

UGITECH

**110**  
**ANS**

**VOUS EMMENER  
VERS LE FUTUR!**

**Extra-Financial  
Performance Statement**  
Annual Report for 2018  
Ugitech Europe



# Contents

Introduction	3
Ugitech, a subsidiary of the SCHMOLZ+BICKENBACH Group	4
SCHMOLZ+BICKENBACH Group "One Group, One Goal"	5
About Ugitech	6
Business model	10
The Ugitech customer journey	12
Process diagram	13
Our risk management	14
Our CSR policy	15
2018 Key Responsibility Indicators	16
<b>ETHICS AND GOVERNANCE</b>	<b>17</b>
Ethics and internal control	18
Responsible purchasing	22
<b>SOCIAL DEVELOPMENT AND QUALITY OF WORK LIFE</b>	<b>24</b>
Health, safety and working conditions	25
Attractiveness, equal opportunities and equal pay	28
Dialogue and social recognition	32
Skills development and access to training	34
<b>ENVIRONMENT AND RESOURCES</b>	<b>37</b>
Environmental protection	38
Energy and resource management	45
Sustainable products and markets	50
Responsible logistics	53
<b>COMMUNITY INVOLVEMENT, TERRITORIAL ANCHORING</b>	<b>54</b>
A sustainable partnership with schools, colleges and universities	55
Local partnerships, communities and associations	57
In-house events for employees	59
Taxation	61





## Introduction



Corporate Social Responsibility (CSR) is for Ugitech a long-standing reality. Since Paul Girod and his somewhat paternalistic principles, successive managements have chosen to make it a foundation of solid values on which to build long term. Naming or renaming this concept of a company's activities within a more modern vision is firstly to better highlight what we are already doing and secondly to allow us to move on to new models.

CSR remains a great slogan that should be shouted from the rooftops.

During the 110th anniversary celebration, I was able to measure the strength of pride felt by Ugitech's employees in belonging to this company. For me, this corporate culture is first and foremost linked to our collective ability to understand corporate social values:

It is primarily based on health, safety and environmental protection, which have long been an integral part of our development strategy.

But this responsibility does not stop there: it must over time include other aspects such as citizenship, honesty, respect for diversity ... the list is long and will continue to grow, because expectations are so high.

The company cannot alone solve our societies' problems, but I remain convinced that it can play its part in helping to turn the world of work into a world of fulfilment, a feel-good world.

This is the corporate social responsibility challenge for and with the Company.

*Patrick Lamarque d'Arrouzat*  
CEO of Ugitech

# Ugitech, a subsidiary of the SCHMOLZ+BICKENBACH Group

Today, the SCHMOLZ + BICKENBACH Group is one of the leading international suppliers of customized solutions in the special stainless steel long products sector. Acknowledged 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 some 11,000 employees at its production and distribution sites in thirty-five countries across five continents, the Group assists and serves its customers wherever they may be. In addition to a comprehensive product and service portfolio, customers benefit from the Group's technological know-how, consistent quality throughout the world and thorough knowledge of local markets.

## SCHMOLZ + BICKENBACH'S STRUCTURE AND PRESENCE



## S+B's KEY FIGURES (2017)



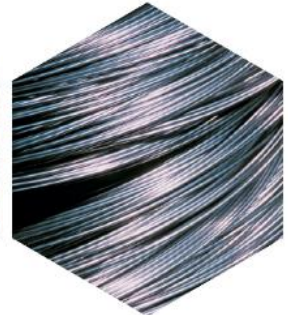
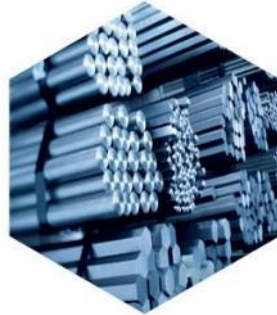
# SCHMOLZ+BICKENBACH Group

## "One Group, One Goal"

### A COMMON VISION



To become the benchmark for special steel solutions.



### CLEAR OBJECTIVES



Continuously improve our production, our international sales network and our broad product portfolio



Achieve sustainable profitability levels



Anticipate changing market needs



Reduce our environmental impact



Satisfy our customers



Value our employees



Act flexibly

### COMMON VALUES

Partnership

Skills

Innovation

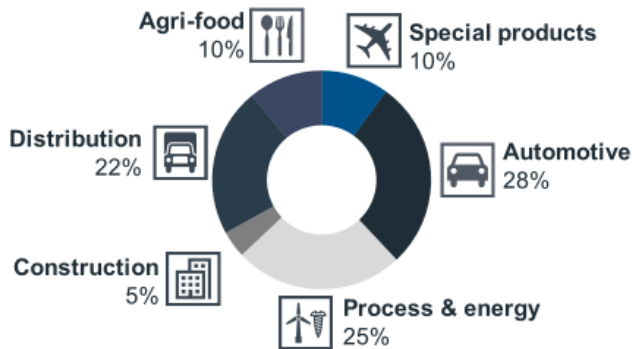


Corporate spirit

Customer focus

# About Ugitech

## AN IMPORTANT PLAYER IN ITS MARKET



Guided by the desire to produce safe, durable steel, Ugitech is one of the leading suppliers of quality stainless steel long products for the automotive, energy, aerospace, construction and medical industries.

With 1900 employees, including 60 researchers spread across its production site, processing plants and service centre, Ugitech is one of the world's leading players in stainless steels.

The Ugitech Group produced 200,000 tons of stainless steel in 2018 and had a turnover of 663 million euros.



## UGITECH'S STRATEGY BY 2023: BECOME THE STAINLESS STEEL BENCHMARK

Ugitech's strategy is based around four main themes:

Promote the "One Group – One Goal" values and corporate social missions of the SCHMOLZ+BICKENBACH Group

Grow in the long stainless steel and alloy product markets, including internationally

Develop our range of products and services for high-end applications

Increase our competitiveness



Our commitment to a Corporate Social Responsibility policy is consistent with **the first theme of the strategy**:

## PROMOTE THE VALUES AND CORPORATE SOCIAL MISSIONS OF THE SCHMOLZ+BICKENBACH GROUP



### Challenges

- **Safeguard** the health and safety of our workforce
- **Minimize** our environmental footprint
- **Satisfy** our customers
- **Encourage** entrepreneurship
- **Develop** partnerships with our customers, suppliers and our stakeholders
- **Master** our know-how
- **Strengthen** our CSR approach



### Strategic value-related projects

- **Undertake** a process to understand and improve the quality of work life
- **Promote** responsible social dialogue
- **Create** the @nox school
- **Establish** a customer culture
- **Conduct** customer satisfaction surveys
- **Set up** management loops
- **Process-based** approach
- **Develop** a Ugitech CSR policy and define CSR satisfaction indicators

## WHO ARE WE?

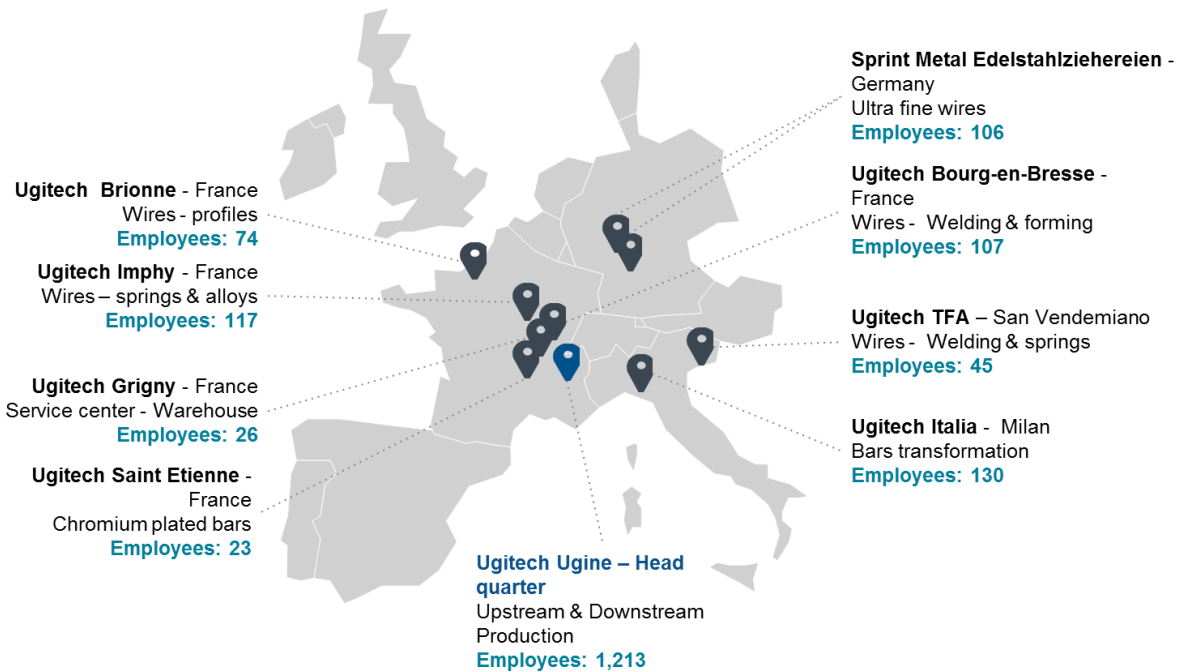
Ugitech is one of the world's leading manufacturers of long stainless steel products. The company's main products are: billets, bars, wire rod and drawn wire, which the company manufactures in its own steel mills and transforms in its hot-rolling mills, finishing shops and wire-drawing plants.

Stainless steels are characterized by their high mechanical properties and their corrosion resistance. They are used to manufacture many different components, including valves, turbine components, welding rods, injectors for the automotive industry or surgical instruments.

With more than 100 years of experience in steel manufacturing and continuous research in the field of metallurgy, the company guarantees optimum steel solutions for highly demanding applications to its customers in the automotive, construction, process, aerospace, nuclear and medical industries.



## OUR SITE LOCATIONS AND NUMBER OF EMPLOYEES PER SITE

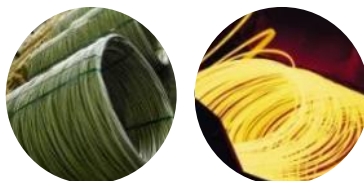


## UGITECH'S PRODUCTS

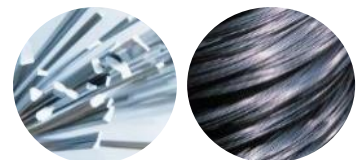
Bars (Square/Round/Hexagonal)



Wire rod



Drawn wire

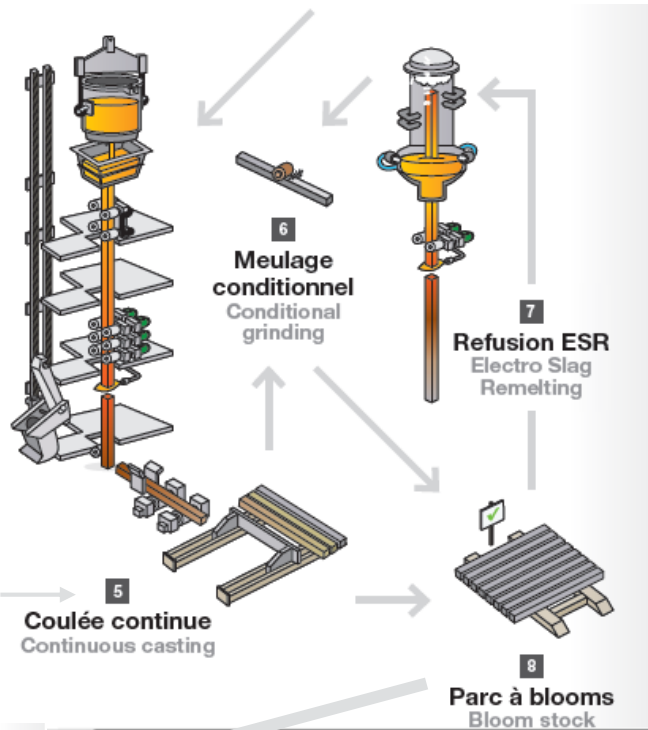
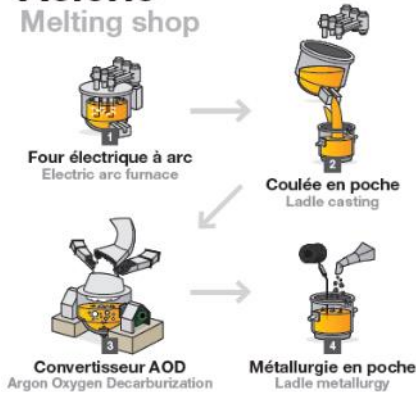


THE MANUFACTURING PROCESS

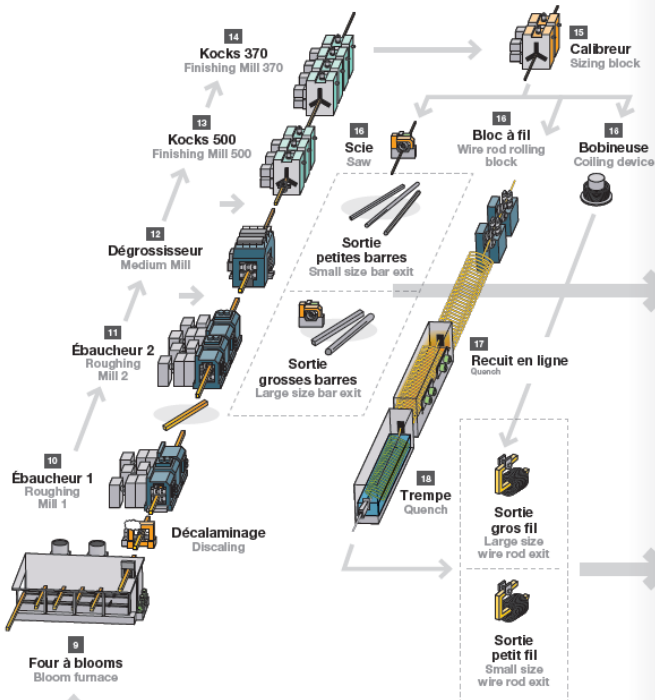
**Matières 1ères**  
Raw materials



**Acierie**  
Melting shop



**Laminoir**  
Rolling Mill



**Parachèvements**  
Finishing shops

**Expéditions**  
Dispatching



# Business model

Supported by the S+B sales network, UGITECH, together with all its employees and co-contractors, makes its expertise available to ensure the long-term satisfaction of its customers by differentiating its services and long stainless steel and alloy products.

*Our ambition: Become THE stainless steel benchmark*



## OPPORTUNITIES

- **Worldwide consumption of long stainless steel products (PLI) continues to grow**, even though growth in 2019 is expected to be slower than in 2018
- **Global specifiers continue to seek "glocal" solutions** (global contracts and local services). Each market must therefore develop a competitive, differentiated range of products and services.
- **We are diversifying our position among automotive specifiers.** It is less sensitive to this cyclical segment.
- **S+B Group products** (Ascométal, new external growth, etc.) should provide us with opportunities.
- We must regain **momentum on the traditional benefits of managing continuous progress** so as to keep our costs under control. Cost inflation (direct costs and overheads) must be curbed.
- **The Sales & Services network continues to develop** (Argentina, Chile, etc.), bringing new prospective opportunities/customers, in particular to GEX. It should be managed in conformity with our strategy.



## THREATS

- **International trade plagued by protectionist decisions** (USA, China, India, etc.). Europe is trying to react, but with a certain reticence.
- **The trend towards electromobility, which ultimately threatens our traditional automotive markets** (injection, exhaust, etc.), but also opens up new opportunities (hydrogen, etc.)
- **Difficulties in recruiting certain skills (maintenance, etc.)**, leading us to change our recruitment and training methods (employer brand, use of social networks, CQPM, etc.)
- **Obsolescence and non-compliance of certain tools at our facilities** in a global saturation context. The Capex plan must take this into account more effectively with a cross-disciplinary and medium/long term vision of these issues.
- **Raw materials, increasing or highly unstable energy costs and cost of consumables** (Nickel, chromium, electrodes, refractories, etc.), which have a significant impact on our structural profitability.
- Ugitech's good economic performance (EBITDA and working capital needs) does not give us as much Capex as we would like. Some strategic projects will have to be managed "off-budget" (ESRR2, Asco, etc.)

## OUR STRENGTHS

Customers believe that **our customer services** (Quality/Lead time) retain their competitive edge. This depends directly on manufacturing reliability, which remains a strength, thanks to the reactivity of the operational and maintenance teams.

Our added value, combined with two major levers, continues to increase:

- Continuous enrichment of the mix
- Base price increases maintained

Our raw materials management (scrap sorting, furnace loading model).

Our manufacturing costs in €/T remain on a competitive basis, considering our mix (increasing complexity of product ranges) and the increase in factor costs (energy, electrodes, etc.).

## OUR PRIDE

Ugitech is 110 years old this year and its success is based, amongst other things, on eight golden nuggets, of which the Management and Staff are extremely proud.

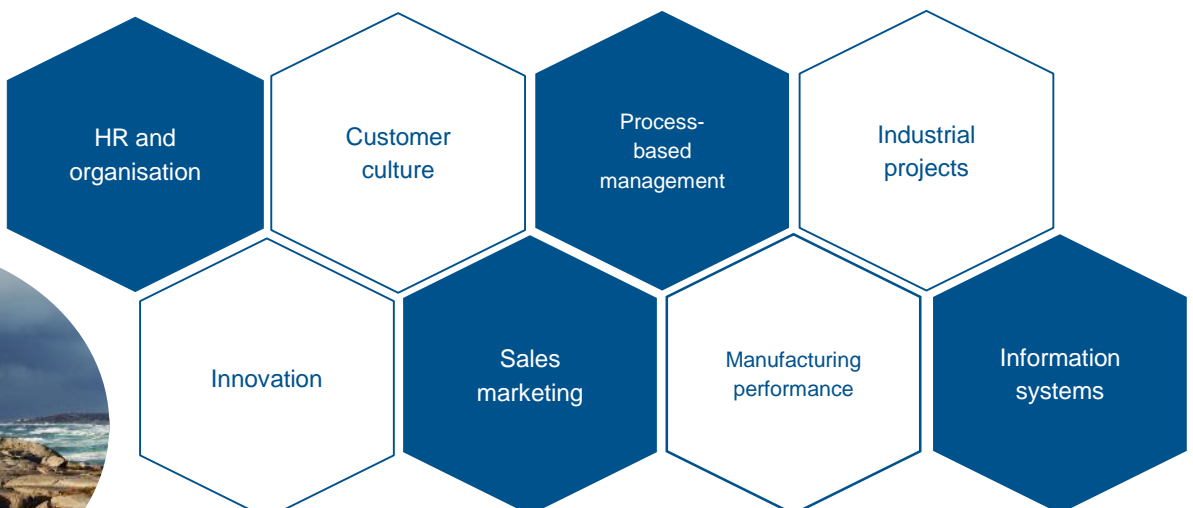


## OUR POINTS FOR IMPROVEMENT

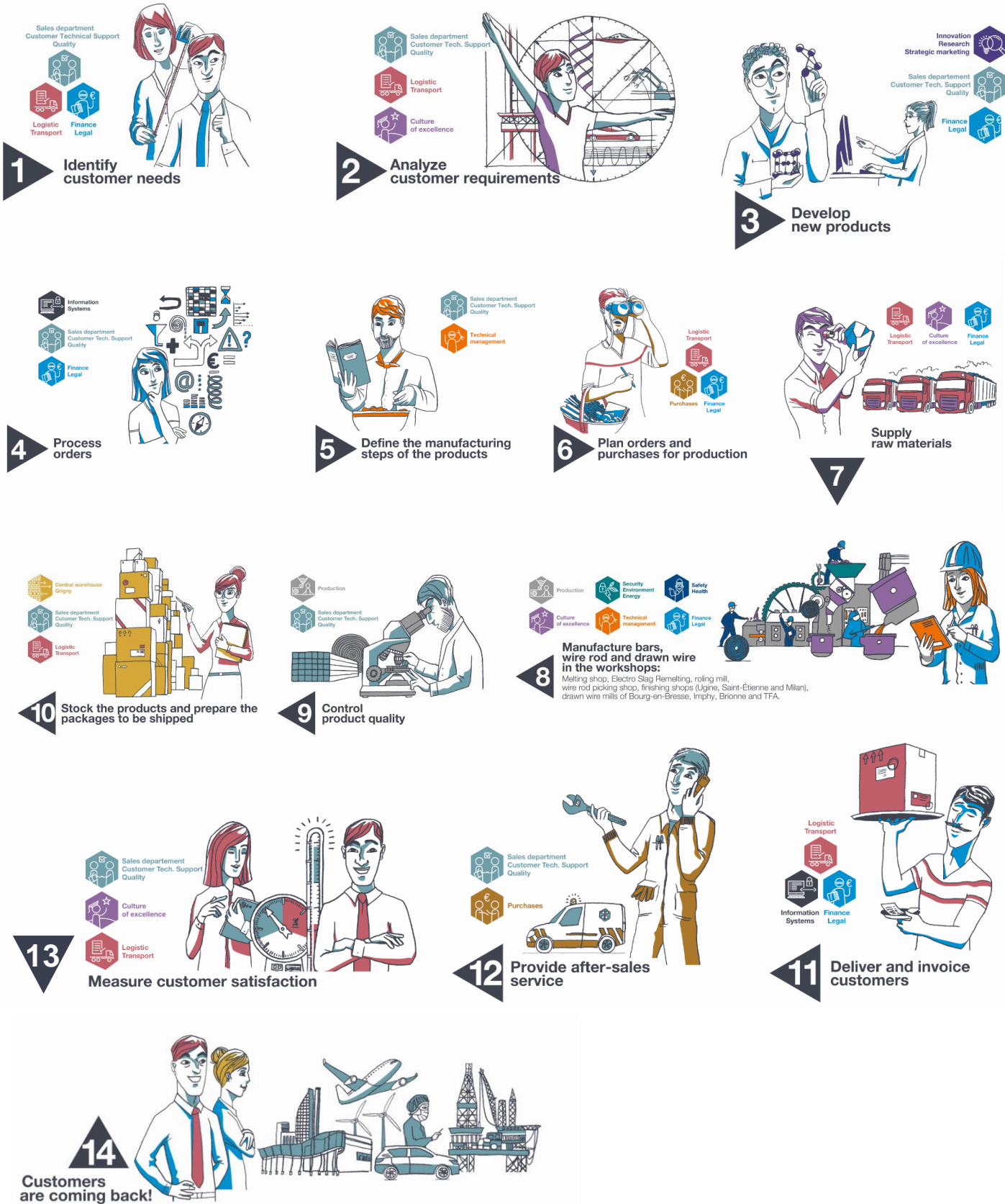
- We are still struggling to improve our safety results (LTIFR), despite the major efforts made (new strategy, sectoral action plans, flash audits, etc.).
- Our delivery times are still too long for some markets. We need to find new capabilities, create flexibility and rethink our model.
- We have not sufficiently identified our management gains to compensate for inflation. We must return to the fundamentals of continuous progress to capture new economies and reverse the trend.
- We must continue our quality initiatives aiming at "0 mix" and "0 fault".
- Our management methods and managerial practices at all levels must bring about change through different managerial approaches that must be fully understood, adopted and complied with:
  - Compliance with regulations, etc. and exemplarity
  - Compliance with commitments and autonomy
  - Management alignment
  - Solidarity
  - Initiatives
  - Flexibility
  - Transversality of our actions

## MAIN STRATEGIC PROJECTS

Main strategic projects have been defined for:



# Ugitech's workflow



# Process diagram

To support and deploy its strategy, Ugitech has chosen to structure its activities using a "Process" approach. The operational performance of the activities and services can therefore be aligned with the company's strategic challenges by promoting a cross-disciplinary approach.

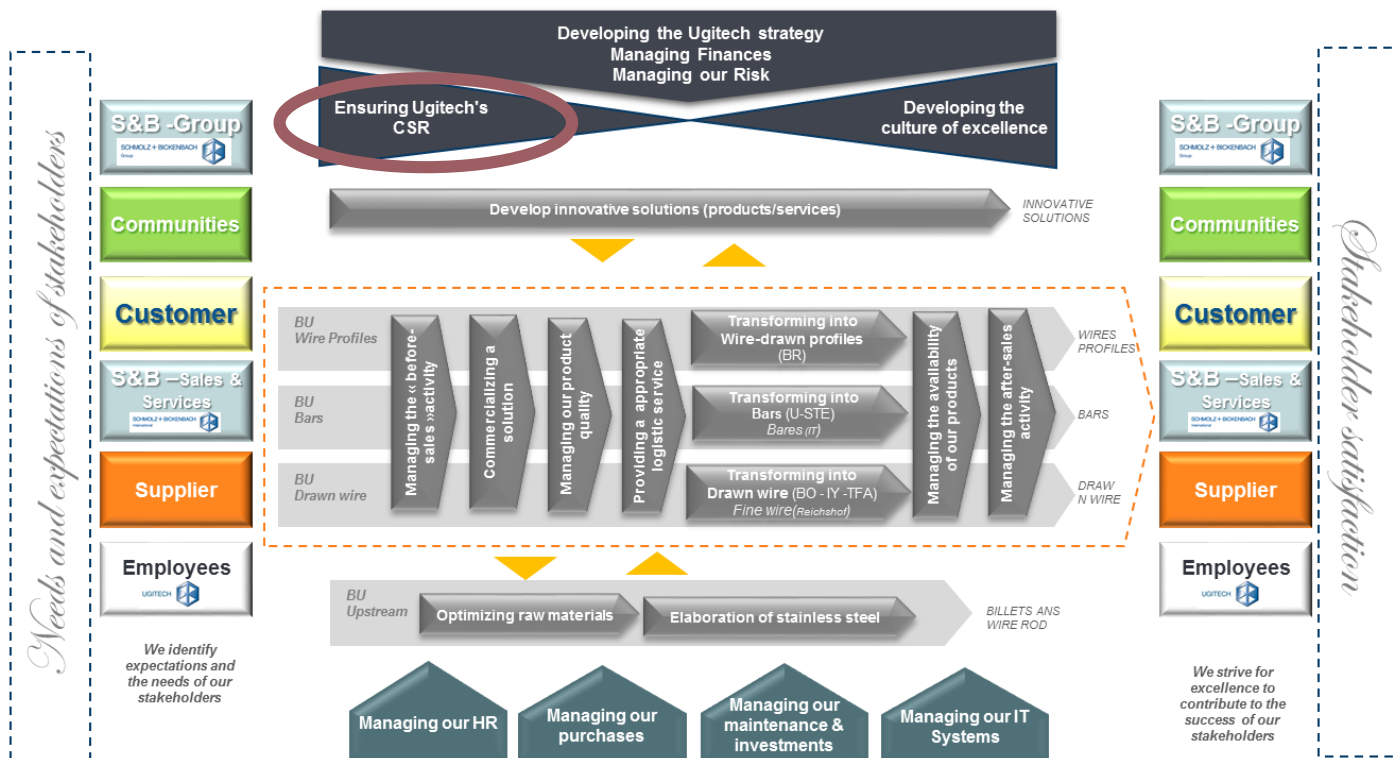
Ugitech's management has therefore identified the company's key processes and defined their objectives with all the process managers in line with the specified strategy.

Each process has been described via an identity card containing the following elements:

- the purpose of each process
- key process participants
- organizational practices, their purpose, frequency and participants
- needs and expectations of Ugitech's key stakeholders and the practice of monitoring them and measuring their satisfaction
- key challenges, indicators, objectives and projects (including strategic projects) of the processes aligned with Ugitech's strategic themes and challenges
- process opportunities and major strategic risks related to process challenges
- sub-processes with the main inputs and outputs and operational risks related to sub-process tasks

All Ugitech's processes are illustrated in the following process diagram:

## To become *THE* stainless steel benchmark



# Our risk management

Risk management is a growing issue in our economy and is increasingly becoming the focus of our concerns. It is included in the Group's policy as one of the components of our corporate strategy and can inform budgetary choices.

The S+B Group implements its Risk Management approach through a dedicated organisation. A specialized 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 decisions within the organisation. They support the Group's ability to achieve its operational and strategic objectives. They are functionally attached to the Group Audit Committee and Group Management. Their roles have been formalized in a Charter.

Ugitech works on the basis of process-based risks, mainly in collaboration with the Group Risk Manager.

An initial identification of potential dangers (threats, weaknesses) is based on an in-depth analysis of the 22 processes, in line with the strategic themes, challenges and objectives to be achieved. It is carried out by each Process Manager and includes:

- a study of "strategic" risks in view of the challenges and objectives, via a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)
- an analysis of operational risks concerning the tasks to be carried out per sub-process

This leads to actions and projects to be implemented for each process. The rating of these processes is validated by our Executive Committee.



More generally, a Ugitech Risk Management coordinator identifies and evaluates risks to create a risk map. He includes potential hazards and action plans taken from process analyses. He prioritizes them by rating and oversees the progress of action plans.

An extract from this risk mapping, consisting of strategic, operational, reporting and compliance risks, is also updated twice a year with the support of the Group Risk Manager, and supplemented by a quantified estimate of the impacts of each risk.

The various projects provide an overview of the company's main potential risks and a follow-up of action plans aimed at controlling or reducing these risks, particularly with regard to aspects related to our social responsibility.

Risk mapping also highlights our concerns in terms of Social and Corporate Social Responsibility on subjects such as ethics, the environment and our resources, compliance with regulations, social dialogue, our partnerships, etc.



# Our CSR policy

## Based on:

- our four strategic themes
- our business model
- our informed process approach
- our risk management dynamic
- requests from our customers who are increasingly sensitive to this subject
- the Ecovadis evaluation structure, with which we conducted an evaluation at the end of 2017

We have structured our global CSR approach around the following pillars:

## ETHICS AND GOVERNANCE

- Ethics and internal control
- Responsible purchasing

## SOCIAL DEVELOPMENT AND QUALITY OF WORK LIFE

- Health, safety and working conditions
- Attractiveness, equal opportunities and equal pay
- Dialogue and social recognition
- Skills development and access to training

## ENVIRONMENT AND RESOURCES

- Environmental protection
- Energy and resource management
- Sustainable products and markets
- Responsible logistics

## COMMUNITY INVOLVEMENT, TERRITORIAL ANCHORING

- A sustainable partnership with schools, colleges and universities
- Local partnerships, communities and associations
- In-house events for employees
- Taxation

This structure, supported by well-defined multi-disciplinary organisation (project manager, steering committee) must clearly form part of Ugitech's strategy development, in particular on the first of our values, but not only... and thus allow Ugitech to become THE stainless steel reference, and anchor the company in the 21st century, so that it exceeds its 110-year ... 120-year anniversary ... and even more.

Given the nature of our activities, we consider that the following themes: respect for human rights, fight against food insecurity, respect for animal welfare, a responsible, fair and sustainable food system and food waste do not constitute the main CSR risks and therefore do not warrant discussion in this management report. Information is, however, available on our website or in our CSR report.

# 2018 Key Responsibility Indicators

Code of conduct availability	% maintenance purchases from local service providers
<b>100% of employees</b> 	<b>86%</b> 
Lost Time Injury Frequency Rate (LTIFR)	Average training days per person/year
<b>5.3</b> 	<b>3.2</b> 
Number of new permanent jobs	Quality of work life index
<b>125</b> 	<b>62%</b> 
Waste recovery rate	Water consumption (m <sup>3</sup> /ton )
<b>86%</b> 	<b>17.3 m<sup>3</sup>/t</b> 
% of recycled content	Dust emissions in g/tons
<b>75.6</b> 	<b>151 g/t</b> 
C02 transport savings in kg	% of metal raw materials received at the Ugine plant mainly by rail transport
<b>185,976</b> 	<b>41.65%</b> 
Number of school visits	Number of projects begun in conjunction with the town and in progress
<b>35</b> 	<b>3</b> 
Number of financial partnerships	Number of in-house events
<b>5</b> 	<b>6</b> 

# ETHICS AND GOVERNANCE





## DEFINITION OF THE CHALLENGE

- Fight against corruption and conflicts of interest and for the right to free competition (antitrust).
- Protect our assets, data and know-how.
- Comply with good practices in terms of working conditions and the environment.
- Ensure the durability of our internal control system.

These challenges are governed by laws that we cannot breach under any circumstances. The consequences of infringement can be very serious, both financially and for our image. We must put the necessary procedures and organisations in place to avoid any risk of breaching these laws and we must train and inform our staff to take good practice into consideration.

Our internal control system is a means of ensuring that our internal procedures are followed. It reflects our commitment to identify potential failures. We must bring it to life and develop it in line with our activities.

## QUANTIFIED OBJECTIVES / KPIs

- Inform 100% of our staff about our code of conduct and provide them with the necessary means to alert a breach of compliance.
- Our objective is to avoid any case of corruption or obstruction of free competition.
- Each year, we aim to have our internal control system validated by an external audit firm.

## QUALITATIVE OBJECTIVES

- Ensure that the company is compliant with all current regulations regarding corruption (SAPIN II Law), antitrust or conflicts of interest.
- Protect our assets, data and know-how.
- Promote a common perception and understanding of our values.

## EXISTING ACTIONS

The S+B Group has a Compliance Department within its organisation. The department focuses on the prevention of corruption and breaches of the antitrust law. The main task of the Compliance Department is to implement a Compliance Management System that complies with the company's requirements in relation to its environment.

At Ugitech, a Compliance Manager (the Managing Director) was appointed in 2015. He is supported by a person he appointed in the Finance Department. They provide the Group Compliance Department with help it needs to implement the Compliance programme. They provide local expertise in creating and adapting internal guidelines.

The following measures have been implemented:

### The Code of Conduct

The Code of Conduct deals in particular with equal opportunities and discrimination prohibition, management of conflicts of interest, corruption prevention and breaches of the antitrust law, as well as with environmental aspects and working conditions.

It was distributed to all employees in 2015.

It was updated in August 2017 and the Management issued a communication to all employees in September 2017, including the Code of Conduct and indicating its availability on our Intranet site and on our internal document sharing network.

In 2018, we incorporated it into the internal regulations that each employee must sign when they join the company.



## Anti-Corruption and AntiTrust Guidelines

This document contains practical examples, check lists and explanatory notes on anti-corruption and antitrust behaviour. The guidelines also detail the sanctions and actions to be taken if breaches of our Compliance rules are reported.

They are available on the S+B Group Intranet site.

A brochure entitled "Compliance at a glance" was distributed in 2018 to all department heads and managerial staff. This document summarizes the main features of the Code of Conduct and the antitrust, anti-corruption and data protection laws.



## The Compliance Charter

The Compliance Charter describes the principles on which the Compliance Officer acts.

## Compliance Training

1. In June 2015, the S+B Group provided on-site training for Ugitech employees involved with antitrust or anti-corruption issues (mainly the Purchasing, Sales, Finance and IT Departments). The training was based on the corresponding Guidelines and the Code of Conduct. About 85% of those targeted were trained.
2. E-learning training courses have also been introduced. E-learning uses an approach based on actual cases, which, in addition to raising awareness, is designed in a "practical spirit".



A first wave of training was completed in 2015 with three training sessions on anti-corruption regulations, antitrust laws and the Code of Conduct. 100% of the target population (mainly Purchasing, Sales, Finance, Human Resources, IT) have attended these training courses.

The three e-learning training courses were updated in 2017 and expanded to include a broader target group from November 2017 to March 2018. Consequently, everyone with an email address was invited to attend the Code of Conduct training sessions. All these people, with the exception of manual workers, were offered training on antitrust and anti-corruption regulations.

## An internal alert system for non-conformance with Compliance rules

Since 2015, the S+B Group has provided all Ugitech employees with two ways of submitting information concerning a breach of our Compliance rules: **the Speak-Up Line and the Ombuds System**. These resources should, however, be used as a last resort: employees must first use the standard channels, i.e. the direct line of authority, the local Compliance Officer, the Group Compliance Department or the Group's Human Resources or Legal Departments.

- **Speak-Up Line (Internet and telephone service)**

This service is a professional alert system that helps ensure conformity and compliance with all Group regulations. It allows any employee to report criminal acts through a highly secure process.

This free service is available 24 hours a day, 7 days a week, 365 days a year. It allows informants to call a helpline and leave a message on an answering machine, or send written information by email, in their mother tongue. Informants may choose whether or not to remain anonymous.

- **Ombuds system**

The S+B Group has appointed an "ombudswoman" (mediator). She is an independent lawyer, working outside Ugitech and the S+B Group. She has already been acting in this capacity for many years for many companies. She is the person to contact for employees who want to give confidential information about breaches of Compliance rules.

Her role is to receive this information, classify it and forward the matters reported to her to the S+B 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 exercise the right to refuse to testify to protect the identity of informants. This service is free for employees.

An internal memo from Ugitech's management dated December 2015 was sent to all Ugitech employees to inform them about e-learning training and the two alerting methods. It contains all the necessary contact details and information on how to use them correctly.

In addition, Ugitech is affected by the anti-corruption aspect of the new Sapin II law, which provides for the implementation of eight measures to prevent and detect corruption:

1. Code of conduct, incorporated into internal regulations
2. Internal alert system designed to collect reports from employees

3. Mapping corruption risks by the sector of activity 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. Internal or external accounting control procedures to ensure that books, records and accounts are not used to conceal acts of corruption or bribery
6. Training system for managers and staff most likely to be affected
7. Disciplinary system to sanction company employees in the event of a breach of the company's code of conduct
8. Internal control and evaluation system for measures implemented

Many of these points are already enforced at Ugitech. A working group is currently studying areas for improvement, additions and measures to be implemented in order to apply these recommendations as effectively as possible.

### Our internal control system

As S+B is listed on the Swiss stock exchange, our Group and each Group subsidiary must demonstrate annually that an internal control system is in place.

Work on the Internal Control System began in 2006 and its present format was finalised in 2008.

This system divides the company into 8 processes:

- Business Administration
- Purchasing and Payables
- Sales and Distribution
- Property, Plant and Equipment
- Financial Reporting (including Tax and Treasury)
- Information Technology
- Production

Each process consists of a flowchart and a matrix built according to the same model.

The matrices are derived from the list of potential risks. An internal risk study has been carried out in collaboration with each process manager. They are ranked by sub-process, referenced, and the level of priority is defined.

For each risk, one or more controls are identified. They are also documented. Several criteria are applied (position, assertion, type, frequency, etc.) and a manager is assigned.

Each control is described in a special sheet (details of the control carried out, the person involved, the reasons for the control, the method adopted, the media used and the frequency) and a list of substantiating documents is drawn up. A total of 156 internal controls are documented in the Ugitech ICS.

Each year since 2008, Ugitech ICS has been reviewed internally in its entirety (100% of the 156 internal controls): each manager is contacted either for an internal audit or for a simple description sheet update. In all cases, 100% of the substantiating documents bearing the current year's date are collected for the 156 internal controls.

The external audit firm, Ernst and Young, audits the Ugitech ICS each year, checks that it does exist within the company and that it is updated annually in-house. It also checks specific control points with the business managers. At the end of this review, it can confirm whether or not the ICS exists.

The existence of Ugitech's internal control system has in fact been validated by an external audit firm each year since it was created in 2008.



## FUTURE ACTIONS

- Roll out a specific code of conduct for a targeted population of suppliers.
- Continue verification of the correct application of the SAPIN II law by an external service provider.
- Distribute a document on the Data Protection Act (GDPR).
- Make all Compliance procedures and the "Compliance at a glance" brochure available on the Ugitech Intranet.
- Regularly train and instruct our salespeople on regulations and procedures to be followed with our business partners.

## PERFORMANCE MONITORING

% of employees made ethically aware in 2017-2018

Code of Conduct: 64% of total staff

Anti-corruption: 79% of targeted staff

Antitrust: 79% of targeted staff

Code of conduct made available

100% of the staff

Number of alerts reported (speak-up line / ombudswoman)

0 complaints or alerts

Internal control system

2018 validation: OK





## DEFINITION OF THE CHALLENGE

The challenge is to provide the company with all the quality products and services required to meet its needs, within the agreed delivery times and under the economic conditions imposed by customer markets.

In line with the company's policy, the Purchasing strategy, consisting of four points, must aim at increasing the company's competitiveness and be based on:

- specific purchasing strategies for the main purchasing families
- systematic competitive bidding (at least two different sources required for each item) and optimized supplier panel
- establishment of a framework agreement for long-term and sustainable relationships with selected suppliers

To manage supplier relationships, the Purchasing Department will ensure that it establishes and fosters:

- mutual respect for sustainable and lasting relationships, to ensure the best possible support for our development
- the integration of suppliers as early as possible into our projects to make the best use of available expertise

## QUALITATIVE OBJECTIVES

The Purchasing department performs a vital function due to quality/delivery time implications and the importance of purchases to our turnover.

The Purchasing department, which is responsible for a significant share of our competitive advantage, must, as part of the defined strategy, apply the following policy:

- anticipate and adapt quickly to events that may occur in supplier markets
- guarantee the required performance levels (technical, costs, quality, delivery times)
- ensure compliance with the regulations and standards in force, both internally and with suppliers
- control risks related to suppliers

## EXISTING ACTIONS

Our purchasing policy and our tools allow us to minimize our environmental impact across several areas by promoting:

- use of recycled materials for over 75% of our volumes
- short local and regional journeys as much as possible (20% for less than 200 km) to limit the transport of goods
- bulk packaging for 97% of our raw materials, to avoid waste packaging
- sea transport to or from distant countries (Asia, South America, South Africa, India, and sometimes even Europe) and inland waterways for intermediate-distance routes wherever possible
- decisions to use less refined alloys containing Iron that we can recover
- use of rail transport for 40% of the bulk materials received

We have installed fluid production facilities on our site to supply our tools through direct pipelines, thus avoiding road transport

We have also encouraged our service providers to set up facilities in the vicinity, either directly on our site or in the surrounding area, and in the Rhône Alpes area in about 60% of cases.

As part of our Corporate Social Responsibility, we comply with the "Conflict Mineral" Regulations, which means not doing business with the countries in question.

We are also concerned about our suppliers' practices and in selecting them, we use several criteria relating to their ethics, safety policy, environmental policy (CSR), energy policy and performance. The suppliers working on our site undergo special training and are committed to complying with our Health, Safety and Environment standards.

We seek to develop long-term relationships with our partners, based on trust and the constant search for improvement. 60% of our purchases are based on formal agreements for periods of one or more years (basically one to three years). In addition, we have established a code of conduct in line with ILO regulations, addressing topics such as corruption prevention and child labour; this code of conduct will be included in the contractual documents validated with our main suppliers. It requires compliance with human rights on four fundamental criteria:

- Rejection of child labour
- Rejection of forced labour
- Freedom of association
- Fair working conditions, Health and Safety.

## PERFORMANCE MONITORING

Use of bulk packaging (raw materials, scrap metal)

2017: **97%**

2018: **97%**



% purchases made under framework contract

2017: **75%**

2018: **75%**



% maintenance purchases from local service providers

2017: **87%**

2018: **86%**



## FUTURE ACTIONS

In addition to the existing above-mentioned actions, which are ongoing, and as part of the development of the company's Purchasing department launched in October 2018, we will broaden our approach along three main lines:

- obtain a commitment from our main suppliers by signing a Code of Conduct in accordance with the document drawn up by the Group
- carry out the 2019 supplier audit programme including six questions relating to corporate social responsibility
- promote sustainable and lasting relations through a significant increase in the number of annual or multi-year agreements



# SOCIAL DEVELOPMENT AND QUALITY OF WORK LIFE





## DEFINITION OF THE CHALLENGES

Ensure the health and safety of our employees and, more generally, promoting Quality of Work Life (QWL) within Ugitech, is our priority.

## QUANTIFIED OBJECTIVES / KPIs

Our ultimate objective is to achieve "zero accidents" and "zero occupational diseases".

## QUALITATIVE OBJECTIVES

Our approach aims to involve all managers and CHSCTs to make each Ugitech employee responsible for their own safety and that of their colleagues.

This approach concerns all our employees on all our sites, as well as our subcontractors and visitors.

## EXISTING ACTIONS

To achieve these objectives, we:

- Develop a prevention policy and an appropriate strategy aimed at defining action priorities based on our risk assessment
- Set up an appropriate organisational structure and financial resources
- Manage our health, safety and ergonomics practices by deploying an integrated management system promoting continuous improvement.

**We are implementing a three-year global transformation plan** based on six priorities:

- Ensuring the conformity of our work equipment
- Traffic
- Chemical hazard control
- Ergonomics
- Prevention of psychosocial risks (RPS) and, more broadly, development of QWL
- Falls from height

This plan is complemented by local site-specific plans to achieve our ambitious objectives.

2018 was characterized by the definition and deployment of this health, safety and ergonomics strategy involving departments and employees in pilot projects as well as in participatory and cross-disciplinary initiatives to improve working conditions, develop synergies and a common approach.

In the spring of 2018, Management, in conjunction with Employee Representatives, launched a **survey among all Ugitech France employees on their working conditions**. The overall participation rate of 64% was remarkable as it is quite unusual in this industry. On the basis of ten factors recognized as the benchmark for analysis, Technologia identified synthetic indicators that highlight:

- A commitment rate of 72%, which clearly shows our strong commitment to the company
- A satisfaction rate of 60% and an estimated stress rate of 37%

82% of respondents consider that on the whole, the working conditions are rather good to very good. Similarly, 74% believe that their professional situation is satisfactory. Ugitech is characterized primarily by a particularly positive atmosphere of teamwork: it is considered to be "serene, dynamic, confident and supportive".

A global indicator combines the ten factors: the Quality of Work Life (QWL) indicator.

Ugitech's QWL indicator resulting from this survey is 62%.

A staff satisfaction survey is also regularly conducted on the Italian sites (2015, 2017 and soon 2019).





In 2019 we will rework the way in which the introduction and management of chemicals is controlled, by involving the various players (production, purchasing, medical service, etc.). In the workshop, chemical risk control will be streamlined with summary sheets to which everyday users can conveniently and immediately refer at any time to enable them to use the products under appropriate conditions. To ensure proper risk control, we have a permanent programme for measuring employee exposure and auditing working practices.

The Italian site will, as previously stated, conduct another staff satisfaction survey. On the same site, a mobile application implementation project is in progress. This will make it possible to report an accident by sending a photo to a centralized network.



## PERFORMANCE MONITORING

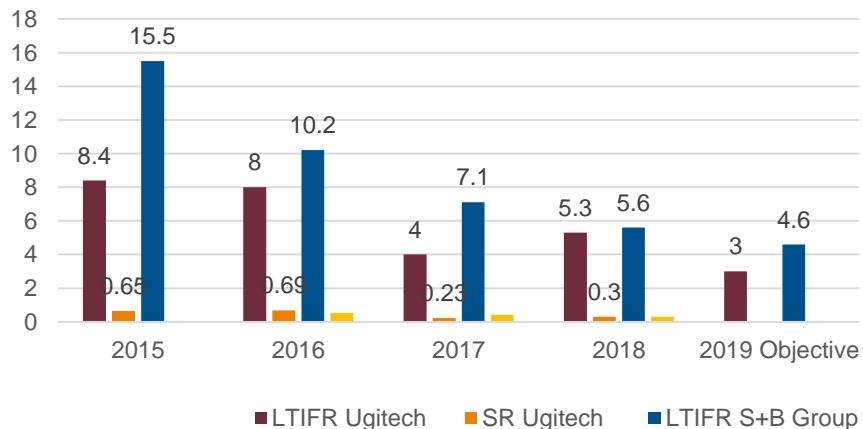
### Lost Time Injury Frequency Rate (LTIFR)

2017: **4**

2018: **5.3**



### LTIFR (Lost Time Injury Frequency Rate) SR (Severity Rate) Ugitech France - Italy - Germany



# Attractiveness, equal opportunities and equal pay



## DEFINITION OF THE CHALLENGE

Ugitech, as the leading Savoie employer and one of the top 50 exporting companies in the Auvergne Rhône-Alpes region, is deeply rooted and involved in the regions where it operates. As Ugitech is aware of its role in society, we also work with all local players to develop our attractiveness, employment, training and integration into industrial activities.

Given our medium and long-term strategic and HR challenges, it is today a priority and essential that we identify and anticipate our needs in terms of organisational structures, jobs and skills. At the same time, it is important to be sensitive to our environment and to understand the sectors experiencing shortages on the job market. We therefore aim to roll out an "Employer Brand" strategy to attract people to the industrial trades of the future.

## QUANTIFIED OBJECTIVES / KPIs

- Have over 2.5% of the workforce on apprenticeship contracts or professionalisation, CIFRE or VIE contracts each year
- Host more than 60 school trainees each year
- Diversity Men / Women: employ 20% women in the workforce

## QUALITATIVE OBJECTIVES

- Design and promote the Ugitech Employer Brand
- Structure and develop our school relations policy by initiating long-term partnerships with targeted schools



UGITECH - Vous recherchez une histoire sérieuse ?  
A recruitment film made for the Employer Brand campaign  
<https://www.youtube.com/watch?v=KONhRm39FIY>

## EXISTING ACTIONS

### Employer Brand

In 2018, we designed and initiated the deployment of the Ugitech Employer Brand by pursuing three major objectives:

- Develop the geographical influence of the Ugitech brand with the "general public"
- Consolidate and develop our partnerships with schools and training organisations
- Develop our recruitment communication by creating new visuals and messages that will be disseminated through a media plan, using modern communication tools



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

The multi-media deployment phase began on 23 September 2018 and will continue until the end of the first quarter of 2019.



## Youth Policy

In 2017, at the heart of our HR strategy, we defined the framework of a proactive and ambitious Youth Policy based on three main themes:

- Initiate **long-term partnerships** with targeted schools to meet our needs
- **Maintain a continuous policy of welcoming trainees**, which is sustained in terms of both volume and quality, **targeted in particular at our skills shortage areas, such as maintenance**
- Roll out **an ambitious work/study training policy** with three objectives:
  - Develop Ugitech's Corporate Social Responsibility by being actively involved in training young people in manufacturing skills (our total annual investment is around **1 M€**: apprenticeship tax, remuneration and training costs for sandwich course students)
  - Have a permanent workforce of 2.5% on work/study contracts in France, spread across all our professional activities and priority targets: maintenance and production
  - Continuously develop the pool to meet our needs in our skills shortage areas.

For the past 3 years, our commitment has been reflected in signing real, binding partnerships:

- Signing letters of undertaking with the Lycée des métiers des Sciences et des Techniques de l'Industrie, Lycée René Perrin in Ugine (73) to welcome trainees and sandwich course students
- Membership of the Alptitude Association Lycée Berthollet university preparatory classes
- Membership of the Savoie Mont-Blanc University Business Club
- Attendance at many professional forums and open days



## 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 subtle balance between:

- Promotion and internal mobility processes
- Investment in external recruitment processes

To identify Talent within the company, we are acquiring efficient tools and processes for managing talented persons, jobs and skills with the help of a new HRIS Talentsoft software package.



To identify our future talented staff outside the company and raise our standards, we have defined and deployed a differentiated recruitment strategy tailored to the needs of each audience by developing innovative recruitment solutions and new Supplier partnerships.

### Our recruitment strategy

- **In-house interim solution**

Target: industry-related candidates

Challenges: reactivity, volume and quality (permanent jobs), non-critical jobs

How: continuous recruitment with training pool objectives

- **Certification training solution**

Target: non-industry related candidates

Challenges: volume forecast for the financial year and quality (permanent contracts), non-critical jobs

How: group of 8, CQPM (Certificate of Joint Qualification in Metallurgy), selection via the Simulation Recruitment Method

- **Solution for direct permanent job recruitment**

Target: candidates trained and highly experienced in the industry

Challenges: forecast for two financial years, quality (permanent contracts), critical jobs

How: group of 8, long integration period with professional CQPM

- **Apprenticeship recruitment solution**

Target: candidates trained by us

Challenges: medium-term / long-term forecast, loyalty, attractiveness, Industry, employer image

How: apprenticeship contract, school years

**Professional equality policy**

Ugitech promotes diversity on two main themes:

- **Gender Equality:** on the basis of the Company Agreement on Professional Equality between Women and Men of 2 December 2016 and the Schmolz+Bickenbach Group Code of Conduct, Ugitech confirms its commitment to equality between Women and Men and to non-discrimination and equal opportunities throughout their professional life. It focuses on three priority areas:

- Access to employment
- Professional development and equal pay
- Private / professional life balance



- **Action plan for preventing hardship at work:** Ugitech is continuing and stepping up its efforts to improve the working and employment conditions of employees with disabilities or medical conditions. The action plan is based on six main themes:

- Reducing poly-exposure
- Improving working conditions: Ugitech acquired a Work Ergonomist in September 2015 for this purpose, creating this new position
- Deploying and maintaining the conditions for keeping employees with disabilities or medical conditions in work. Ugitech Italia provides equipment adapted to people with disabilities to facilitate their work
- Mobilising everyone involved in keeping people in work
- Communicating on the process of Recognising the Quality of Disabled Workers to develop job retention measures and support (workplace ergonomics, training, employability, etc.)
- Strengthening collaboration with institutions in the protected sector



**FUTURE ACTIONS**

- Continue to roll out the Employer Brand project and develop Ugitech's influence on different media, in particular through the creation of a recruitment officer and employer brand position
- Review and assess our Schools Partnership and Relations Policy
- Apply and measure the Professional Gender Equality Index
- Maintain and develop our recruitment strategy over time
- Negotiate equality, hardship and disability issues in 2019

## PERFORMANCE MONITORING

### Workforce

2017: **1,805**2018: **1,841**

### Number of new permanent jobs

2017: **110**2018: **125**

### Number of new permanent jobs for women

2017: **16**2018: **10**

### % men

2017: **87**2018: **87**

### % women

2017: **13**2018: **13**

### Number of sandwich course students

2017: **48**2018: **57**

### % of women sandwich course students

2017: **17%**2018: **23%**

### Global turnover

2017: **8%**2018: **8%**

### Resignation turnover

2017: **1%**2018: **1.4 %**

### Number of disabled employees Ugitech SA (France)

2017: **77**2018: **65**



## DEFINITION OF THE CHALLENGE

Ensure the balance between social progress and economic performance by developing regular, constructive relations with employee representative bodies.

## QUALITATIVE OBJECTIVES

- Promote a responsible social dialogue policy requires social dialogue based on three main themes: recognition, legitimacy and mutual respect.
- Promote responsible social dialogue begins with safeguarding the health and safety of our employees, for whom we want to provide good quality of work life.
- Our objective is to develop employee satisfaction.

## EXISTING ACTIONS

As part of an open social dialogue, each year we organize our social calendar to give each stakeholder an insight into the year's social issues.

In 2018, we negotiated an agreement defining how negotiations between the parties can take place in conditions of fairness and mutual trust and providing the right framework for social dialogue. A social calendar was drawn up to include the various issues of concern to employees and the legislative changes that needed to be negotiated.

Four major agreements have also been signed to take employee expectations into account and meet our customers' needs:

- An agreement on organising and planning working time, which, in particular, sets up a teleworking system within the company and develops the flexibility of our organizational structures.

- A method agreement defining an approach to understanding and improving QWL, which enabled us to conduct a survey on our employees' working conditions. In the light of the results obtained, an action plan was agreed aiming at achieving a sustainable improvement in our employees' quality of work life. The action plan is an amendment to the method agreement.
- An incentive agreement and a salary agreement, which are part of our remuneration policy aimed at enhancing employee involvement. The incentive bonus consists of two separate parts: the first focuses on the economic results assessed via two indicators: EBITDA and working capital needs/turnover. The second concerns performance, which is measured by three indicators: LTIFR, service rate and litigation/turnover rate.

## FUTURE ACTIONS

- Restructuring employee representative bodies with the establishment of Social and Economic Committees in 2019 is part of the responsible social dialogue policy.
- Discussions will be held with employee representatives to determine how these bodies will operate as part of a commitment to set up this social dialogue and improve its reliability.
- Responsible social dialogue also involves health and safety protection. A new action plan will therefore be defined, with the aim of systematically reducing or even eliminating hardship at work.
- Actions aimed at ensuring professional equality within the company and also contributing to better well-being at work will be continued.

- Taking employees' concerns into account will involve implementing a new job and professional career management policy to ensure that employees develop their own individual employability.
- Disability management within the company will also be at the heart of discussions with a view to ensuring that the employees concerned remain in work as a matter of priority.

## PERFORMANCE MONITORING

Number of agreements signed

2017: **4**

2018: **7**



QWL index  
*Ugitech SA (France)*

2018: **62%**





## DEFINITION OF THE CHALLENGE

Ugitech's Human Capital, consisting of its men and women, is the company's primary asset. This is the factor that sets us apart from our competitors and makes us the world leader in our markets.

**To meet our medium- and long-term challenges, we must identify and anticipate our needs in terms of organisation, jobs and skills, taking employment constraints into account.**

Management planning for our organisation, jobs and skills is a major project that will support Ugitech's transformation and strategy.

The aim of managers, assisted by HROs, is to anticipate and address the impacts of the company's strategic policies on our organisation, jobs, and skills in three years' time.

## QUANTIFIED OBJECTIVES / KPIs

Our objective is to invest at least 2% of our salary costs in the training budget.

## QUALITATIVE OBJECTIVE

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

## EXISTING ACTIONS

### Recruitment actions and employer brand

Manufacturing skills in general, and metallurgy skills in particular, require specific know-how. The profiles and skills sought are rarely available on the job market. This is why Ugitech has set up a recruitment plan based on innovative and reactive actions and developing the employer brand to meet the needs of operational staff.

The simulation recruitment method has been used to recruit production operators.

This method has allowed us to select candidates primarily on their ability to hold an operator position and on their motivation.

The selected persons were consequently able to follow a certification training course and become part of the world of industry, which they had previously been unable to access.

### Setting up an in-house school

Ugitech has decided to create its own in-house school, the @nox school, to meet its specific professional needs.

Two courses have been set up in partnership with the Metallurgy division: a team leader course and a team manager course. Both will lead to a CQPM.

Mastering and passing on know-how are important challenges for Ugitech.

There are more than a hundred in-house trainers within our company.



Approximately 175 in-house training modules are offered in various fields such as continuous improvement, health and safety, professional techniques or management and communication.

In line with the Group's "One Group, One Goal" strategy, we have decided to invest in an innovative HR management information system, which is currently being rolled out throughout the S+B Group.

This high-performance tool, shared at Group level, will improve skills development, career management and performance. The phased rollout of the various modules (training, LCMS, recruitment, annual appraisal, performance management, etc.) began in 2016 and will continue until 2020.

**In 2018, our training policies were based on:**

- Health and safety, in particular regulatory and machine compliance training
- Foreign languages to support our necessary international development
- Induction of the many new recruits to enable them to be operational as quickly as possible under the right conditions
- Development of the "trade" skills of existing employees to incorporate the necessary developments that the investments made in their sectors involve and to prepare for the changes of tomorrow and the transition to other professions.

## FUTURE ACTIONS

As part of HRIS deployment, new modules will be implemented in 2019.

Firstly, the recruitment module that will give both internal and external candidates an overview of all the jobs available in the S&B Group and allow them to apply online, which will improve the candidate's experience, as well as our reactivity in processing applications.

We will also continue to deploy the performance evaluation module and open up the pilot group to new employees.

Finally, from the second semester of 2019 onward, we will start designing the Compensation & Benefits module.

We will set up a "Be a company trainer" certification project for our in-house trainers at the @nox school.

The purpose of this approach is to identify and promote cross-disciplinary skills within the company and support the development of in-house trainers.

In 2019, our training guidelines changed to incorporate two new themes, taking account of technological developments and the need to support teams in these changes by strengthening our managers' managerial skills.

**Management reaffirms its commitment to the following priorities:**

- Health and safety, in particular regulatory and machine compliance training
- Induction of the many new recruits to enable them to be operational as quickly as possible under the right conditions
- Development of the "trade" skills of existing employees to incorporate the necessary developments the investments made in their sectors involve and to prepare for the changes of tomorrow and the transition to other professions.



**Also:**

- Development of the managerial culture to enable managers to better support their teams and strengthen their project management skills
- Digital transition, by supporting employees in the use of new tools

During 2019, **the Job and professional career management agreement will be renegotiated**. It is a tool for anticipating job and skills needs, which helps the company develop its competitiveness. For employees, it is a tool that allows them to approach their professional career in a positive and controlled way, with the aim of adapting and developing their skills and qualifications



**PERFORMANCE MONITORING**

Average number of training days per person/year <i>Ugitech France</i>		Training: % salary costs <i>Ugitech France</i>	
2017: <b>3.6</b>	2018: <b>3.2</b> ✓	2017: <b>2.56</b>	2018: <b>2.53</b> ✓
Number of training hours <i>Ugitech France - Excluding temporary and work experience staff</i>		2017: <b>43,080</b>	2018: <b>39,322</b> ✓
Including tool training		2017: <b>25,560</b>	2018: <b>20,959</b>
Including training in other fields		2017: <b>11,776</b>	2018: <b>11,743</b>
Including safety training		2017: <b>5,744</b>	2018: <b>6,620</b>

# ENVIRONMENT AND RESOURCES





## DEFINITION OF THE CHALLENGE

Know and reduce the impact of Ugitech's activities on the environment, particularly discharges to water and air, soil pollution prevention, noise, waste management and the circular economy, to preserve the environment and adapt to the realities of climate change.

For Seveso classified sites, work on the prevention of major accidents and on minimizing the presence of hazardous substances on site.

## QUANTIFIED OBJECTIVES / KPIs

UGITECH:

- 0 critical incidents
- Waste recovery rate  $\geq 80\%$ , and 100% for slag Ugine site:
- Concentration of global nitrogen releases from the Ugine wire rod finishing shop  $\leq 260$  mg/l.
- Steel mill dust emissions  $\leq 200$  g/t

## QUALITATIVE OBJECTIVES

- Comply with the various regulations applicable to the sites and participate in their development.
- Raise environmental awareness among Ugitech employees.
- Lessen our impact on the local environment by reducing our discharges to water and air, and our noise emissions.
- Improve our resilience to the problems of climate change and natural resource depletion by:
  - Reducing our water consumption
  - Limiting our CO<sub>2</sub> emissions by saving energy
  - Continuing to make progress on waste reduction and recovery
- Prevent any critical or major accidents and reduce the potential effects of hazardous substances.

## EXISTING ACTIONS

### Environmental Management System

To meet our environmental challenges, the industrial sites, with the exception of the Saint Etienne site, have an environmental management system and are ISO 14001 certified, in accordance with the new version of the standard. The TFA site in Italy obtained ISO 14 001 certification for the first time in 2018.

For several years, we have had a specialized, highly-skilled "Environment" department at the Ugine site, responsible for managing and reducing environmental risks. This department ensures that regulations are followed and is in close contact with the Regional Directorate of Environment, Development and Housing. Each Ugitech site has set up an environmental organisation, in conjunction with the Environment Department on the Ugine site, to manage the improvement process and projects. Each site manager is responsible for the environment within their area.

In addition, to increase the number of initiatives and global vigilance, an environmental awareness campaign is underway for 100% of the staff.

### This awareness campaign focuses on:

- The environmental policy
- Significant environmental aspects and impacts
- The site's environmental objectives
- Measures to be taken in an emergency
- Operational instructions to be used when managing significant impact activities



A SEVESO-type major accident prevention organisation has also been set up at the Ugine site. It is based on the Safety Management System, the Internal Operation Plan, the Fire Safety and Environment Department and a team of volunteer firefighters who are regularly trained and instructed.

All the site staff were informed of the action to be taken in the event of major accidents through a training module created specifically for the Ugine site. The neighbouring population was also informed of the measures to be taken in the event of a major accident at the Ugine site.

## Environmental impact management

### Water releases into the natural environment

Discharges to water from the various industrial sites are monitored in accordance with the regulations in force. The results are sent to the authorities. In 2018, discharges to water sometimes exceeded the regulatory values on the Ugine and Bourg-en-Bresse sites. Such occasional excess discharges are limited and have no lasting environmental consequences. In addition, they are always reported to the authorities and corrective actions are ongoing or planned.

To ensure an improvement in this respect, the following projects are in progress:

- **Reduction in total nitrogen releases in Ugine**

To reduce its global nitrogen releases (nitrogen in all its forms), the Ugine site installed a pilot plant for the regeneration of nitric acid-based waste in 2011. A large number of measures have been taken to improve reliability. In 2018, 30% of the spent nitric acid-based baths were regenerated, which made it possible to reduce the overall nitrogen releases to water, comply with regulatory values and reduce the consumption of "new" acid.

(Appendix 1)

- **Reduction in phosphorus releases in Bourg-en-Bresse**

The Bourg-en-Bresse plant releases its effluents into the Reyssouze river, which is sensitive to phosphorus. The plant has set up a project to replace the products used to reduce the releases. After a treatment plant optimization phase, 2018 confirmed the 2017 results, by stabilising phosphorus releases.

(Appendix 2)

### Atmospheric discharges

Discharges to air from industrial sites are regularly monitored and generally comply with regulations.

Measurements have also been taken in ambient air around the Ugine site by the Auvergne Rhône Alpes air quality association for several years and here again, the results are in compliance with the regulations. Only the level of dust emissions from the steel mill generally remains above the current threshold defined by prefectural order (150 g channelled + uncontained dust emissions per ton of steel for the entire steel mill), although they do comply with the values required by European regulations.

Actions are being taken to further improve the efficiency of dust collection and treatment (current efficiency rate = 99.4% as opposed to a rate of 98% required by the regulations).

In 2018, the first phase of work to partially close the steel mill skylights (upper roof ventilation) was completed. (Appendix 3)

### Circular economy

Waste is sorted on all Ugitech SA industrial sites. The Grigny site has been recycling its paper/cardboard since 2018. Material recovery systems are preferred, where they exist.

Over a year, more than 80,000 tons of waste are generated on UGITECH sites, of which almost 25% is hazardous waste. (Appendix 4)

Steel mill slag represents the largest share of the waste produced by Ugitech SA (48,200 tons in 2018). It is recovered for use in road technology, in collaboration with a specialized service provider.



Refractory materials from the steel mill are also found. These materials are processed in external material recovery systems. (*Appendix 5*)

In 2018, in collaboration with a supplier, Ugitech Ugine was able to recycle 158 tons of rolling mill oil. The oil was recovered in the form of energy, but it can now be used to produce recycled oil.

## Local impact management

### Biodiversity protection

Ugitech sites are located in unique natural environments. A bibliographic inventory of biodiversity interests was conducted in 2017 for each of the French ISO 14001 certified sites. It has been updated annually and no major biodiversity hazards have been identified.

### Soil pollution prevention

A containment program for storing hazardous products has been set up on all industrial sites to prevent accidental pollution, particularly of the soil. Storage facilities are regularly monitored and maintained.

Regular monitoring of the quality of the groundwater is carried out for the largest site.

### Noise pollution

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

### External communication

The Ugine site holds regular discussions with local residents. The purpose of these discussions is to match improvement measures to the residents' specific expectations. An annual meeting is organized and telephone discussions take place throughout the year.

A twice yearly newsletter describing the site's environmental developments is sent to all Ugine residents. This "Environment Letter" can also be downloaded from the Ugitech website.

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

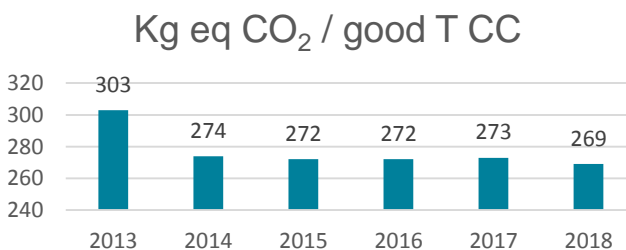
The Ugine site is subject to EU ETS 3 – the European quota allocation system for CO<sub>2</sub> emissions. Emissions from the natural gas process and combustion are regularly monitored and checked once a year by a verification body.

In addition, Ugitech SA has drawn up a carbon balance® of its activities in 2011. The Ugine site accounts for more than 90% of emissions. The CO<sub>2</sub> emissions have been updated from the values and balance calculation drawn up in 2011. The sum of the updated sources allows us to quantify more than 79% of Ugitech SA's total CO<sub>2</sub> emissions.

The main categories of CO<sub>2</sub> emission sources are as follows: (*Appendix 6*)

### Scope 1 – Direct emissions

Scope 1 is verified annually by an independent body at the Ugine site under EU ETS. Verification of the 2018 data quantified emissions of 65,599 equivalent tons of CO<sub>2</sub> in scope 1.



This graph shows the equivalent emissions of CO<sub>2</sub> from scope 1 in relation to production (Good Tons Continuous Casting).



To reduce its CO<sub>2</sub> emissions, Ugitech is working on measures to improve its energy efficiency and reduce its natural gas consumption. In fact, more than 70% of the direct emissions reported in the EU ETS come from natural gas combustion.

### Scope 2 – Indirect emissions related to the use of electricity

306,619 MWh were used on Ugitech's sites in 2018, representing 23,737 equivalent tons of CO<sub>2</sub>. (Emission factors from the ADEME carbon database)

In 2018, the Ugine site continued to benefit from state aid on compensation for the cost of CO<sub>2</sub> in the price of electricity.

### Scope 3 – Other indirect emissions related to the use of electricity

#### Incoming raw materials

The 2011 carbon balance highlighted the fact that among incoming raw materials, metals and main chemicals account for more than 93% of the equivalent CO<sub>2</sub> emissions in this category.

The metals are those used to manufacture Ugitech stainless steel. The emission factors are based on the 2011 carbon balance. Ugitech's main emitting metals are chromium and nickel, the main components of stainless steel.

The chemicals taken into account are those used in the surface treatment workshop and the lime used in the steel mill. The emission factors are based on the 2011 carbon balance.

#### Waste

The 2011 carbon balance emissions highlighted emissions related to two waste recovery processes specific to Ugitech: transformation of furnace dust into balls reused at the steel mill and transformation of specific waste into recoverable ferroalloys. The emission factors for these operations are based on the 2011 carbon balance. Emissions were stable between 2011 and 2018. (Appendix 7)

## FUTURE ACTIONS







### Reduce the environmental impact of the factories:

- Continue to improve the quality of discharges to water at Ugine and Bourg-en-Bresse.
- Ensure that the waste acid regeneration facility at the Ugine wire rod finishing shop is sustainable.
- Carry out the second phase of partial closure of steel mill skylights.
- Conduct a project to recover Metal Hydroxide Sludge from the Ugine wire rod finishing shop.
- Acquire three grinding sludge compaction machines for the Ugitech Italia site.
- Distribute an environmental manual to all Ugitech Italia employees.

### Improve our knowledge of CO<sub>2</sub> emissions:

- Update the greenhouse gas emissions balance in the area around Ugitech SA.

## PERFORMANCE MONITORING

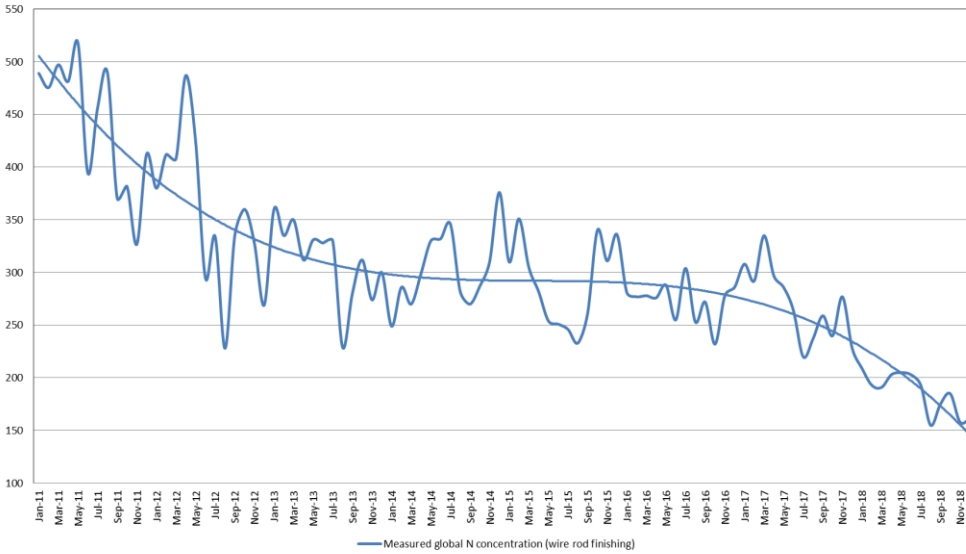
Number of critical incidents <i>Ugitech</i>	
2017: <b>0</b>	2018: <b>0</b> 
Average concentration of water releases from the wire rod finishing shop in total nitrogen <i>Ugine site</i>	
2017: <b>269 mg/l</b>	2018: <b>186 mg/l</b> 
Dust emissions in g/tons <i>Ugine Steelworks Site</i>	
2017: <b>233 g/t</b>	2018: <b>151 g/t</b> 
Waste recovery rate <i>Ugine sites, Imphy, Brionne, TFA, Reichshof</i>	
2017: <b>82%</b>	2018: <b>86%</b> 
Refractories recovery rate <i>Ugine Steelworks Site</i>	
2017: <b>112%</b>	2018: <b>80%</b> 
Slag recovery rate <i>Ugine site</i>	
2017: <b>174%</b>	2018: <b>146%</b> 



## PERFORMANCE MONITORING (APPENDICES)

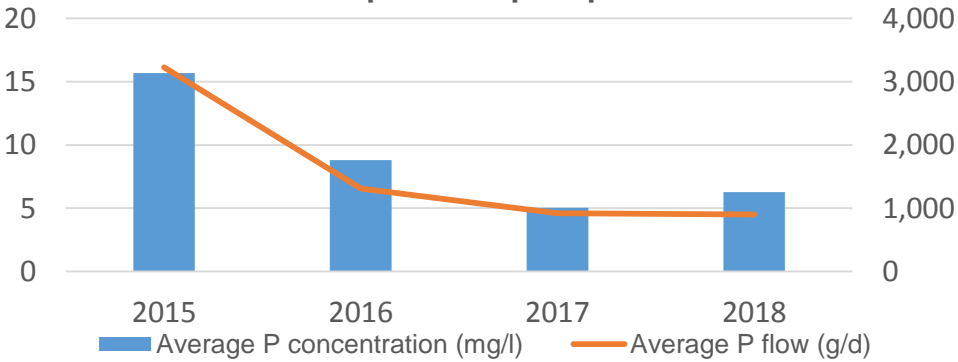
### Appendix 1

Global Nitrogen concentration in mg/l



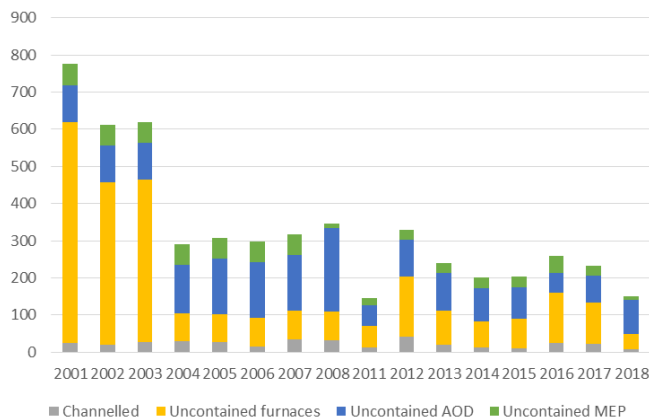
### Appendix 2

Development of phosphorus



### Appendix 3

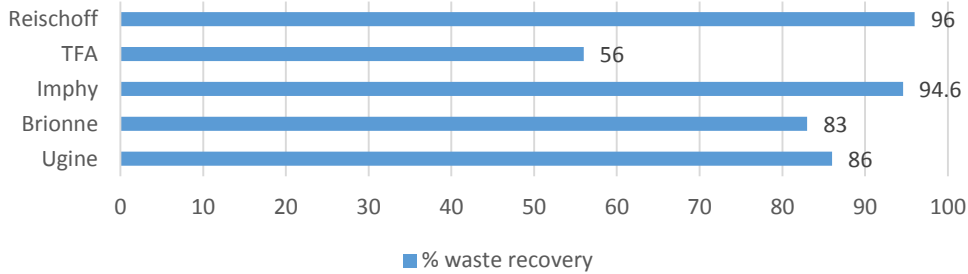
Steel mill dust emissions (g/t)



## PERFORMANCE MONITORING (APPENDICES)

### Appendix 4

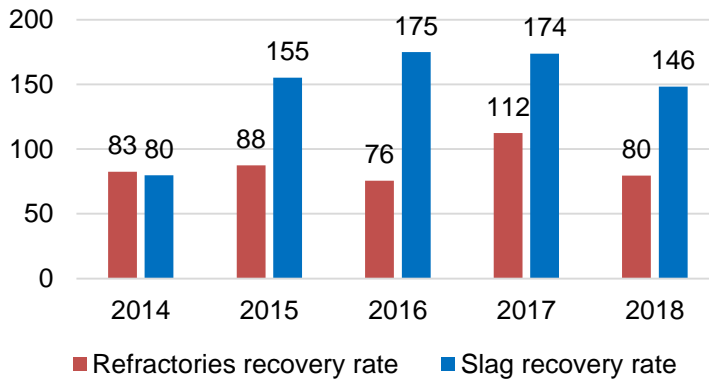
#### % Waste recovery



The % recovery at Ugine is calculated over a rolling 1-year period (October 2017 to September 2018)

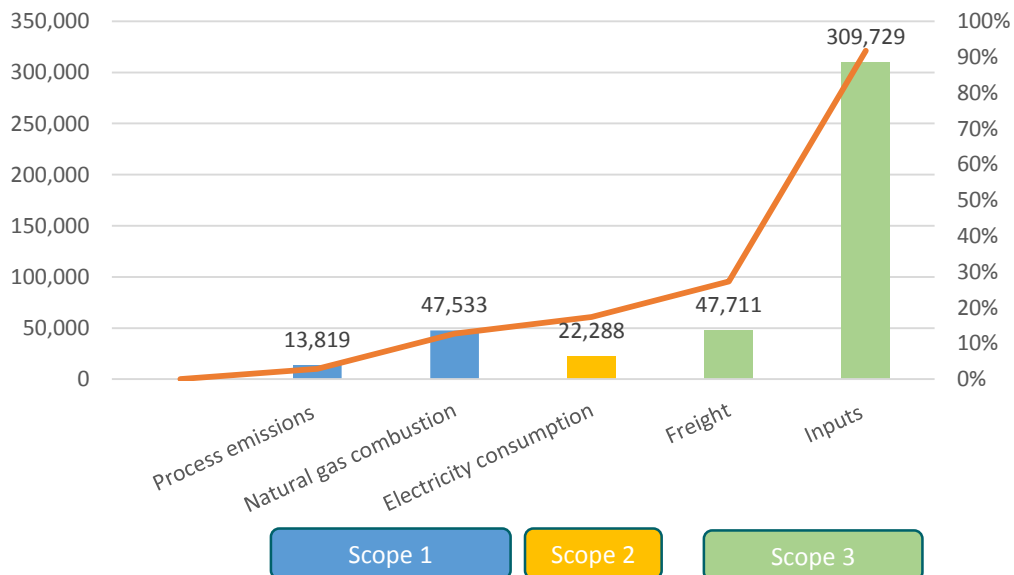
### Appendix 5

#### Main steel mill waste recovery rate



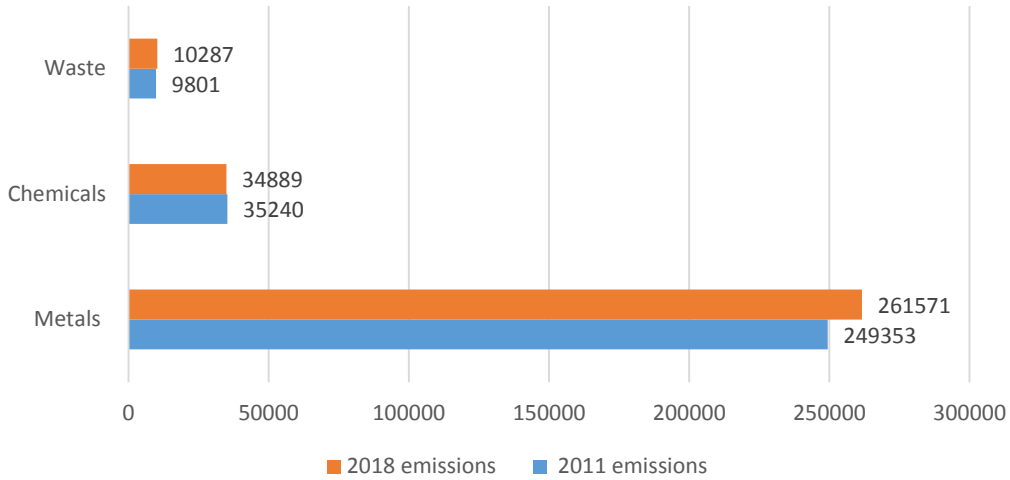
### Appendix 6

#### Distribution of CO2 emissions by categories (Ugitech SA perimeter) in T CO2 (2011 data)



## PERFORMANCE MONITORING (APPENDICES)

## Appendix 7

Scope 3: Inputs - metals, chemicals ; Waste  
Tons equivalent CO<sub>2</sub>

**Perimeter considered:** the main 2011 carbon balance emissions sources have been included in this graph:

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



## DEFINITION OF THE CHALLENGE

Control our consumption by focusing on the direct and indirect impact on the environment.

Energy efficiency is one of our responsibilities and of constant concern to Ugitech's employees.

## QUANTIFIED OBJECTIVES / KPIs

- Water withdrawals (site totals) < 17 m<sup>3</sup>/ton
- Energy efficiency: 1 GWh / year reduction (elec + natural gas)
- Energy efficiency taken into account in our projects

## QUALITATIVE OBJECTIVES

- Participate in the national effort to control consumption peaks
- Recover our waste heat
- Control energy efficiency in our projects
- Achieve energy savings on our industrial and tertiary equipment
- Raise awareness of energy efficiency among our employees

## EXISTING ACTIONS

### Energy Management System

Ugitech Ugine has been ISO 50 001 certified since 2015. Efficient organisation, with energy partners and regular communication, allows us to control our perimeter.

It should be noted that the Ugine site represents more than 94% of Ugitech SA's energy consumption. That is why attention is mainly focused on this site.

We are already working towards achieving certification to the new standard published in 2018 (mandatory in 2021).

### Energy consumption

The two main energies are electricity and Natural Gas (NG).

In 2018, Ugitech consumed slightly more electricity and less natural gas for production equivalent to that of 2017. (*Appendix 8*)

Diesel and LPG are used on a small scale for handling equipment.

The supply of gases such as Oxygen, Argon and Nitrogen to operate our facilities was subcontracted out as from the 2000s, as was our compressed air supply.

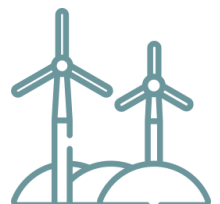
### Energy improvement plan

Our improvement measures are organized around six main themes:

#### Energy savings

2018 recorded savings of 450 MWh on our Natural Gas installations, our lighting was replaced with LED solutions (outdoor lighting at Ugitech, workshop lighting at Imphy), we improved the insulation of our treatment and heating furnaces and refurbished the air conditioning and heating installations. (*Appendix 9*)

*We did not achieve our objective, because we focused on the preliminary heat recovery project and our involvement in Smart Grid.*



### New projects

New Ugitech investments are analyzed in terms of energy and environment. Impacts are identified during studies of the Best Available Technologies. For example, in 2018, an effective energy-efficient solution was implemented in the Ugine storage and retrieval machine building (insulation, LED lighting, variable ventilation).

### Opportunities

France has many regulatory requirements for meeting national needs, as well as opportunities such as exemptions.

### Civic actions

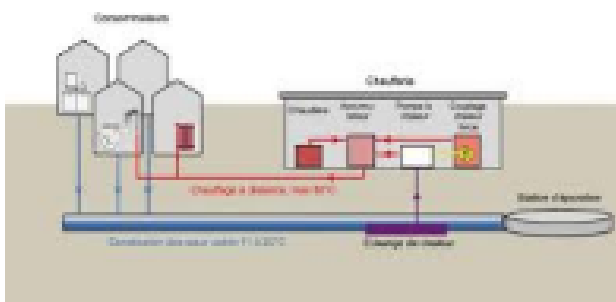
Ugitech implements solutions to support its employees with energy transition. A day dedicated to alternative transport to private cars is organized each year at the Ugine site.



In 2018, Ugine bought an electric car for making short business trips without producing CO2 emissions. It has already saved 600 kg of CO<sub>2</sub>.

### Heat recovery

Our manufacturing plants have a waste heat recovery potential that we use for reheating our furnace fumes, preheating our steam boiler make-up water, etc., and we are studying other possibilities for using waste heat. In 2017/2018, Ugitech carried out a feasibility study on recovering waste heat for supplying hot water to the Ugine municipal system.



### Smart Grid

Ugitech is involved in balancing the French electricity grid alongside RTE. We have two adjustment schemes: interruptibility and the capacity market.



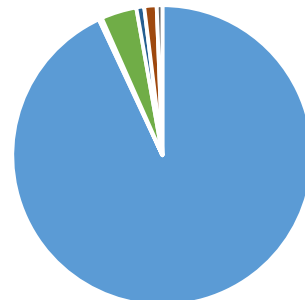
We became involved with AOE in this initiative in 2011 and are endeavouring to maintain our commitment.

## Natural resource management

### Water withdrawal and consumption

The following graph shows the water consumption on Ugitech sites.

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



- Ugine
- Imphy
- Brionne
- St Etienne
- Grigny
- TFA
- Reischoff
- Bourgen Bresse
- Milan

The Ugine site is Ugitech's main water consumer (> 95% of consumption).

Since 1995, many measures have been taken to significantly reduce the consumption of cooling water, including the use of closed systems in which the water is cooled by air cooling towers. Three times less water was withdrawn. ([Appendix 10](#))

The site is supplied by several sources (Arly, Nant Blanc, Bange) and it is constantly striving to reduce its water consumption.

## Circular economy – Raw materials

Stainless steel manufactured at Ugine is mainly made from recycled scrap metal and scrap iron (75.6%). These recycled materials are supplemented by new materials (ferrochromium, nickel, molybdenum, etc.).

In fact, the manufacturing process maximizes the supply of recycled materials. Recycled raw materials come from various sources:

- **Externally purchased scrap metal and scrap iron**

These materials come from circular economy sectors and can be recycled.

- **Internal scrap**

Production scrap is fully recycled at the steel mill.

- **Recycled waste**

Ugine has recovery systems for the waste produced by UGITECH (rolling mill sludge, steel mill dust, grinding mill dust, etc.). These systems transform the waste into a form that is suitable for end use at the steel mill.

**The recycled content of the products was calculated for 2018 using the following formula:**

$$\% \text{ recycled content} = \frac{\text{Tons of raw materials from recycling}}{\text{Tons of raw materials used in the furnaces}}$$

## FUTURE ACTIONS

- Improve the energy performance of our tools and buildings.
- Continue our commitment to adjustment mechanisms.
- Implement heat recovery projects.
- Continue with energy transition via soft transport.
- Reduce the risk associated with water withdrawal on the Ugine site:
  - Improve our knowledge of water usage on the Ugine site to identify recycling possibilities.
  - Diversify industrial water supply sources.

## PERFORMANCE MONITORING

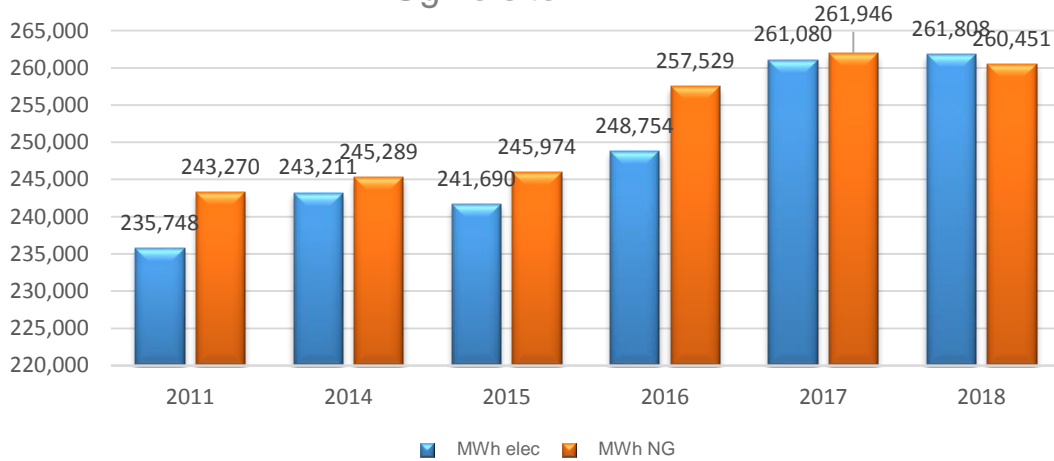
Water consumption (m <sup>3</sup> /tons invoiced) <i>Ugitech</i>	
2017: <b>15.81 m<sup>3</sup>/t</b>	2018: <b>17.3 m<sup>3</sup>/t</b>
Electricity consumed in MWh <i>Ugitech</i>	
2017: <b>307,437 MWh</b>	2018: <b>306,619 MWh</b>
Natural gas consumed in MWh <i>Ugitech</i>	
2017: <b>289,818 MWh</b>	2018: <b>292,238 MWh</b>
% recycled content <i>Ugine site</i>	
2017: <b>76.2</b>	2018: <b>75.6</b>



PERFORMANCE MONITORING (APPENDICES)

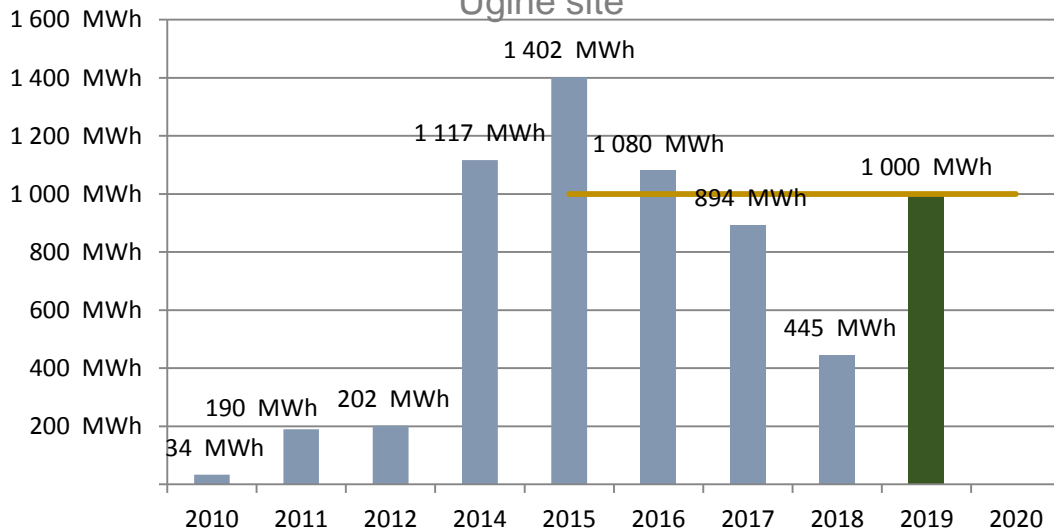
Appendix 8

Consumption in MWh  
Ugine site



Appendix 9

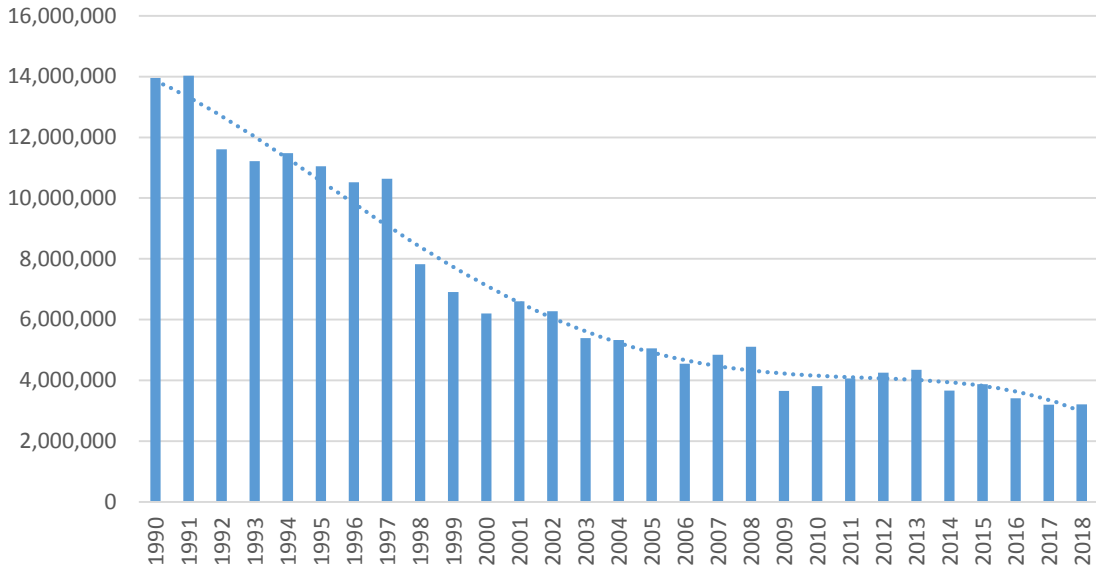
Electricity + NG savings in MWh  
Ugine site



PERFORMANCE MONITORING (APPENDICES)

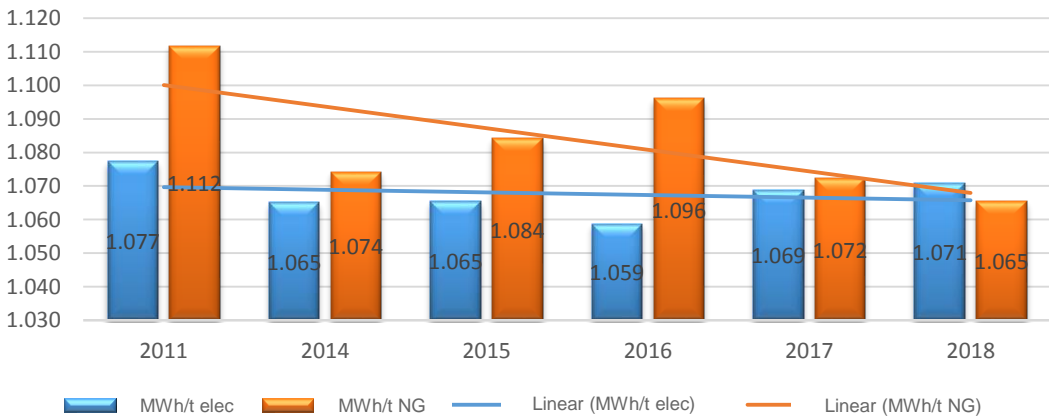
Appendix 10

Ugine water consumption (m<sup>3</sup>/year)

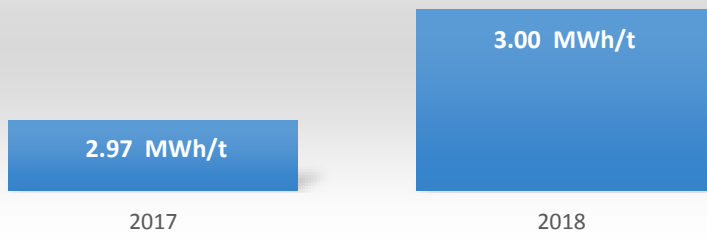


Appendix 11

MWh / Tons cc  
Ugine site



Consumption per ton invoiced  
Ugitech SA and subsidiaries





## DEFINITION OF THE CHALLENGE

Stainless steel, by its very nature, has a higher corrosion resistance than more conventional and less alloyed steels. The stainless steel market has been growing steadily at a rate of around 2 to 4% per year worldwide for several decades, due to the fact that, amongst other things, stainless steel producers, and Ugitech in particular, design products that perfectly meet the sustainability needs at the heart of the concerns of designers working with metal materials.

## QUANTIFIED OBJECTIVES / KPIs

**Product research aims to renew our product portfolio on a regular basis to continue to meet market needs. The aim is to market 18% new products each year, bearing in mind the fact that a product remains new for the six years following its commercial launch.**

## QUALITATIVE OBJECTIVES

For us at Ugitech, it is crucial that industrial product designers and our customers choose stainless steel for solutions that require strength, durability and competitiveness.

This is why, in 2017, Ugitech created an entity called "Customer Technical Support" to work as closely as possible with our customers and contractors to find the best solutions for the use of stainless steels.

To differentiate itself from its competitors, Ugitech seeks to explore all the potential of stainless steels to best meet its customers' needs and, in particular, to work with them to find solutions to reduce the environmental footprint of the entire industrial chain, from the production of stainless steel to the consumer.

Our objective is to minimize our sales of manufactured parts used in the internal combustion engine and replace them with sales to industries that will reduce our ecological footprint. For this purpose, we have developed low thermal conductivity stainless steel grades used in the building industry to reduce heat exchange. We are also increasing the production capacity of one of our sites producing ultra-fine wire for the manufacture of solar panels.

## EXISTING ACTIONS

To achieve these objectives, Ugitech's R&D is based on two main themes:

- research into global products and solutions for the industrial chain that consumes our products, and
- research into manufacturing processes, particularly with a view to rationalizing the consumption of resources.

We have segmented our customers according to the end markets in which they operate. We also have a marketing department and sales market managers who work with our customers on future applications of our products.

### Products for more sustainable lifestyles

Ugitech is committed to developing products and processes that contribute to the sustainable development of society, our customers and stakeholders.

That is why we are working closely with the major automotive industry contractors to reduce the environmental footprint of conventional petrol and diesel engines:

- improving engine combustion with gas pressures up to 3,000 bar
- increasing turbo operating temperatures to improve their efficiency

We are also working on the stainless steel solutions required for clean engines such as electric and hydrogen engines.

- Research with academics into the mechanisms of hydrogen embrittlement of stainless steel.
- Development of stainless steel grades resistant to the embrittling effect of hydrogen diffusion.
- Commitment to the Rhône-Alpes Region "Zero Emissions Valley" project aimed at promoting clean travel using hydrogen engines (hydrogen vehicles, H2 charging and production stations).
- "Hydrogen and energy transition" lecture given in the company by L. Antoni, President of Hydrogen Europe Research.

### Products for more sustainable infrastructures

Aware of the mediocre durability of some concrete structures reinforced with carbon steel, Ugitech has developed a range of stainless steel concrete reinforcing bars that allow project owners to guarantee a structural durability far superior to that of structures reinforced with carbon steel reinforcing bars. Ugitech concrete reinforcing bars guarantee builders a durability of structures ranging from 50 years to more than 100 years depending on the environment. These stainless steel solutions also significantly reduce the number and extent of maintenance operations throughout the life of the structure.

To promote the value of stainless steel solutions in terms of sustainability, Ugitech is working with IFFSTAR (French Institute of Science and Technology for Transport, Planning and Networks) in France and DIBt (Deutsches Institut für Bautechnik) in Germany to certify stainless steel solutions in the building industry.

For the portfolio of stainless steel products designed for the construction market, Ugitech and its partners are developing stainless steel solutions that minimize energy loss from buildings. These solutions have been patented. This is a significant contribution by Ugitech to the material solutions available for buildings with a Low Energy Building label.

### Environmental impact assessment of our products and processes

With a view to instituting non-toxic manufacturing processes for our operators, we have adopted an initiative to replace 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 led by a partnership with the largest French companies in the automotive and aeronautics sectors and coordinated by a public Technological Research Institute.

Consideration was given to whether Ugitech should embark on life cycle assessments (LCAs) and environmental product declarations (EPDs). Ugitech has not undertaken this type of work, but has nevertheless conducted a systematic assessment of the carbon balance of each of the steel grades developed by the company to determine those which have the lowest carbon balance.

### FUTURE ACTIONS

In 2019, we will continue to work with fuel cell car manufacturers, charging station manufacturers and electrolyser manufacturers on clean hydrogen mobility.

We will develop a range of solder wire for 3D printing of stainless steel parts to save material in the design of stainless steel parts.

We will continue our efforts to work with our partners to develop a chrome plating process using non-toxic trivalent chromium.

In our 5-year plan, we aim to:

- Double our sales in the Building sector, for which the relevant resources have been defined
- Support our renewable energy sales, particularly wind and solar energy



## PERFORMANCE MONITORING



	2014	2015	2016	2017	2018
% new products	14.6	14.9	15.4	15.5	14.8





## DEFINITION OF THE CHALLENGE

We want to participate in the ecological transition by promoting the use of soft transport for our material purchases and for carrying our products and by using our technical expertise to support our customers in their renewable or clean energy projects.

## QUANTIFIED AND QUALITATIVE OBJECTIVES

We are studying all possible destinations and our objective is to maximize the use of the train, whether upstream or downstream.

We are launching this initiative and are in the process of establishing the relevant related KPIs.

## EXISTING ACTIONS

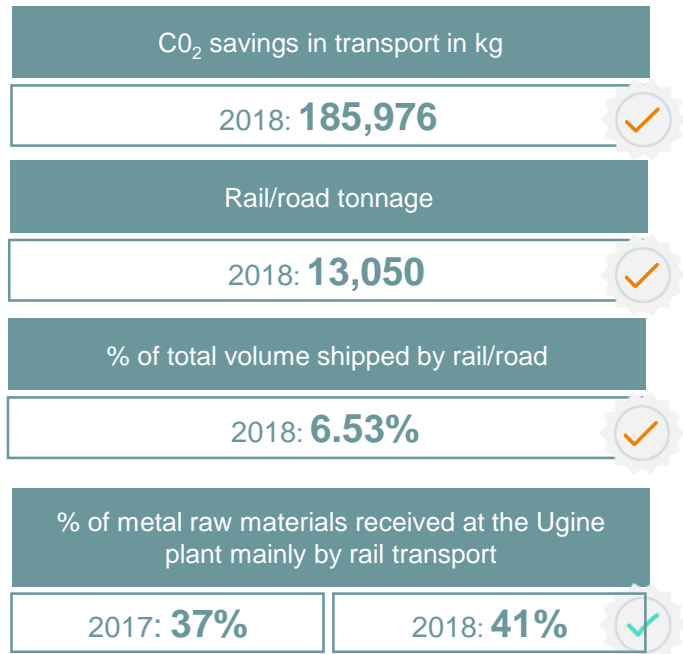
To achieve this:

- We have an international transport service that runs the piggyback transport service.
- We use rail transport for about 40% of the bulk materials received.

## FUTURE ACTIONS

- Develop the volumes delivered by piggyback transport.
- Maintain the use of rail transport for some of our material purchases.

## PERFORMANCE MONITORING



# COMMUNITY INVOLVEMENT, TERRITORIAL ANCHORING



UGITECH  
**110** ANS  
VOUS EMMENER  
VERS LE FUTUR !





## DEFINITION OF THE CHALLENGE

Ugitech has a poor image, especially among young people. The challenge is clear: we must increase our attractiveness by making our activities and our company known, mainly with respect to the Ugine site.

## QUANTIFIED OBJECTIVES / KPIs

- A consistent number of school visits: between 40 and 50 per year.

## QUALITATIVE OBJECTIVES

One of our objectives is to make our company and our activities known, in order to encourage "students" in the broadest sense to pursue a career in our industry. The industry suffers from a negative image, which is why we are increasing our outreach activities to address this issue.

## EXISTING ACTIONS

### Thanks to the Ambassadors

The Ugitech Ambassadors Association has been in existence for five years. This association brings together about twenty young retired engineers from the company who want to remain in touch with the world of work. Their role is to represent Ugitech during visits to schools, colleges and universities, but above all to respond favourably to requests to visit the Ugine manufacturing site. This allows us to open up our company more generally, not only to schools, but also to economic associations, institutions, etc.

The ambassadors are also very involved in school visits:

- Creating mini-companies in schools
- Simulating job interviews with college and BTS students
- Taking part in BTS and VAE panels
- Region-based project: presentation of the company and its activities, interview simulation.

- IUT Annecy Physical Measurement and University of Grenoble Occupational Health and Safety
- Joint work on partnership projects between Ugitech and the town of Ugine

### As a potential recruiter

In recent years, Ugitech has experienced a very strong hiring dynamic.

In fact, in 2018, 125 talented persons joined Ugitech's workforce.

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

Since 2016, Ugitech has been a member of the Savoie Mont-Blanc University Business Club. This ensures real visibility of the company among students, which also and especially enables us to weave and strengthen links between Ugitech and the university world.

In 2018, an agreement was signed between Ugitech and the René Perrin college in Ugine to open an electrical engineering technician (BTS) sandwich course, so that we could participate in training potential employees in the skills required at Ugitech.

In 2018 we also joined the Alplitude association of the Berthollet college in Annecy. It is a pioneering association in France that aims to support and assist university preparatory class students, ensure their success in competitive examinations and facilitate their integration into professional life.



## FUTURE ACTIONS

- Continue the Ambassadors' activities.
- Ensure that Ugitech is represented at meetings with students: career presentations, career paths, etc.
- Develop and consolidate initiatives implemented on other sites.

## PERFORMANCE MONITORING

Number of visits to Schools / Colleges / Universities	
2017: <b>35</b>	2018: <b>35</b> 





## DEFINITION OF THE CHALLENGE

Promote Ugitech as a major player in the employment and economic pool.

## QUANTIFIED OBJECTIVES / KPIs

- On average, twice-monthly media presence
- At least one project in partnership with the town of Ugine

## QUALITATIVE OBJECTIVES

- Enhance Ugitech's reputation

## EXISTING ACTIONS

### Economic and/or industrial projects

As Savoie's largest private employer, the company plays an important role in the local economy. We mentioned earlier our partnerships with local subcontractors, which are of great interest to elected representatives. In addition, almost 1,300 of the employees in the employment pool work on the Ugine site.

Major projects involving Ugitech are shared with local elected representatives.

### Cultural projects

In 2018, the town of Ugine initiated a study and steering group including Ugitech, on a one-year artistic project.

A resident artist, Patrice Carré, divides his time between his research/creative work, which leads to the production of original work, and artistic projects with local cultural, social and economic players, and through them, with the inhabitants of Ugine.

## Social projects

Ugitech supports the Second Chance School in Savoie, which helps young people who leave school each year without a certificate or qualification, to participate in a sustainable professional integration project.

As such, Ugitech's ambassadors are involved in certain activities with young people.

In addition, many employees participated in the "Don't cloth the door" campaign, which involved collecting second-hand clothing that could be worn by E2C73 students at job interviews.

## Environmental communication

An environmental letter is distributed twice a year to all households in the town of Ugine and the municipalities of the Arlysère district. It includes and explains Ugitech's environmental activities.



### Supporting our employees in their community involvement

A modest annual sponsorship and patronage budget of 9,000 € supports employees' community involvement. Allocation decisions are based on the company's values.

### Involvement in the local economy

As part of the ALIZE system, led by the Préfecture de la Savoie, Ugitech also helps smaller companies with their daily problems. Depending on the needs of the SME, a UGITECH expert can share experience and advise the company on the topic in question. In 2018, two companies were assisted in this way.



## FUTURE ACTIONS

In 2019, the artist Patrice Carré will draw up proposals for several cultural events, including Les Saveurs d'automne (Flavours of Autumn), in partnership with the Facim Foundation, the Digital Arts Festival initiated and run by the School of Music and Dance; after that, he will be involved in designing the opening event of the new cultural venue.

Ugitech is also in partnership with the first Ugine Digital Arts Festival, which will take place at the end of January 2019. On this occasion, we will host three exhibitions within the company that will be open to schoolchildren and the general public.

In 2019, the Environment letter will become the "Corporate Social Responsibility" letter.

## PERFORMANCE MONITORING

Number of articles published in the press	
2017: <b>66</b>	2018: <b>58</b> <small>i.e. an average of almost five per month</small>
Number of projects begun in conjunction with the town and in progress	
2017: <b>3</b>	2018: <b>3</b>
Number of financial partnerships	
2017: <b>7</b>	2018: <b>5</b>



## DEFINITION OF THE CHALLENGE

Ugitech also wants to disseminate and maintain its corporate values and culture. In this context, we organize a number of in-house events to promote a sense of belonging and to raise our employees' awareness of new topics.

## QUANTIFIED OBJECTIVES / KPIs

- **At least five events**

## QUALITATIVE OBJECTIVES

- Maintain the Ugitech spirit

## EXISTING ACTIONS

### Ugine's eco-mobility days

The Eco-mobility day is a regular unmissable annual event. In 2018, it took place on 12 June and hosted three major events.

The first, as in 2017, gave staff the opportunity to test Electrically Assisted Vehicles (bicycles and electric cars).

Then, some employees who have made the switch to electricity shared their "Eco-mobile" experience during discussions organized for this purpose.

And finally, we celebrated the incorporation of the first electric car into the "business travel" fleet.



### Investment inauguration

The objectives of the Bridge 353 annealing workshop investment inauguration on the Ugine site were to support volume development, improve working conditions, ensure safe work operations and improve plant reliability.

### 110 years and Meeting Day

1908 – 2018: Ugitech celebrated its 110th anniversary on 21 and 22 September, by inviting employees from all Ugitech Group sites.

Four main objectives for the two days of celebration:

- Continue to break down barriers between workshops by organizing workshop visits and meetings between employees to learn about their jobs, what they involve and possible drawbacks.
- Celebrate the longevity of Savoie's leading employer and discover its local, institutional, partner and supplier policies.
- Open the company's doors to employees' families and friends and introduce them to Ugitech's world.
- Thank all the staff for their involvement by organizing a festive, event-filled evening.



### Corporate Games: let's represent Ugitech together!

Corporate Games have been organized for several years in the municipality of Annecy-le-Vieux and bring together 150 companies to compete in sporting events.

That weekend, volunteer employees represent Ugitech. Team spirit and the feeling of pride and belonging are very strong. On this second occasion, nearly 200 employees attended to defend Ugitech's colours. They included 51 representatives from the Imphy, Bourg-en-Bresse, Grigny, and Saint Etienne sites and even some from the two Italian plants. This weekend also fosters an international and multi-site spirit.

### Ugitour: Sharing Customer Culture

Each year, we organise "Ugitour" events for our employees. These events consist of taking a group of employees to meet our customers.


This year, a group of employees was able to attend the SIMODEC trade fair in La Roche-sur-Foron and another group met our customer OBUT.



### FUTURE ACTIONS

- Family days at more distant sites: Bourg-en-Bresse, Grigny, Saint Etienne, Imphy, Reichshof, Ugitech Italia, Ugitech TFA, Brionne
- Major investment inaugurations

### PERFORMANCE MONITORING

Number of in-house events	
2017: <b>5</b>	2018: <b>6</b> 





## LEGAL STRUCTURE / PERMANENT ESTABLISHMENTS AND TAXATION

Ugitech S.A. is a limited liability company incorporated in France whose registered office is based in Ugine (73).

Ugitech S.A. is more than 99.99% owned by SCHMOLZ + BICKENBACH FRANCE SAS, whose registered office is located in Cluses (74). SCHMOLZ + BICKENBACH FRANCE SAS is itself wholly owned by the company SCHMOLZ + BICKENBACH AG (CH Lucerne).

Ugitech SA has no branches or subsidiaries operating in tax-privileged countries.

Its wholly owned subsidiary, Sprint Metal Edelstahlziehereien GmbH, is based in Hemer (DE).

Its wholly owned subsidiary, Ugitech Italy Srl, is based in Milan (IT).

TFA Srl, a wholly owned subsidiary of Ugitech Italia srl, is based in San Vandemano (IT).

Ugitech SA does not conduct any operations abroad that would come under the permanent establishment concept specified by international conventions or the applicable criteria defining a permanent establishment in the absence of any agreement.

Ugitech SA's contribution to the various direct taxes in France amounts to €8.3 million per year.



Ugitech SA

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January 2019  
Ugitech Communications Department