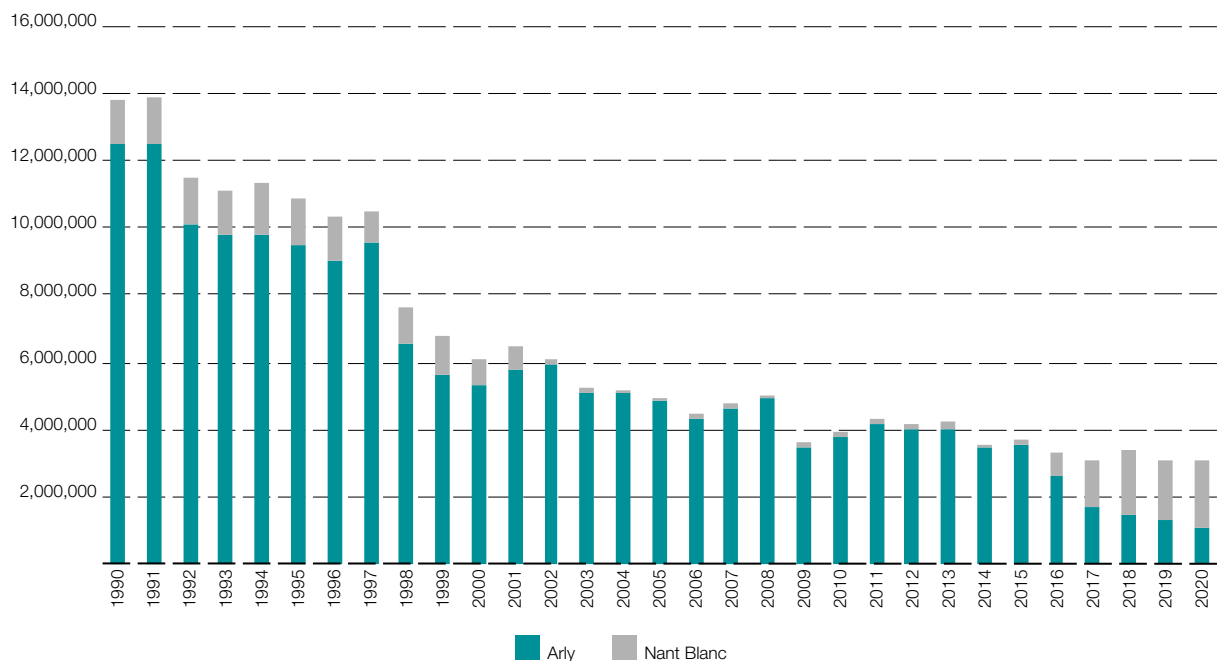
## Annex 8

### Rate of recovery of the main steelworks waste - Ugine site



## Annex 9

### Ugine's water consumption (m³/year)



A photograph of two industrial workers in a factory setting. They are wearing white hard hats and safety glasses. They are positioned behind a large, dark-colored coil of steel wire that is being processed by machinery. The workers are looking towards the camera. The background shows industrial equipment and a window with light coming through. The text "Social development and quality of life at work" is overlaid on the image in a white, sans-serif font.

Social development  
and quality of life at  
work

# Health, safety and working conditions

## Definition of the issue

**Ensuring the health and safety of our employees and, more broadly, promoting the Quality of Life at Work (QWL) within Ugitech, is our priority.**

## Qualitative objectives

Our approach aims to involve all managers and CSSCTs in order to make each Ugitech employee a responsible player in their own safety and that of their colleagues.

## Annual recurring targets/KPIs

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Our ultimate goal is to achieve

**"zero accidents"**  
and **"zero occupational diseases"**.

---

This applies to all functions, wherever we operate, as well as to our subcontractors and visitors.

## Existing actions

**To achieve these objectives, we:**

- Have defined a prevention policy and an adapted strategy which aims to define priorities for action based on the assessment of our risks;
- Let's set up and deploy an appropriate organisation and financial means;
- Let's manage our health, safety and ergonomics processes by implementing an integrated management system that promotes continuous improvement.





**We are pursuing a three-year global transformation plan around 6 priorities:**

- Bringing our work equipment into compliance.
- Traffic.
- Controlling chemical risks.
- Ergonomics.
- The prevention of Psychosocial Risks (PSR) and, more broadly, the development of QWL.
- Falls from height.

This plan is complemented by site-specific local plans, reviewed annually, to achieve our ambitious goals.

The year 2020 was marked above all by the Covid-19 pandemic. The company deployed a proactive approach to manage the risk of contamination and business continuity. Ugitech is a crucial supplier of surgical stainless steel for which demand increased during the crisis. We were able to maintain our activity to meet this urgent societal demand.

We have developed an operational strategy to control:

- **An in-depth analysis** of work situations shared with the IRP in extraordinary CSSCTs, which resulted in
  - the development of almost 600 instruction sheets and procedures,
  - the signing of 3 agreements,
  - an annex to the DUER,

- The implementation of appropriate information, hygiene and distancing measures, the material amount of which alone exceeded €1m,
- Setting up and managing telework,
- Management measures for external contractors and delivery staff at the same level as our own employees,
- Re-accommodation of all staff at their workstations,
- Audits (around 400) and monitoring by the Management Committee of practices in the field and adaptation to regulatory changes,
- Individualised health follow-up of Covid-19 and contact cases,
- 2 RPS & Management surveys on telework in conjunction with the MST IAE Chair of the University of Grenoble Alpes,
- "Uncertainty" workshops to discuss the difficulties encountered during this period.

We have been responsive and innovative in deploying appropriate and most effective measures to combat Covid-19.

This dynamic was based on a strong collective approach.

The episodes of curfew containment have led us to change our ways of working and strengthen the link even at a distance.

The first part of the year was intensely focused on this global issue. However, we continued to roll out our health, safety and ergonomics strategy.

In order to deal with COVID and by integrating UGITECH's prerogatives, the Brionne team (including the members of the CSSCT) has updated its risk analysis and deployed a series of actions to guarantee the health of each employee, regardless of their workstation, and to ensure that the virus does not spread within the site.

The proper implementation of these actions is reviewed every week via an audit conducted jointly by the Management and the Safety Manager, who were recently joined by a Station Manager and an Employee.

The roles and missions of the HSE actors are now better known and recognised through local exchanges and working groups. Cross-cutting projects and exchanges between sectors have continued to develop a standardised approach to dealing with our needs.

As a reminder, our 2018 joint survey (which was the subject of a signed methods agreement) QWL showed an engagement rate of 72%, a satisfaction rate of 60% and a stress rate at 37%.

These 3 indicators work together. An individual stress level may be linked to high motivation. The satisfaction rate then indicates how the whole is perceived. These aspects define and characterise the overall feeling of each employee. The high rate of participation in the survey (62%), a result that is rarely encountered regardless of the type of company or activity, as well as the opinion of the respondents (see below), clearly indicates that the Quality of Life at Work is a strong point in the company. Nevertheless, we have launched an action plan targeting potential improvements in order to obtain even better scores in the future.

The respondents consider that the working conditions taken as a whole are rather good to very good for 82% of them. Similarly, 74% of respondents consider their working situation to be satisfactory.

The survey also attracted particular interest from heads of department. In 2020, each sector was involved in taking into account the factors of improvement and potential development of the teams.

Notable projects include a working group led by supervisors to improve working conditions and an operational ergonomics approach based on the PRAP method developed by INRS.

These notable initiatives and achievements have been monitored and are the subject of summaries and shared feedback.

With regard to traffic and mechanised handling on our sites, our action plan continues to be deployed. This multi-year theme is the subject of a GESIM challenge organised by the steel industry, which includes employees who volunteer to contribute to a dynamic approach on which we actively communicate. The collective addresses :

- **The development of pedestrian/vehicle co-activity areas.** A complete assessment of the zones has been carried out. The traffic diagrams were analysed with the stakeholders to define the best solutions, particularly the physical separation of flows where possible. The entrance to the Bascule in Ugine and the entrance to Ugitech Milan were redesigned, as was the stretching sector at the Finishing Workshops.



- **Evolving standards that capitalise on our experience feedback.** Taking into account the near-accidents reported by the staff allows us to improve risk management, particularly those linked to fluctuating traffic flows and conditions. We capitalise on this feedback in the development of our new projects.
- **Continuous improvement of signage and communication of safety instructions, especially for our foreign deliverers.** The use of multilingual software and interfaces simplifies the work of Logistics. Local information boards remind us of the practical rules.
- **Strengthening our safe lifting practices.** Groups have been working on our control of accessories and other lifting equipment, our operational control via specialised training, field audits or by limiting hand-to-hand contact with products wherever possible.

At the Brionne site, for example, we have a new type of lifting clamp on trial. In the future, this new lifting system should replace our clamps, which operate by tensioning straps that are subject to wear.

Each site has now adopted the approach and is developing its traffic plan, based on shared solutions.

**In terms of machine compliance,** Ugitech continues to deploy its modernisation efforts, integrating ergonomics into workstations and capitalising on feedback from the changes made. This is a cross-functional and participatory approach. Safety at the workstation must be thought out in a practical way in order to be applicable. Naturally, this is best done during the design phase.

At the Brionne site, the complete compliance of a profiling line allows us to comply with regulations while offering a safer and more ergonomic working environment to our operators.

Still on the subject of ergonomics, one of the machines has been fitted with a pneumatic screwdriver to replace manual tightening, which is an "occasional" source of injury for our operators.

The pilot projects carried out in 2020 took on a special dimension. The replacement of a soda furnace at the PFM and the installation of a new grinder for the steel mill provided an opportunity to work on making maintenance and servicing operations safer. These phases are often neglected by manufacturers or find few practical solutions because troubleshooting and diagnostic operations remain complex. Upstream reflection with maintainers and designers/manufacturers makes it possible to anticipate future needs and to adapt the modes of intervention.



Particular attention is also paid to the modifications made to the machines. In the course of its life, each machine may require changes that are also improvements. The regulatory and technical compliance of these transformations must be studied in order to preserve the company's legal responsibility by keeping the machines compliant.

A "Modifications Committee" was launched at the end of 2019 at the Finishing Workshops in the test phase to discuss these issues and study solutions that would make daily work easier or safer. Many needs are expressed by Production and handled by Maintenance with the support of the Safety Department through an iterative process. Each case studied in 2020 is almost a specific case treated in depth which will serve as a data base for the future modification of similar machines or transposed to other installations. The drawing benches, some troughs and even the electroportable tools have benefited from this approach.

In 2020, on the remote sites, the focus was on safe and practical access to the installations, particularly the wire drawing machines. Electrical upgrades were carried out in Imphy and Bourg-en-Bresse, as well as upgrades to automatons integrating safety in Brionne. The plan was followed but with an increased delay due to the Covid-19 crisis.

Here again, maintenance or production start-up operations were the priority, for example during product changeovers, a phase in which manual operations are the most frequent and most exposed.

Despite the crisis and tightened budgets Ugitech has preserved the budgets allocated to Security in order to keep the planned programme alive.

The internal benchmark between the Imphy, Bourg, Brionne and TFA wire drawing plants is continuing, developing collaboration so that each site can benefit from the ideas applied by the others. The Ugitech Italia and TFA sites have been undergoing a continuous and profound transformation for several years by rationalising and modernising the production tool. This transformation is as much technical as organisational.

The Bourg-en-Bresse site continues to spread the PRAP approach it has adopted to other sites. The Grigny site tested a new, safer and more practical system for controlling overhead cranes. Their feedback is being shared with other potential multi-site users.

In the long term, we also work on eliminating health risks.

Our approach has been globalised through an agreement with social representatives. It aims to maintain employment through several approaches, including the reduction of arduousness and its factors, the treatment of musculoskeletal disorders, and the accessibility of workstations to all groups of people, etc. It is the subject of a synergy between the Health - Human Resources - Ergonomics - Production and other support services.

Our approach is based on risk prevention; it detects the warning signs of ailments and impacting work situations as early as possible. These situations are treated in order of priority according to the issues at stake.

In 2020, we continued our Chemical Risk Management programme across the various sites. Trained correspondents are deploying the strategy through yard sales, updating the chemical risk assessment, providing simplified sheets and managing the transport of hazardous materials with the support of the central Health and Safety Department.



We encourage our employees to take responsibility for their own health and safety. In 2020, 257 near-misses were reported through our reporting system, as well as nearly 1,000 action detections. These made it possible to deal with situations before an accident occurred.

We have also conducted daily field audits on various topics related to our activity. This approach, which is gradually being introduced, covers traffic in the company, lifting on the bridge, etc., but also the proper safety training of new arrivals.

This year a specific form was developed for Covid-19 management measures. 400 audits were carried out between March and December by the management teams. This is an opportunity to share questions, increase staff awareness or raise ideas.

In 2020, Ugitech's Finishing Workshops won the GESIM safety challenge. 200 employees were involved in this adventure with in-depth actions that will provide lasting input for our Health and Safety projects. An ambitious challenge to deal with the safety risks associated with handling bars in various configurations. We are pursuing our objective of developing daily operational safety in this risky context.

QWL workshops on the following themes

- Increase well-being at work in the individual sense,
- Increase well-being at work in a collective sense,

were delayed in implementing their actions due to the health crisis. However, new changing rooms that meet the new requirements of Covid-19 have been installed in most departments. This meets a strong expectation on the part of employees. The other actions will be reprioritised and dealt with in connection with the CAP 2025 strategic project.

## Future actions

### **2021 will be year "4" of our HSE strategy.**

We are focusing our attention on the risk of hand injuries, as this concern is part of a CAP 2025 multi-year strategic project. All of our sites are involved in this process.

We have begun an in-depth approach to safety culture, a fundamental subject for mobilising the players and anchoring best practices; the preparation of a process-based management system aligned with ISO 45001 is continuing.

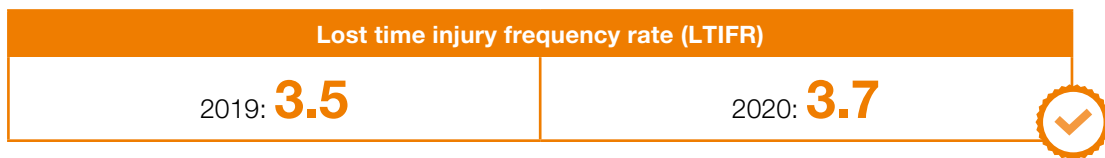
A new working conditions survey will be carried out in 2021 as a continuation of the 2018 survey, accompanied by TECHNOLOGIA.

The assessment and feedback of the actions following the 2018 survey will be made in preparation for the joint approach. A new agreement will be proposed to frame the approach.

After the Ateliers Finisseurs, it is the Ugine site as a whole that is taking part in the GESIM safety challenge for a final in 2022 on the theme of traffic safety.

A new organisation with a redefinition of roles and responsibilities in Health and Safety and Ergonomics will be progressively put in place.

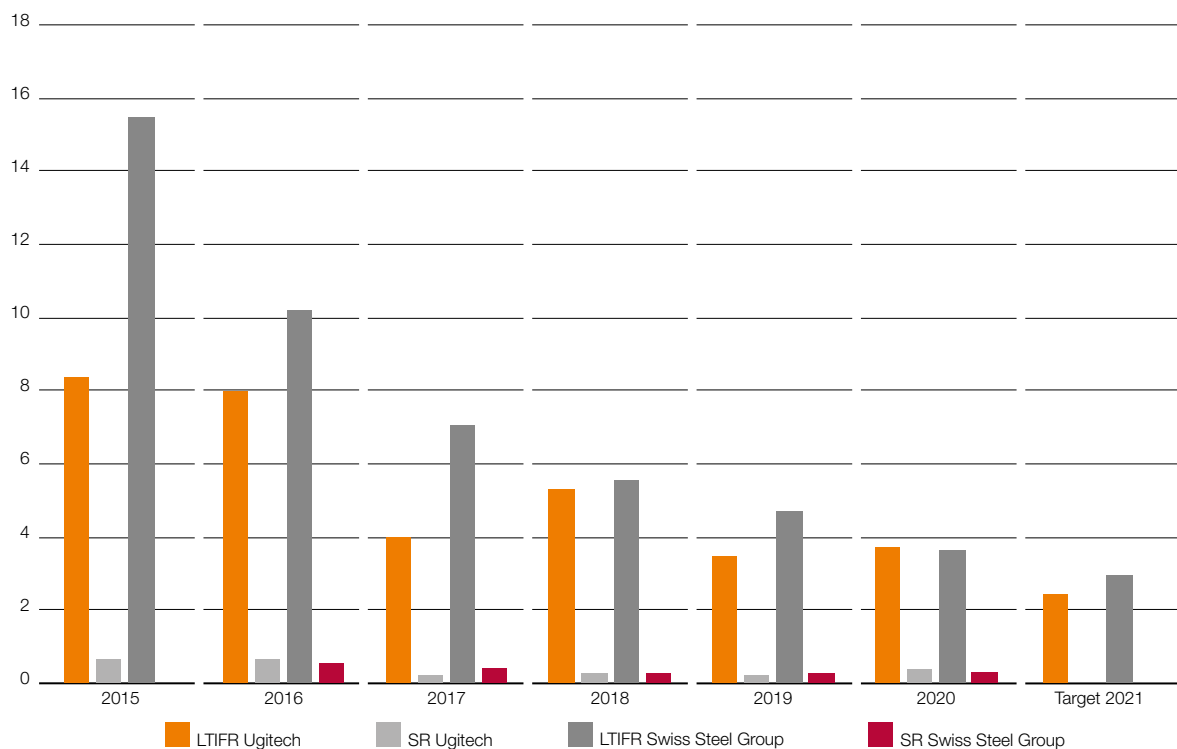
## Performance monitoring



**Target 2020 2.5**

## LTIFR (Lost Time Injury Frequency Rate) SR (Severity Rate)

### Ugitech vs Swiss Steel Group



# Attractiveness and equal opportunities

## Definition of the issue

**Ugitech, as the largest employer in Savoie and one of the top 50 exporting companies in the Auvergne-Rhône-Alpes region, is deeply rooted and involved in its territories.**

Aware of its societal role, it also works with all the local players to develop its attractiveness, employment, training and integration in the industrial professions.

Given our strategic and HR challenges in the medium and long term, it is essential and a priority today to identify and anticipate our needs in terms of organisation, jobs and skills.

At the same time, it is important to be aware of our environment and to have a good understanding of the jobs that are in demand on the job market. To do this, we have deployed a strategy of

This is a "Employer Brand" to attract candidates to the industrial jobs of the future.

## Qualitative objectives

- To promote Ugitech's Employer Brand through media communication campaigns.
- Structure and animate our school relations policy by initiating long-term partnerships with targeted schools.



Seduction film made for the employer brand campaign  
<https://www.youtube.com/watch?v=KONhRm39FiY>

## Annual recurring targets/KPIs

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To welcome each year

**50 apprentices** under professionalization, CIFRE or VIE contracts,

**60 trainee schools**

**Gender diversity:**

**have 20% women**

in the workforce

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## Existing actions

Despite the sharp drop in activity recorded in 2020, Ugitech not only maintained its work organisation but also continued its recruitment efforts by taking on more than 70 permanent employees.



NB: This photo was taken before the pandemic.

## Employer Brand

In 2020, we continued to bring our Ugitech Employer Brand to life in order to achieve 3 major objectives:

- **Develop the geographical reach** of the Ugitech brand among the general public.
- **Consolidate and develop our partnerships** with schools and training organisations.
- **Develop our recruitment communication** through the use of new visuals and messages that have been disseminated in a media plan and through modern communication tools.

The roll-out phase in several media plans started in September 2018.

In 2019, it took place at our wire drawing plant in Imphy (58), on the occasion of the family open day.

In 2020, the economic context did not allow us to set up radio and digital communications in order to perpetuate the image we have developed. The roll-out to other sites, in particular the celebration of the centenary of the Brionne factory (27), had to be postponed due to the health context.



Employee testimonial  
<https://www.youtube.com/watch?v=7ZZJsBdS2wc>



Training for new recruits

## Youth Policy

Despite the difficult health context of 2020, we have maintained the reception of young people within our structures. We confirm our commitment to youth employment by updating in 2020 the youth policy initiated in 2017.

The strategic challenges for the next 5 years remain to attract and retain young talent.

At the heart of our HR strategy, we have defined the framework of a Youth Policy which aims to meet our skills needs by hiring the best talents at the end of these training periods and which is based on 4 axes:

- **Strengthen our historical partnerships with schools** and associations and develop new relationships with target schools, in particular to meet our needs for jobs in short supply. These partnerships involve participation in various actions: recruitment fairs, company visits, course or conference animations, business projects with students, HR workshops, CV / Cover letter / Recruitment interview advice...
- To perpetuate a **sustained** policy of **welcoming trainees in terms of volume and quality** (of all levels), in order to meet real needs in the services, with an **emphasis on our shortage occupations such as maintenance**, for example.
- Maintain and strengthen an ambitious policy for the **reception of work-study students** in order to :
  - Responding to our social commitment by actively participating in the training of young people in the industry.
  - Host a significant number of **work-study students** in France, divided into three thirds:
    - › The maintenance professions,
    - › Production-related occupations,
    - › The support function professions.
- Animate this pool of young talent: **Integration day** for work-study students; Work-study students' office to create events dedicated to them throughout the year; annual **satisfaction survey with a view to certification**.



Over the past three years, our commitment has resulted in the signing of concrete and binding partnerships:

- **The signing of letters of commitment for the reception of trainees and work-study students** with the Lycée des métiers des Sciences et des Techniques de l'Industrie, the Lycée René Perrin in Ugine (73).
- **Membership of the Association Alptitude des Classes Préparatoires** du Lycée Berthollet.
- **Membership and involvement in the Board of Directors and the office of the Business Club** of the University of Savoie Mont-Blanc.
- **Involvement as a Member of the Board of Directors of the AFPMA** de l'Ain.
- **Presence at numerous job fairs and open houses.**
- **Ugitech is also involved in the CFAI Board of Directors** of La Motte Servolex.
- **Ugitech has joined the board of the Mission Locale Jeunesse d'Albertville when it is renewed in 2020.**

## **Diversification and differentiation of our recruitment processes:**

To capitalize on our know-how and integrate key skills to develop our markets, we rely on a balance between:

- Internal promotion and mobility processes.
- Investment in external recruitment processes.

To identify our internal talent, we have implemented a new tool for managing talent, jobs and skills: Talentsoft.

This tool allows us to instantly broadcast all our available job offers to employees looking for mobility.

To identify our future talent externally and raise our standards, we have defined and deployed a differentiated and tailor-made recruitment strategy for each audience by developing innovative recruitment solutions and new supplier partnerships.



Training for new recruits

## Our recruitment strategy

In order to meet our needs and given the tension in our employment areas, we are implementing multiple and diversified recruitment solutions.

### Interim Solution Inhouse

- **Target:** profiles close to the industry
- **Challenges:** responsiveness to changing customer needs, non-critical jobs

### Solution of direct recruitment on permanent contracts

- **Target group:** trained and highly experienced profiles in the industry
- **Challenges:** filling critical jobs with qualified personnel

### Apprenticeship recruitment solution

- **Target:** profiles trained by us
- **Challenges:** anticipating our needs by building a pool of talent, building loyalty, employer brand
- **How:** apprenticeship contract

**In addition to these recruitment solutions, an integration solution is implemented via a certification training course.**

- **Target:** profiles far removed from the industry
- **Issues:** anticipation of exercise volume, non-critical jobs
- **How:** selection by the Simulation Recruitment Method, professionalization contract leading to a CQPM (Certification de Qualification Paritaire de la Métallurgie)

More than 100 people registered for the collective information session on Ugitech's recruitment needs. After the pre-selection tests by the MRS, around thirty people were seen for a motivation interview.









A group of 8 people (5 men and 3 women) who had never worked in the industry were selected and followed this course in 2019. 6 obtained their CQPM and 5 (2 men 3 women) continued their experience within Ugitech.

A real breeding ground for our future hires!

## Future actions

- Continued deployment of the Employer Brand and the influence of Ugitech on all our sites, thanks in particular to a new media communication campaign.
- Reactivate a pool of Operators through certification training.
- To set up an internal training programme to support the development of our employees' skills in areas of high demand.

## Performance monitoring

Workforce (excluding temps and internships)		
December 2019: <b>1 831</b>	December 2020: <b>1 787</b>	
Number of permanent hires		
2019: <b>118</b> including <b>10</b> women	2020: <b>73</b> including <b>15</b> women	
Distribution % Women / Men		
2019: <b>13/87</b>	2020: <b>13/87</b>	
Average number of alternates		
2019: <b>49</b>	2020: <b>39</b>	
% of alternating students who are women		
2019: <b>21%</b>	2020: <b>23%</b>	
Turnover CDI		
2019: <b>5.6%</b>	2020: <b>5.6%</b>	
Turnover resignations		
2019: <b>1.9%</b>	2020: <b>1.9%</b>	
Number of employees with disabilities Ugitech SA (France)		
2019: <b>68</b>	2020: <b>67</b>	

# Social dialogue

## Definition of the issue

**Promote responsible social dialogue at the heart of social issues and economic activity, ensuring a balance between social progress and economic performance.**

## Qualitative objectives

- Promoting a responsible social dialogue means first of all protecting the health and safety of our employees, to whom we want to ensure a good quality of life at work.
- Promoting a responsible social dialogue requires developing regular and constructive relations with employee representative bodies based on recognition, legitimacy and mutual respect.
- Promoting a responsible social dialogue is based on a strengthened relationship between managers, staff representatives and employees.
- Our aim is to develop the satisfaction of our staff.

## Existing actions

### Intensive social dialogue

Social dialogue within Ugitech was disrupted by the health crisis during 2020. Nevertheless, despite 2 confinements and distancing measures imposed by the crisis, this dialogue was very intensive.

Indeed, the adaptation of the organisation of the company's activities in the context of a health crisis was the subject of numerous meetings with the CSE and CSSCT of each establishment, which were involved in the definition and implementation of these preventive measures. The number of regular meetings was multiplied by 3 while respecting the distance measures. The development of computerised means of communication has made it easier to hold these meetings.

In addition, these prevention measures implemented within Ugitech have been the subject of three agreements in order to take into account the evolution of prevention measures requested by the government over time.

These different actions are fully in line with the promotion of a responsible social dialogue.

In addition, the overhaul of the Employee Representative Bodies initiated in 2019 with the establishment of the Social and Economic Committees continued.

After one year of implementation of the new employee representation bodies, an assessment of their operation has been carried out, as agreed in the agreement on the establishment and operation of the CSEs.

This assessment was carried out by the members of each works council and the central works council, as well as by the chairmen concerned. It showed that all the members were generally satisfied with the way the works councils operate. This assessment also made it possible to change certain points in order to facilitate the operation of these bodies and to clarify the missions of local representatives and the CSSCT. These changes were the subject of an amendment to

the agreement on the establishment and operation of the CSEs, which was signed on 9 November 2020.

The second part of the overhaul of social dialogue, which aims to enable staff representatives as a whole to exercise their mandate more effectively and to enhance the commitment of these employees to social dialogue, was initiated at the end of 2020 in order to define the operating methods of the representative trade union organisations within the company and the professional development of staff representatives. These negotiations will continue in 2021.

In total, 7 agreements were negotiated and signed during the year 2020.

## A quality of life policy despite the health crisis

Since 2019, Ugitech has implemented teleworking as part of a company agreement.

Some thirty employees have signed up for this scheme on one day a week. After a full year of experimentation, an assessment was carried out at the beginning of 2020 in order to measure employee satisfaction with the scheme and to identify possible developments.

In a survey of these teleworkers and their managers, all expressed satisfaction with the new organisation, but stressed the need to make telework more flexible than the current arrangement.

However, the major health crisis at Covid 19 led us to deploy teleworking on a very large scale, which required emergency organisation to give employees the means to work from home.

More than 400 people have been teleworking compared to only 30 before the epidemic.

In addition to the number of employees concerned, the telework introduced as of 14 March 2020 differs from the regular telework already in place in our company in several respects:

- It is a form of telework that has been subjected to a very rapid decision to set up, with practically no prior notice;
- For the majority of employees, this telework is done on a full-time basis, without a regular period of return to the office;
- it is necessarily practised at home or at a relative's home, access to the
- coworking and other "third places" being no longer possible;
- most of them are practised in a particular family environment: spouse also teleworking, children at home following their courses at a distance...

In this particular context and out of concern for the working conditions and health of employees, Ugitech wanted to make a more in-depth assessment of the situation experienced by teleworkers.



In order to do this, we have joined forces with the MANAGEMENT AND HEALTH AT WORK (MANSAT) chair of the IAE of Grenoble, which is conducting a study on the impact of telework, before, during and after confinement, and a first survey has been carried out in the context of permanent telework.

In November 2020, this study continued with a second survey and in a context of alternating telework with some days of on-site work.

These two surveys showed that employees like to telework, despite the constraints they face. Telework alternating with face-to-face work is very popular. Several issues emerge from the current situation:

- the acceptance of telework as a work modality like any other;
- adaptation of collective work to mixed situations (face-to-face, alternating, full telework). The needs are not the same, the organisation of work must follow;
- an adaptation of management methods.

These various surveys conducted during the year 2020 on telework will fuel the reflections on this new mode of work organisation. Negotiations were initiated with the social partners at the end of the year on this subject and will continue in 2021.

### **Professional equality**

Although the action plans defined in the agreement of 15 November 2019 on professional equality between women and men could not be fully committed in 2020, Ugitech remained mobilised on this subject by ensuring equal treatment in terms of professional development within the company.

The gender equality index rose from 68 points in 2018 to 78 points in 2019 and 88 points in 2020. The actions implemented in 2019 to improve women's pay continued in 2020.

### **Managing disability situations**

Ugitech's intention is not to fulfil its obligation to employ disabled people by paying a tax but rather by directly employing people who are recognised as disabled. Ugitech is fully committed to non-discrimination on the basis of disability, both at the time of hiring and in the course of an employee's career.

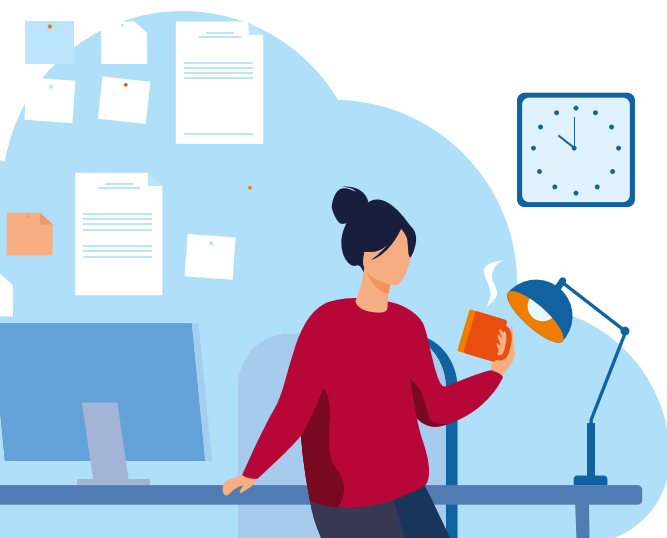
In order to achieve this, it is essential to change the cultural representations of disability at all levels of the company - management, supervisors, staff representatives and employees - by implementing a disability awareness programme.

Thus, on the occasion of the national disability week from 16 to 20 November 2020, an awareness campaign on this subject was deployed within Ugitech.

This campaign was based on posters, mailings and videos for one week. An RQTH support unit was made available to employees to answer their questions and assist them in their RQTH process.

A dedicated e-mail address and a special number have been set up for the duration of this programme until 13 January 2021. 62 employees have already contacted this support unit.

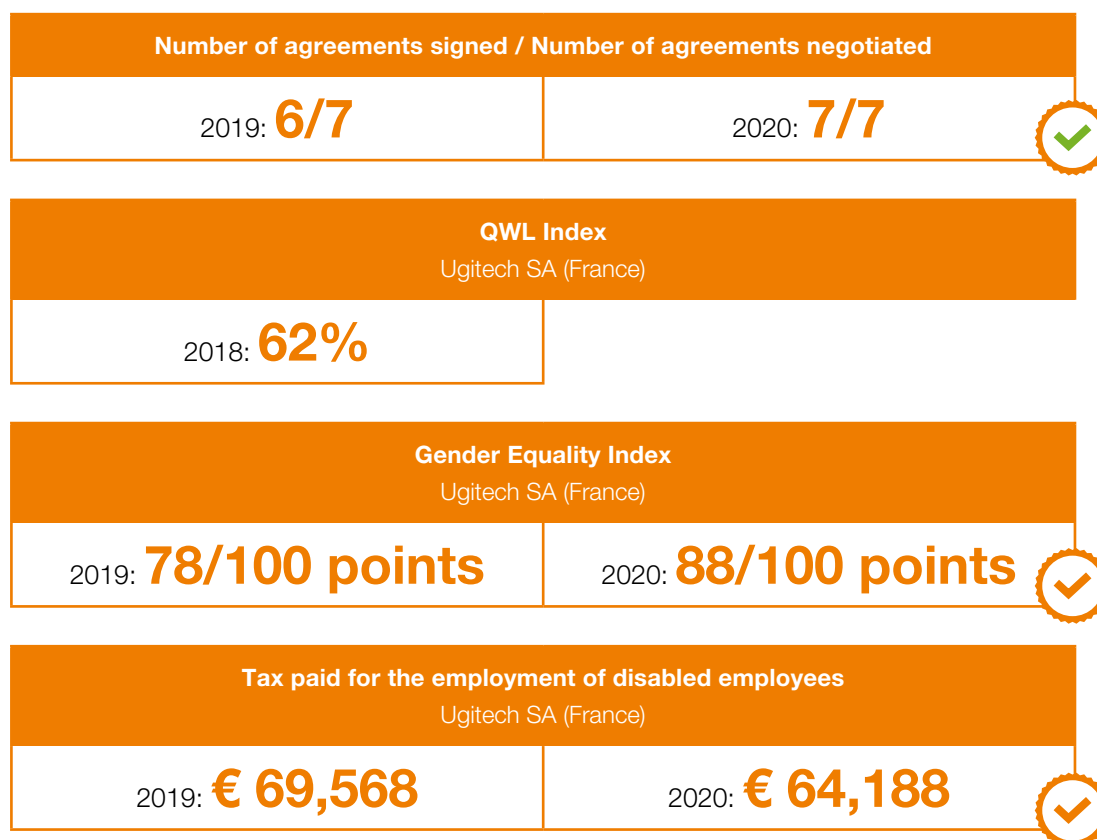
In 2020, Ugitech employed 60 disabled employees and paid a tax of €64,188.



## Future actions

- Strengthening the functioning and resources of staff representatives, the second stage in the renewal of social dialogue within Ugitech, by finalising negotiations on the operating resources of representative trade union organisations within the company and on the professional development of staff representatives.
- Develop the role of managers in social dialogue: managers are at the heart of social dialogue in the company. In order to strengthen their role, specific support on this subject will be implemented for managers.
- Continue to implement the actions defined in terms of prevention of hardship, management of disability and professional equality between women and men in order to contribute to improving the quality of life at work for employees.
- Redefining telework practices: After two years of experimenting with telework, in different contexts, and after several assessments of this new work organisation, it is necessary to redefine the framework in order to improve the quality of life at work for employees and the efficiency of organisations.
- Launching a new survey on the quality of life at work  
After a very troubled year, and the various steps taken in terms of quality of life at work, a second survey will measure the perception of staff on the quality of life within Ugitech.

## Performance monitoring



# Skills development and access to training

## Definition of the issue

**Ugitech's human capital, made up of its women and men, is the company's primary asset.**

This is the factor that differentiates us from our competitors and allows us to be the world leader in our markets.

**In order to meet our medium and long-term challenges, it is essential to identify and anticipate our needs in terms of organisation, jobs and skills, while taking into account employment constraints.**

The forward-looking management of our organisations, jobs and skills is a major project to support Ugitech's transformation and its strategy.

It should make it possible to anticipate foreseeable changes in jobs and skills with regard to Ugitech's strategy, defined in multi-year plans.

## Annual recurring targets/KPIs

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Our goal is to invest at least

**3% of our payroll**

in the training budget

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## Qualitative objectives

Our objective is to have the most appropriate organisations and skills to meet our strategic challenges.

## Existing actions

### Action plan for job and career management

In 2020, following negotiations with the social partners on Job and Career Management, an agreement was signed with two staff representative organisations (CFE-CGC and FO), leading to the implementation of an ambitious action plan over the next four years

#### These actions include

- **The Planning of Jobs and Skills Organisations.** This is a process of anticipating our needs in terms of jobs and skills required to achieve our strategic objectives.
- **The implementation of a job map**, which aims to promote transparency on existing positions and internal mobility.
- **The standardisation of on-the-job training actions and the establishment of an associated methodology.**
- **The deployment of the different modules of our HR Information System (Talentsoft)**, notably the modules: Recruitment with an integrated job exchange, Training/E-learning and Annual Interviews.

## Competency Development Plan

Ugitech sees training as an investment in the future of the company and its employees, and not simply as a cost.

Investment in training serves to capitalise on our business know-how and to develop skills.

Thus, Ugitech's training policy aims to:

- To perpetuate the company's current business know-how and acquire the know-how it will need in the future to continue to be a leader in its markets,
- Ensuring an efficient transfer of skills,
- Implementing a comprehensive approach to career paths,
- Enable everyone to have access throughout their career to the training schemes necessary for the proper exercise of their profession and for the success of their career path,
- Implementing innovative learning solutions, including through digitalisation.

In 2020, the production workshops had to cope with a sharp drop in activity which led the company to resort to partial activity for the entire managerial and non-managerial staff.

This period was an opportunity to set up training courses to develop and maintain skills that were not initially included in the skills development plan by promoting the distance learning format. Nearly 1,500 hours of training were provided in this way, a constraint transformed into a lever for development. This was the case for the sites in France.

The training guidelines defined in relation to the company's CAP 2025 strategy:

- **Health and safety:** in particular regulatory training and training on machine compliance.
- **The integration of new recruits and support for internal mobility** to enable them to be operational as quickly as possible and under good conditions.
- **Skills development:** the aim of the project is to develop the skills of the employees in place in order to integrate the necessary changes implied by the investments made in their sectors, but also to prepare for the changes of tomorrow and the evolutions towards other professions.
- **Management:** to help managers better support their teams and projects.
- **The digital transition:** to support all staff in learning how to use the new tools.

The training sessions for new recruits were maintained in compliance with the barrier procedures in order to transmit the group's values to our most recent recruits.



Management Culture Day



Supervisors' course

## Deployment of an internal school

Ugitech has decided to create its own internal school, the E-nox school, in order to meet its specific business needs.

In Ugine, three courses have been set up in partnership with the Metallurgy branch. A team leader course (9 certified), a team manager course (6 certified) and an Autonomous Industrial Production Crewman course (6 certified). All lead to the award of a Joint Qualification Certificate for the Metallurgy Industry.

The mastery and transmission of know-how are important issues for Ugitech.

More than a hundred internal trainers are listed in our company.

Approximately 175 internal training modules are offered in various fields such as continuous improvement, health and safety, business techniques, management and communication.

To help our internal trainers in their skills development, a certification course has been offered to a pilot group of about ten people in 2019.

The objective of the approach is to identify and enhance the skills of our internal trainers and to support their development.

In 2020, 6 in-house trainers were supported in obtaining a certificate of competence in companies "Exercer la mission de formateur en entreprise".

Others have started further training for the implementation of the certification during 2021.

## And its Managerial Culture Component

Managerial culture can be defined by the ways of being and acting shared within a group of managers and contributing to its stability and coherence.

The aim of the managerial culture approach is to establish a managerial culture shared by all in order to achieve our strategic objectives by strengthening the collective and the commitment of the teams.

The challenges of the managerial culture approach are to create a common language and common benchmarks for all Ugitech managers.

The success of our company depends on the women and men in our teams. The management culture is a differentiating factor in achieving our strategic objectives.

This is why UGITECH has set up this approach in order to anchor a shared culture and to define a base of common references to better understand our VUCA (Volatile, Uncertain, Complex and Ambiguous) environment and to better manage the contradictions and daily difficulties that our managers must face.

The managerial positions within Ugitech are:

- Remain **agile and innovative** to continuously adapt in a fast moving world.
- **Trusting** each other through delegation/ stronger **subsidiarity** to be more effective.
- **Giving meaning** and working **across the board**.
- To be **demanding and benevolent** in ensuring our performance, with careful listening.
- To be **exemplary** by respecting the rules and commitments.

The entire management line will benefit from Management Culture Days which are organised around 3 workshops:

- 1 - Workshop dedicated to managerial postures and our alignment, in order to take ownership of the decisions and orientations; Increase the

alignment and solidarity of managers; Encourage proximity between managerial strata.

- 2 - Skills workshop, in order to discover new managerial tools / know-how; Review the basics; Practice putting them into practice.
- 3 - Co-development workshop, to encourage direct exchange between managers; Break the feeling of managerial solitude; Learn from others, learn from others.

In 2020, a first pilot group was set up.

## Digitalisation for HR development

In line with the Group's strategy, we decided to invest in an innovative HR management information system, which is currently being rolled out across the Swiss Steel Group.

This powerful tool, shared at Group level, will improve skills development, career management and performance management modules (training, LCMS, recruitment, annual interview, performance management, etc.) began in 2016 and will continue until 2021.

In 2020, the development of E-learning was reinforced with the implementation of an online training course on the basics of stainless steel metallurgy, as well as the digitalisation of certain modules for the integration of our new recruits.

The modules can be 100% digitised or only partially digitised with the completion of pre-training positioning questionnaires or tests at the end of the training.

In order to be accessible to all, mobile media via tablets are used.

In 2020, all managers and supervisors were trained in the use of the performance assessment module. The assessment and objective-setting interviews for this population are now digitalised in the Talentsoft tool.

## Future actions

- Deployment of HRIS access to all employees, including those in production.
- Implementation of E-learning to support our experts.
- Continued certification of our in-house trainers and development of an in-house trainer community.
- Setting up training courses for jobs in short supply.
- Deployment of the Management Culture approach.
- Continuation of the deployment of actions linked to the Management of Jobs and Professional Careers.
- Communication plan on the Internal School.

## Performance monitoring

Number of hours of training Ugitech France	
2019: <b>50,184 hours</b>	2020: <b>37,927 hours</b>
Of which tool training	
2019: <b>34,211 hours</b>	2020: <b>23,207 hours</b>
Of which training in other areas	
2019: <b>16,315 hours</b>	2020: <b>7,875 hours</b>
Of which safety training	
2019: <b>9,658 hours</b>	2020: <b>6,845 hours</b>

Average number of training days per person/year (excluding temporary workers and trainees) Ugitech France	
2019: <b>3.2 days</b>	2020: <b>2.4 days</b>

Training: % of payroll Ugitech France	
2019: <b>2.63%</b>	2020: <b>2.10%</b>

# A long-lasting partnership with colleges, high schools and universities

## Definition of the issue

Ugitech, like industry in general, has a poor image, particularly among young people. The challenge is clear: to increase our attractiveness by promoting our professions and our company, not only at the Ugine site but also at our regional sites.

## Annual recurring targets/KPIs

A regular level of school visits: **between**

**30 and 45 per year**

## Qualitative objectives

- One of our objectives is to raise awareness of our company and our professions in order to encourage vocations among schoolchildren in the broadest sense. The industry suffers from a negative image and it is to counter this that we are multiplying our communication actions.
- The aim is also to establish long-term partnerships with schools in our employment areas.

## Existing actions

### Thanks to the Ambassadors

The Ugitech Ambassadors Association has been in existence for 5 years. This association is made up of twenty or so young retirees from the company who wish to remain in touch with the working world. Their role is to represent Ugitech at various events in secondary schools and universities, but above all to respond favourably to requests to visit the Ugine industrial site. This allows us to open up our company more widely not only to schools, but also to economic and institutional associations.

### The ambassadors, but also our staff, are also very present in the interventions in institutions:

- Creation of mini-companies at the college,
- Simulation of job interviews in high schools and BTS classes,
- BTS and VAE jury,



NB: photos taken before the pandemic.

- Project with the region: Presentation of companies and professions, simulated interviews,
- Health and safety at work actions with IUT mesure physique Annecy and University of Grenoble,
- Joint work on partnership projects between Ugitech and the town of Ugine.

### As a potential recruiter

For several years, Ugitech has been experiencing a very strong recruitment dynamic.

Thanks to the latest "Employer Brand" campaign, the actions and presence of the HR department at student forums, job fairs, etc., we are communicating the fact that the company is recruiting.


Since 2016, Ugitech has been a member of the Club Entreprises de l'Université Savoie Mont-Blanc. This gives the company real visibility among students, but also, and above all, allows Ugitech to forge and strengthen links with the university world.

### Future actions

- Maintenance of the Ambassadors' actions and reinforcement of these actions by the Recruitment and Employer Brand Manager.
- Establish a real school relations strategy by identifying all our actions throughout the year.
- Representing Ugitech at meetings with students: presentations of professions, career paths, forums, etc.
- Strengthen and consolidate initiatives taken at other sites: initiate partnerships with schools close to our remote sites.

### Performance monitoring

Number of visits Schools/High Schools/Universities	
2019: <b>39</b>	2020: <b>10</b>



# Business relations and territory



# Ethics and internal control

## Definition of the issue

- Fight against corruption, conflicts of interest and for free competition (antitrust).
- Protecting our assets, our data and our know-how.
- Respecting good practice in terms of working conditions and the environment.
- To sustain our internal control system.

These issues are governed by laws that we cannot break under any circumstances. The consequences of breaking these laws can be very serious, both financially and in terms of our image. We must put in place the necessary procedures and organisations to avoid any risk of violating these laws and train and inform our staff to take account of good practice.

Our internal control system is a means of verifying that our internal procedures are being followed. It reflects our commitment to identify potential failures. We need to keep it alive and evolving as our business changes.

## Qualitative objectives

- Ensuring the company's compliance with all applicable regulations regarding corruption (SAPIN II law), antitrust or conflicts of interest.
- Protecting our assets, data and know-how.
- Strengthen a common perception and understanding of our values.

## Annual recurring targets/KPIs

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Informing **100% of our staff** about our code of conduct and providing them with the necessary means to alert them to a compliance failure.

Our aim is to be free of **corruption and barriers** to free competition.

We aim to **have our** internal control **system validated annually** by an external audit firm.

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## Existing actions

The Swiss Steel Group has a Compliance Department within its organisation that serves all Group entities. This department focuses on the prevention of corruption and antitrust violations. The main task of Compliance is to implement a Compliance Management System that complies with the company's requirements in relation to its environment and to roll it out to all its subsidiaries.

At Ugitech, a Compliance Officer (the Managing Director) was appointed in 2015. He is supported by a person he has appointed in the Finance Department.

They provide the Group Compliance Department with the necessary support for the implementation of the Compliance programme. They provide local expertise in the creation and adaptation of internal guidelines.

## The following measures have been implemented:



### The Code of Conduct

The Code of Conduct deals in particular with equal opportunities, prohibition of discrimination, management of conflicts of interest, prevention of corruption and antitrust violations, but also with environmental aspects and working conditions. It was distributed to all employees in 2015.

Updated in August 2017, management issued a communication to all employees in September 2017, including the Code of Conduct and indicating its availability on our intranet site and internal document sharing network.

We have integrated it into the internal regulations that each employee must sign when they are hired.

In 2019 a specific Supplier Code of Conduct was sent to a targeted population of suppliers, with a request for a commitment from them to comply with it.



### The Anti-Bribery and Antitrust Guidelines

It is a document that contains practical examples, checklists and explanatory notes on anti-bribery and anti-trust behaviour. The guidelines also detail the sanctions and actions to be taken if violations of our Compliance rules are reported.

They are available on the Swiss Steel Group intranet site.

A brochure "Compliance at a glance" was distributed to all department heads and managers. It is available to all employees since 2019 on our intranet site. This document summarises the main points of the Code of Conduct, anti-trust, anti-bribery and data protection.

## **The Compliance Charter**

It describes the principles on which the Compliance Officer acts. It was updated in 2020 to clarify the role of each, the scope of its application and renamed the "Compliance Organisation Directive".

## **Compliance training**

1 - In June 2015, the Swiss Steel Group deployed on-site training for Ugitech employees concerned by antitrust or corruption issues (mainly the Purchasing, Sales, Finance and IT Departments). The training was based on the relevant Guidelines and the Code of Conduct. Approximately 85% of the targeted persons were trained.

2 - Training has also been deployed in e-learning. This e-learning uses a case-based approach, which, in addition to raising awareness, is built in a "hands-on" mode.

A first wave of training was carried out in 2015 with 3 trainings on anti-bribery rules, anti-trust rules and the Code of Conduct. 100% of the target population (mainly Purchasing, Sales, Finance, Human Resources, IT) attended these trainings.

An update of the 3 e-learning trainings took place in 2017 with deployment from November 2017 to March 2018 on a wider target population. Thus, all persons with an e-mail address were invited to complete the training on the Code of Conduct. All these people, with the exception of workers, were invited to the training on antitrust and anti-corruption rules.

In 2019, we brought in a specialised service provider on the SAPIN II Law. A training/awareness session was organised for all functions concerned by the potential risk of corruption (154 people convened).

## **Data protection**

In 2020, we continued an in-depth study on data protection (RGPD) in collaboration with the Group. Extensive work was carried out to identify and describe the processes involved with personal data. Procedures have been put in place and internal communications have been carried out. Other actions are being deployed and will continue in 2021.

## **An internal warning system for breaches of compliance rules**

Swiss Steel Group has made available to all Ugitech staff since 2015 two means of submitting information concerning a breach of our Compliance rules: **the Speak-Up Line and the Ombuds System.**

However, these means should be used as a last resort: employees should first use the standard channels, i.e. the direct line of reporting, the local Compliance Officer, the Group Compliance Department, the Human Resources or Group Legal Departments.

### **– Speak-Up Line (internet and telephone service)**

This is a professional whistleblowing system that helps to ensure compliance and respect for all Group rules. It allows any employee to report any wrongdoing through a highly secure process.

This free service is available 24 hours a day, 7 days a week, 365 days a year. It allows whistleblowers to call a hotline and leave a message on an answering machine, or send written information via email, in their native language. Informants can remain anonymous or not, as they choose.



– **Ombuds system**

Swiss Steel Group has appointed an "ombuds woman". She is an independent lawyer, working outside Ugitech and Swiss Steel Group. She has already been doing this for many years for multiple companies. She is the contact for employees who want to provide confidential information about non-compliance with the Compliance rules.

Her role is to receive this information, classify it and pass on the facts that have been exposed to her to the Swiss Steel Group Compliance Officer with the formal consent of the informants, while preserving their anonymity. Contrary to the usual meaning of the term "Ombuds person", she does not have the role of arbitrator. She will apply the right of refusal to testify to protect the identity of the informants. This service is free for employees.

An internal memo dated December 2015 from Ugitech's management was sent to all Ugitech employees to inform them about the e-learning courses and the two means of alert. It contains all the contact details and information needed to use them properly. In 2020, these contact details were made available on the intranet and in our shared documentation network.

Furthermore, Ugitech is concerned by the anti-corruption aspect of the Sapin 2 law, which provides for the implementation of 8 measures to prevent and detect corruption:

- 1 - Code of Conduct, integrated into the internal regulations
- 2 - Internal whistleblowing system for the collection of employee reports;
- 3 - Mapping of corruption risks by business sector and geographical area in which the company operates;
- 4 - Procedures for assessing the situation of customers, first-tier suppliers and intermediaries with regard to risk mapping;
- 5 - Accounting control procedures, internal or external, to ensure that books, records and accounts are not used to conceal corruption or influence peddling;

6 - Training scheme for the most exposed managers and staff;

7 - Disciplinary system for sanctioning company employees for violations of the company's Code of Conduct;

8 - Internal monitoring and evaluation of the measures implemented.

Many of these points are already applied within Ugitech. An in-depth study of our compliance with the SAPIN II Law was conducted in 2019 by a specialised service provider. A specific mapping on our corruption risks was established. The conclusions of this study led to a very favourable finding with regard to our anti-corruption measures, and areas for improvement were defined.

**Our Internal Control System**

As Swiss Steel Group is listed on the Swiss stock exchange, our Group and each Group subsidiary must annually demonstrate the existence of an internal control system.

Work on the Internal Control System (ICS) started in 2006. Since 2008 it has been updated annually and in 2019 it has been integrated into the overall risk mapping.

This system is thus broken down into as many processes as previously defined in the process map.

Each process is thus composed of a matrix of internal controls.

The matrices consist of a list of potential risks with regard to the CSI. The analysis of these risks is carried out in collaboration with each process manager, at the same time as the analysis of the general risk map.

For each risk, one or more controls are identified. They are also referenced.

Each control is described in a specific sheet (details of the control carried out, the person carrying it out, the reasons why it is done, the way it is done, the media and the frequency) and the list of supporting documents is drawn up. There are 109 internal controls referenced in Ugitech's ICS in total.

Every year since 2008, Ugitech's ICS has been reviewed in its entirety internally (100% of the 109 internal controls): each of the managers updates the descriptive sheets for their area. In all cases, 100% of the evidence documentation dated for the current year is collected for the 109 internal controls.

The external audit firm, EY & Associés, audits Ugitech's ICS annually: it verifies its existence within the company, on the basis of the annual update carried out internally. Specific control points are also carried out by EY & Associés with the business managers.





At the end of this review, it is able to validate or not the existence of the CSI.

The existence of Ugitech's internal control system was effectively validated in 2020 by an external audit firm as it has been every year since its creation in 2008.

## Future actions

- Continuation of complementary actions with regard to corruption (SAPIN II law).
- Continued verification of the correct application of the Data Protection Regulation (GDPR), implementation of corrective actions and continued communications.
- Continued to make compliance and ethics documentation available on Ugitech's intranet for better information sharing.
- Regularly train and inform our sales staff on the rules and conduct to be observed with our business partners.
- E-learning training sessions on ethics, anti-corruption, antitrust, data protection and other compliance topics.

## Performance monitoring

Code of conduct made available	
2019: <b>100%</b>	2020: <b>100%</b>
	
Alerts filed (speak-up line / Ombuds System)	
2019: <b>0 complaints or alerts</b>	2020: <b>0 complaints or alerts</b>
	
Internal control system	
Validation 2019: <b>OK</b>	Validation 2020: <b>OK</b>
	
Convictions and fines for non-compliance	
2019: <b>0 convictions or fines</b>	2020: <b>0 convictions or fines</b>
	

# Responsible purchasing

## Definition of the issue

**The challenge of sustainable procurement is to :**

- Reducing our environmental footprint;
- Developing circular economies;
- Amplify relationships with our local partners;
- To support our suppliers towards excellence and make them adhere to our ethical values.

The criteria of Time, Full Cost, Quality, Risk and Sustainable Development are systematically taken into account.

## Qualitative objectives

**In our responsible purchasing approach, in addition to the standard qualitative and financial criteria, we strive to reduce our environmental footprint through :**

- The use of proximity ;
- Priority to the purchase of recycled products, delivery by rail and/or in bulk;
- Recycling and spiking our residues for reintegration into our process.

We pay particular attention to compliance with the standards and regulations in force (conflict minerals, REACH, MSDS, safety protocol, prevention plan, etc.) in order to guarantee the safety of all.

Our role is also to promote the Group's ethical rules through our Code of Conduct.

## Existing actions

The supplier relationship plays a major role in the company's major financial and strategic issues. It is essential because of its involvement in quality results and meeting deadlines. A lasting relationship with the supplier leads to the creation of a competitive advantage and allows in particular:

### – **Anticipate and adapt quickly to events that may occur in the markets**

Crisis Covid 19 - Relationship with our ISS provider.

When the containment and the first sanitary measures were taken, ISS helped us to provide additional products for cleaning the premises, to define a new protocol and to carry out disinfection of technical and administrative premises with compliant products. We are also considering changes in habits (teleworking) to develop the contract.

### – **Constantly optimise costs and productivity**

Relationship with our waste recycling partner

As part of our continuous improvement approach, we studied, implemented and validated in 2020 a solution for doping our residues with our current recycling partner. This doping is carried out using other waste in compliance with regulations. This approach allows us to increase the nickel content and thus boost the burial of our revalorised residues.

– **To develop supplier partnerships with a view to creating mutual value**

Relationship with our transport partner  
PO Scandex

For more than 10 years committed to PO Scandex, we participated in EFQM for the implementation of multimodal.

We have renewed the partnership for over the next four years with the aim to double this modal use and to anticipate future transformations in order to strengthen our customer offer and the flexibility of our supply chain.

– **Controlling supplier risk.**

Develop the partnership with a platform for the management of our third parties

A partnership was launched in 2020 with a platform that allows us to manage and monitor third-party risk. This platform stores and controls regulatory documents, alerts the customer and reminds the supplier if necessary.

Ugitech is developing a partnership with its strategic suppliers with the aim of developing a continuous improvement approach.

This approach is initiated in particular with our strategic suppliers and is defined by the implementation and monitoring of quality reviews, audits and annual evaluations.

Depending on the results of these initiatives, action plans are undertaken with our partners with a view to continuous progress.

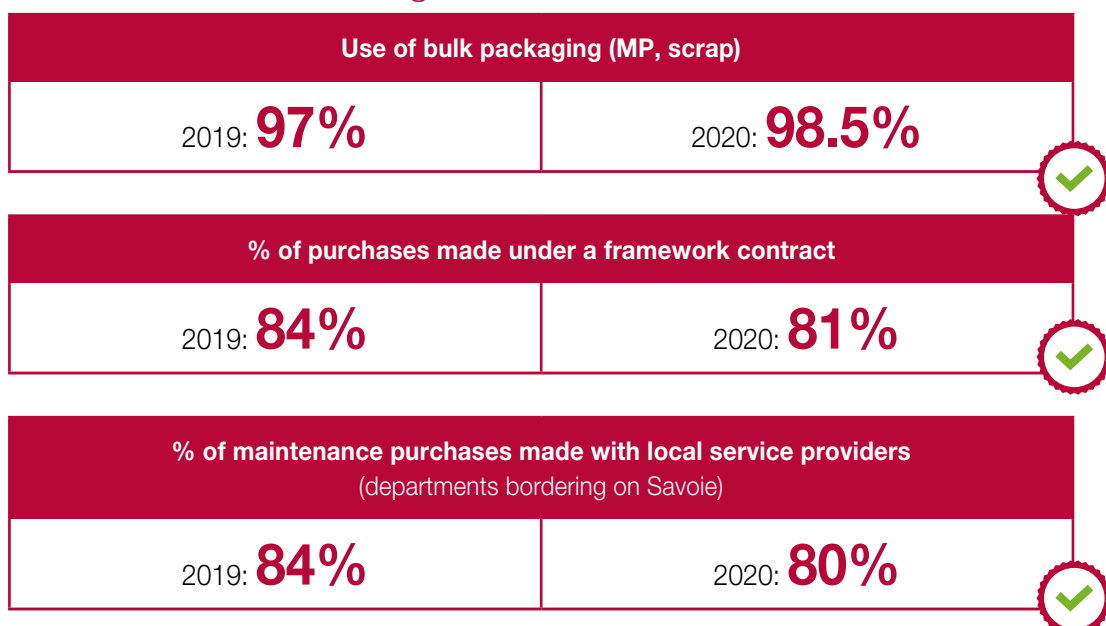
We could mention the partnership with Fenwick for the study of a hydrogen-powered forklift truck, the Engie Cofely partnership for the monitoring and reduction of polluting refrigerants and the reduction of our heating and air conditioning consumption. Our ambition for 2021 and 2022 is to continue to renew our service contracts and then to include notions of progress relating to the company's CSR.

## Future actions

**In addition to the existing actions listed above, which are still in place, we aim to expand our approach in three areas:**

- Develop the purchase of recycled products in partnership with our customers.
- Optimise the audit process by emphasising the CSR part.
- Develop a rating system for social and environmental performance.

## Performance monitoring



# Employee engagement

## Definition of the issue

Ugitech wishes to disseminate and maintain its values and corporate culture. In this context, a number of internal events are organised to foster a sense of belonging but also to raise awareness of new issues among our employees.

## Qualitative objectives

- Maintain the spirit of cohesion within Ugitech.

## Actions in 2020

The health crisis that shook the world in 2020 had an impact on the organisation of our internal events for the cohesion and commitment of employees.

All our projects in the 2020 communication plan have been suspended, postponed to a later date to be defined.

## Future actions


- 100 years of Ugitech Brionne (27);
- Inaugurations of major investments;
- Charity sports events.

## Annual recurring targets/KPIs

**5 events** per year.

## Performance monitoring

Number of internal events	
2019: <b>6</b>	2020: <b>2</b>



# Contributions to the territories

## Definition of the issue

To promote Ugitech as a major player in the employment and economic area.

## Qualitative objectives

- To increase Ugitech's reputation.
- Play a responsible societal role in our environment.

## Annual recurring targets/KPIs

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A media presence

**twice a month**

on average.

At least **one project in partnership**

with the town of Ugine per year

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## Existing actions

**Launch of the Ugitech waste heat recovery project for the urban heating network of the city of Ugine.**

On 28 February 2020, Mr Patrick Lamarque d'Arrouzat, Managing Director of Ugitech, and the Mayor of Ugine signed a financing transfer agreement.

This signature marked the launch of the project to recover waste heat from Ugitech, which will supply the urban heating network of the town of Ugine.





The students of the E2C73 and their teacher came to meet the employees of Ugitech in January 2020.

## Social projects

Ugitech follows the Ecole de la Deuxième Chance en Savoie (E2C73) which, every year, supports young people who have left the school system without any diploma or qualification in a project for sustainable professional integration.

As such, Ugitech ambassadors are involved in certain actions with young people.

In 2020, we also took part in the second edition of the "Don't clothes the door" action, which consists of collecting from employees clothes that are no longer worn and in good condition, in order to give them a second life to the young people at the E2C so that they can pass their job interviews in good basic conditions

On this occasion, a group of students were able to carry out a practical communication exercise with Ugitech employees in the company restaurant in order to promote the approach.

### Local communication (Ugine and community of communes) on CSR issues

The current situation and the management of the Covid-19 crisis communication did not allow us to keep the publication of this letter.

A schedule for 2021 has already been drawn up to resume the rhythm of this external information.



Karim El Markouzi, supervisor of the E2C73.

### Supporting our employees in their involvement in associations

A modest sponsorship and patronage budget of €8,000 per year allows employees to be supported in their commitment to associations. Allocation decisions are made according to the company's values. Our financial partnerships of this type have also been strongly impacted by the health crisis.

### Local engagement

In the Ain region and at our Bourg-en-Bresse site, we are developing our local commitment through active participation in several networks:

- MécaBourg (promotion of industrial jobs through visits to colleges, but also business relations with local suppliers who are part of the network);

- AFPMA, participation in the Board of Directors, and in the juries for the defence of CQPM qualification training courses;
- In Savoie as in the Ain, Ugitech is a member of the UIMM Board of Directors.

### Future actions

- Maintain the partnership with the École de la seconde chance 73 (E2C73).
- Prepare and disseminate the CSR Newsletter.

## Performance monitoring

Number of articles in the press	
2019: <b>64</b> or more than 5 on average per month	2020: <b>58</b> or more than 5 on average per month

Number of projects launched and in progress with the city of Ugine	
2019: <b>1</b>	2020: <b>1</b>

Number of financial partnerships	
2019: <b>4</b>	2020: <b>3</b>

# Taxation

## Legal structure Tax compliance Anti-fraud

### Legal structure

Ugitech SA is a limited company established in France with its head office in Ugine (73).

### Organisation & tax legislation

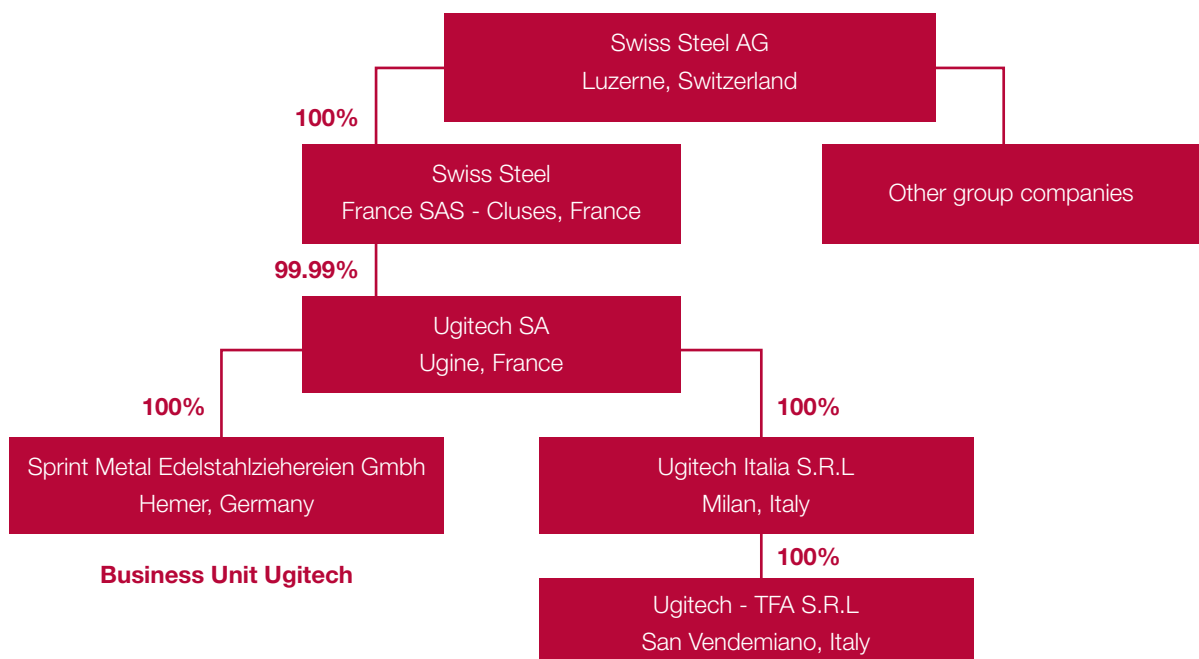
Ugitech SA does not have any branches or subsidiaries operating in countries with privileged tax status.

Ugitech SA does not carry out any operations abroad that would fall under the concept of permanent establishments within the meaning of international agreements or the applicable criteria defining a permanent establishment in the absence of an agreement.

### Information system & internal control

**All accounting is computerised through the SAP software package via the FI: Financial Accounting module.**

This organisation of the Information System, together with internal control, ensures perfect consistency and integrity of the data from the various modules of our SAP system (purchasing, sales, production, etc.).



The tax rules are updated, among other things, via the editor's monitoring and maintenance systems, which provide support documentation for legal changes to the information system. The dedicated internal FI-CO department ensures the development needs issued by the Accounting and Tax department.

The Tax Accounting department ensures that the rules implemented in the information system comply with the requirements and validates changes through functional tests.

Automated controls during the recording of invoices reduce the risk of fraud through the amount and quantity limits managed by the system.

Approximately 95% of supplier invoices are reconciled with purchase orders recorded in the system.

For the remaining 5%, the invoice must be expressly validated by the head of the sector concerned in accordance with the delegations of authorisation implemented.

Internal control ensures compliance with the tax legislation in force and the protection of data and its archiving.

To support the existing software package, specialised software is also used to meet regulatory requirements: tax returns and fixed asset management.

**Actions taken during the year:**

- SAP EHP8 Upgrade;
- Dematerialisation of expense reports.

**Future actions:**

- Dematerialisation of supplier invoices.

## Computerised accounting

Methods of presenting computerised accounting: Article L. 47 A-I of the tax procedure book (LPF) provides that taxpayers who keep their accounts using computerised systems must present them in the form of dematerialised files during an audit by the tax authorities.

This accounting record file must comply with codified standards.

**Existing actions:**

- FEC compliance: For each tax year, Ugitech SA ensures compliance with the standards published by the DGFIP.
- FEC test.

## Accounting & tax organisation: internal control

The Accounting and Tax Department is structured around five main areas that cover all legal and tax obligations relating to Ugitech SA's business, all of its French sites, and reporting under IFRS.

The accounting department is assisted as necessary by external advice.

**Organization to comply with applicable legislation:**

The department ensures that the company and its employees act in accordance with the tax laws of the countries in which the company operates and fulfil its reporting and tax payment obligations in a timely manner.

**The process is as follows:**

- Each subsidiary is responsible for the preparation of tax returns according to local rules.
- Each subsidiary is responsible for paying its own taxes within the time limits set by the legislator.

- In intra-group relations, the accounting departments of each subsidiary coordinate their actions in accordance with the rules governing intra-group relations and local obligations.
- During the monthly group reporting, prior to consolidation, an analysis is made of the amount of corporate income tax and deferred taxes.

More specifically for Ugitech SA, the tax manager draws up a table tracking the main taxes and analyses the differences with the amounts declared and estimates the tax over 5 years.

#### **Training & Expertise:**

Each employee is an accounting and tax professional with an accounting background. Specific internal and/or external training courses are provided to ensure that the knowledge and versatility of our staff is kept up to date.

Annual training plan:

- VAT training: refresher course;
- Training information: Annual Finance Act;
- Regulatory monitoring through reference publications: RF, Éditions F. Lefebvre.

## **Audit & control of accounts**

#### **Scope of the mission:**

For the certification of accounts:

- The audit of the annual accounts drawn up in accordance with French accounting rules and principles;
- Additional due diligence on the accounts sent to the parent company, Swiss Steel AG, for the preparation of its consolidated accounts and the provision of the necessary information to its auditor the performance of its task on the consolidated accounts.

The letter of representation signed by the CEO and CFO is binding and attests to the quality and completeness of the information provided to the auditors. In particular on fraud and compliance issues.

## **State - local authorities and taxation**

Ugitech SA and its production facilities based in France (Ugine, Imphy, Bourg-en-Bresse, Brionne, Saint-Étienne, Grigny) contribute through the Contribution Économique Territoriale (CET), the Contribution Foncière des Entreprises (CFE) and the Taxe Foncière (TF) to the development of all the local authorities to which they are attached through their establishment.

The company is liable for corporate income tax (IS) in France and is attached to the Direction Générale des Grandes Entreprises (DGE) of the Direction Générale des Finances Publiques (DGFIP) based in Pantin.

Ugitech SA ensures that it complies with the tax laws of the countries in which it operates and fulfils its tax declaration and payment obligations within the required timeframe.

Subsidiaries comply with local tax laws.

The significant research and development expenses incurred by Ugitech SA benefit, for eligible expenses, from the CIR (Research Tax Credit). The CIR perimeter is managed by a cross-functional team from the Finance Department and the Research Department.

## **Tax integration**

Ugitech SA has been integrated for tax purposes with its parent company, Swiss Steel France S.A.S., headquartered in Cluses (74) since 2007.

## International Activities - Transfer Pricing: Compliance

Ugitech SA and its subsidiaries are mainly active outside France, partly through the Swiss Steel Group's distribution network.

In this context, compliance with international rules in setting transfer prices between affiliated companies is a response to the potential risk of profit shifting from one country to another.

In compliance with international regulatory obligations and recommendations resulting from the work of the OECD, and in accordance with French legislation, Ugitech SA has been preparing documentation in accordance with the OECD Principles since 2010.

### Existing actions:

Since 2010, Ugitech SA has been preparing documentation in accordance with the transfer pricing documentation requirement. Since 2013, Ugitech SA has complied with the simplified reporting obligation implemented by French legislation.

Ugitech SA, as a subsidiary of the Swiss Steel Group, prepares the specific country-by-country declaration, in response to a recommendation resulting from the work on "country-by-country reporting".

Transfer pricing is reviewed as part of the company's internal control.

### Future action:

- Update of transfer pricing documentation 2020.

## Value Added Tax

### VAT identification

Article 214(a) of Council Directive 2006/112/EC of 28 November 2006 provides, inter alia, that Member States shall take the measures necessary to ensure that every taxable person, with the exception of those referred to in Article 9(2), who, within their respective territories, carries out supplies of goods or services giving rise to a right of deduction, other than supplies of goods or services in respect of which VAT is payable solely by the customer or recipient in accordance with Articles 194 to 197 and Article 199, is identified by means of an individual VAT number.

Ugitech SA carries out a monthly control of all its operations by cross-checking the VAT collected and the turnover.





### **Existing actions**

- Ugitech SA is identified for VAT purposes in France.
- Ugitech SA is registered for VAT in Germany.
- Ugitech SA is registered for VAT in Italy.
- Cross-checking of VAT returns and DEBs.
- Monthly VAT return and reconciliation with turnover.

### **Future action:**

- VAT - Electronic invoices - Invoices secured by means of controls establishing a reliable audit trail.

The implementation by the taxable person of controls establishing a reliable audit trail between the invoice issued or received and the supply of goods or services on which it is based, is one of the procedures making it possible, pursuant to 1° of VII of Article 289 of the General Tax Code (CGI), to ensure the authenticity of the origin, the integrity of the content and the legibility of invoices.

One of the objectives of Directive 2010/45/EU of 13 July 2010 is to encourage the use of electronic invoicing. Taxable persons may now use any technical means allowing the dematerialised transmission of invoices.

However, in order to prevent any risk of value added tax fraud and to further secure the invoicing system, the means used must be accompanied by the implementation of controls establishing a reliable audit trail between the invoices issued and received and the supply of goods or services on which they are based.

Ugitech uses dematerialised invoicing of its turnover.

Ugitech is committed to a reliable audit trail.

### **Existing actions:**

- VIES test of the VAT identification numbers of Ugitech SA's suppliers.
- VIES test of the VAT identification numbers of Ugitech SA's clients.
- Dematerialisation of expense reports.

### **Future actions:**

- Dematerialisation of supplier invoices.

## **Tax compliance**

Because it is part of the DGE, accounting audits are the responsibility of the Directorate of National and International Audits (DVNI).

The latest accounting audit confirmed Ugitech SA's tax compliance.

## Customs & compliance dual-use goods

Ugitech SA has been an Authorised Economic Operator (AEO) since 2014 and carries out its own import customs clearance operations.

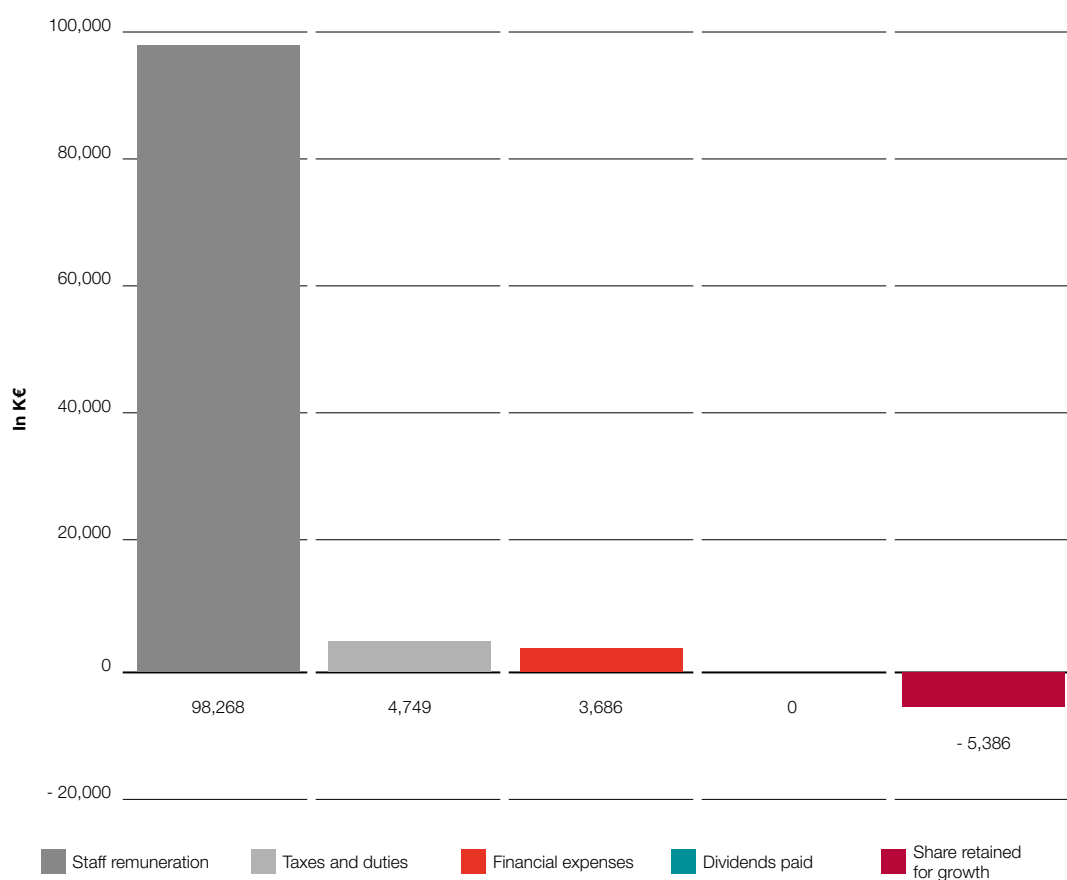
Since 2017, the company has benefited from the Community Centralised Customs Clearance procedure allowing it to carry out import or export operations in several EU Member States, while centralising its customs formalities in France.

This label and authorisation, which are strategic for Ugitech, demonstrate our reliability (control of our customs processes, compliance, safety/security of sites, etc.) to the French customs authorities.

Regarding dual-use goods: we do not sell or buy dual-use goods in the countries listed.

In case of doubt, the company contacts the SBDU (Customs Directorate) for validation.

## Breakdown of value added by item





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