

2017

FINANCIAL
REPORT

LINK SOLUTIONS FOR INDUSTRY

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CORPORATE SOCIAL RESPONSIBILITY

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1 | LISI MEMBER OF THE UN GLOBAL COMPACT PROGRAM

1.1 | DESCRIPTION OF THE PROGRAM

The Global Compact is a United Nations initiative launched in 2000 aimed at encouraging businesses worldwide to adopt a socially responsible attitude by committing to uphold and promote a number of principles relating to Human Rights, international labor standards, and anti-corruption. Although it is mainly aimed at the corporate world, the Global Compact also encourages participation by civil society, labor groups, governments, UN agencies, universities and any other organization.

The signature of the Global Compact is a voluntary initiative by the company. Member companies undertake to improve every year in each of the four areas of the Global Compact and are required to submit an annual report called Communication on Progress (COP) explaining the progress made.

1.2 | LISI'S UNDERTAKING TO UPHOLD THE TEN PRINCIPLES

LISI has formalized its long-standing commitment to sustainable development by joining the Global Compact, and by upholding its ten principles.

1.2.1 | Human Rights

LISI has undertaken to:

- support and respect the protection of internationally proclaimed Human Rights;
- make sure that it is not accomplice of human right violations.

1.2.2 | International labor standards

LISI has undertaken to:

- uphold the freedom of association and the effective recognition of the right to collective bargaining;
- contribute to the elimination of all forms of forced and compulsory labor;
- contribute to the effective abolition of child labor;
- contribute to the elimination of discrimination in respect of employment and occupation.

1.2.3 | Environment

LISI has undertaken to:

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- encourage the development and diffusion of environmentally friendly technologies.

1.2.4 | Anti-corruption

LISI has undertaken to fight corruption in all its forms, including extortion and bribery.

2 | HUMAN RESOURCES

2.1 | PUTTING PEOPLE AT THE HEART OF OUR DEVELOPMENT

Present on four continents and 13 countries, over 12,000 men and women contributed to the growth of the LISI Group in 2017.

2017 was marked by two major events:

- the disposal of PRECIMETAL FONDERIE DE PRECISION (122 employees) in February 2017;
- the acquisition of 51% of the shares of TERMAX LCC (over 400 employees) in October 2017.

TERMAX is a leading designer and manufacturer of metal and plastic clipped fasteners for the automotive industry.

TERMAX has a production and development site in Lake Zurich (Illinois, USA), another one in Suzhou (China) and a distribution platform in Queretaro (Mexico).

LISI is thus pursuing its growth on the American continent: 19.1% of its employees are based in the USA, Canada and Mexico in 2017 compared with 16.8% in 2016.

2.1.1 | Attracting talent

The identification and recruitment of talented people are key to LISI Group's short, medium and long term success. 1,675 new recruits have joined us, sharing our values based on continuous improvement, team work, personal commitment and an interest in technology. We pay particular attention to the integration process so that people fit in quickly and settle within our organization.

For example, in 2017, LISI AEROSPACE deployed its co-optation program which allows employees to contribute to the recruitment of the most talented people in the company by recommending a person from their network for a job specifically open to co-optation. A reward in the form of bonus is paid after successful completion and approval of the probation period of the co-opted recruit.

In 2017, there were 1,596 departures, including 236 redundancies representing 15% of the total.

A number of the Group's sites are historically located at their respective sites and are major players in the development of employment in their respective regions. Since many years, the Groupe has maintained close ties with schools, universities, employment agencies and training institutions, enhancing its image among young students and getting them to discover the key businesses and their prospects.

In France, LISI has participated in actions in the following schools: ENIM, ENSAM, INSA LYON, IUT in Troyes, UTBM, UTT.

In the USA, LISI MEDICAL Remmele is a partner of North Dakota State University, and the University of Minnesota.

In 2017, LISI welcomed 573 interns and 237 trainees across all the sites of its three divisions.

On the occasion of the 52th Le Bourget Paris International Air Show, LISI AEROSPACE participated in the third edition of "*L'avion des métiers* (The Careers Plane)", which was dedicated to technological excellence.



It is a special moment during which each company gets the opportunity to present its know-how and expertise to the general public. This year, our teams presented the forging trades to expose students and young graduates to the special features of these trades which are constantly changing.

The plants at Bar-sur-Aube, Bologne, City of Industry, Marmande, Parthenay, Saint-Brieuc, Saint-Ouen-l'Aumône and Villefranche de Rouergue were the proud representatives of LISI AEROSPACE.

The key attraction of our stand was a "mini forging demonstration". The objective was to present the principle of forging using polymer modelling clay, tools and a stamp with the LISI logo - specially designed for this event. Operatives could thus "forge" a screw and each one could leave with a souvenir key-ring.

2.1.2 | Promoting internal mobility

The Group has made internal mobility, both geographic and functional, one of the linchpins of its human resource policy. The diversity of business sectors and careers and its international dimension allow employees to design customized career paths. All employees can become the actors of their own development thanks to the "Job Forum" accessible on the Group's intranet.

Furthermore, during annual reviews, line managers discuss how their staff would like to develop their careers.

The magazine CAPITAL of February 2018 presented the results of a survey of companies assessed by their employees and those of the industry.

LISI comes out as one of the best employers in France.

LISI AEROSPACE is ranked as the 14th best employer in the Aerospace, Automotive and shipbuilding sectors.

In the Automotive sector, LISI AUTOMOTIVE is ranked among the most attractive companies alongside major players (18th).

2.1.3 | Adapting the Organization of working time to the needs of the Group

Working time is adjusted to better meet the needs of our customers in compliance with legal work periods, which vary by country, from 35 to 50 hours per week.

In the production services, across all the sites, the work is organized in shifts (2 or 3 shifts). Depending on the site, substitution shifts may be arranged on weekends. Furthermore, nightshift working was carried out in certain sectors in order to respond to specific workload requirements.

Overtime represented 4.3% of the number of hours worked in 2017.

2.1.4 | Increasing the involvement of the personnel under the LEAP program

Since 2011, the LISI Group has introduced an operational improvement program called LEAP (LISI Excellence Achievement Program).

To support the development of employees in this initiative, tools were designed in 2017 and put at the disposal of the plants:

- putting in place the human organization for production;
- developing supervisors;
- developing gap leaders;
- training on workstation and versatility.

2.2 | COMPENSATION AND CHANGES: REWARDING PERFORMANCE AND RETAINING TALENT

The Group has decided to link compensation to the company's performance and to individual and team achievements.

Our compensation system includes all financial components and benefits to which each employee is entitled. It is designed to reconcile the recognition of individual performance with the search for internal equity, while taking into account the local economic environment.

French employees have the right to invest in the company through an employee savings plan and, in this way, become a LISI shareholder. An attractive matching contribution from the employer goes together with this Group Savings Plan. 35% of French employees are LISI shareholders.

In France, the LISI Group employees receive a supplementary defined contribution pension scheme (the so-called "Article 83").

The employer pays a monthly fee on a mutual fund open to employees to enable them to build up retirement savings. Employees may make voluntary payments or allocate days off to increase the amount of these savings. Upon retirement, the resulting savings are converted into an annuity. Employees then receive additional income throughout their retirement.

Making talented people involved and loyal is a major challenge for the LISI Group. As such, executives or holders of key positions in the organization receive an international share award program conditional on the medium-term performance of the Company. This method of variable remuneration enables them to partner closely with the Company's performance results over several years.

Breakdown of personnel expenses (in thousands of euros)

Temporary workers	41,527
Salaries and incentives	415,212
Layoff pay	3,085
Social contributions and taxes on salaries	154,085
Employee profit-sharing	3,814
Pensions and long-service medals	1,612
Total payroll expenses	619,333

2.3 | PROMOTING QUALITY OF LIFE AT WORK AND IMPROVING THE HEALTH OF OUR EMPLOYEES

LISI considers that the health and safety of persons is one of its major responsibilities.

In 2017, all LISI AUTOMOTIVE sites and French sites of LISI AEROSPACE launched a survey on the quality of life at work. The results of the survey are analyzed and enable working groups to be organized on the topics that emerge and to establish improvement action plans by site.

Furthermore, an increasing number of sites are offering services such as:

- relaxation (La Ferté plant);
- massages (Dasle, Melisey, Neyron, Villefranche de Rouergue and Saint-Ouen-l'Aumône plants);
- sports (German and US plants);
- and warm-up sessions at the workstation (plants of City Of Industry, Villefranche de Rouergue, Marmande).

Support programs were also launched to overcome tobacco addiction (plants of Bar-sur-Aube, City Of Industry, Grandvillars, Fuenlabrada, Saint-Ouen-l'Aumône), and to fight against diabetes (USA).

Regular information is provided to employees on good practices for a healthy lifestyle (German and US plants).

A thorough ergonomic work is carried out during the reorganization of workstations, relocation of machines in order to reduce the risks of MSD⁽¹⁾ and to take on board or maintain in employment, employees with major impaired skills or with disabilities.

The quality and design of buildings is also an important factor that LISI considers as and when its sites are built or renovated. Sites based in the Czech Republic, China and Morocco worked hard on the improvement of work spaces in 2017.

In France, employees of the LISI Group benefit from the services of Réhalto, in order to prevent any psychosocial risks, regardless of their origin, work-related or personal.

This listening and support platform, composed of psychologists available 24/7, allows any employee of the Group to obtain the assistance of a qualified professional to overcome their problems and find a solution to their difficulties, be they of a personal, professional, family or addiction-related nature.

A simple phone call, on a totally confidential basis, puts the employee in touch with a psychosocial health worker in his/ her region, who is therefore able to provide a diagnosis. The employee can benefit from up to 12 hours of paid consultations.

Lastly, a wonderful initiative was launched by LISI MEDICAL in Herouville. In June 2017, it signed a specific agreement to support employees who have a relative requiring an enhanced presence.

These different measures have contributed to improving the absenteeism rate which declined by 0.3 point from 3.8% in 2016 to 3.5% in 2017.

(1) Musculoskeletal disorders.

2.4 | MAINTAINING ETHICAL STANDARDS AND PREVENTING ANY DISCRIMINATION

For LISI, diversity is a performance and innovation driver. It is in this context that sustainable actions are carried out to promote equal opportunities and combat all forms of discrimination.

2.4.1 | Encouraging professional gender equality

Since a number of years, LISI has undertaken to promote the employment of both men and women and equal employment opportunities among its employees.

We strive to fill jobs by seeking to recruit the necessary skills regardless of the person's age, nationality, religion or gender.

Internally, agreements on gender equality have been signed by most Group companies. In practice, these take the form of concrete actions in favor of equal pay and career progression.

In 2017, women accounted for over 21% of the total group headcount, unchanged from 2016.

2.4.2 | Maintaining in employment and promoting the employment and inclusion of people with disabilities

Support to the inclusion and employment of people with disabilities underpins the corporate social responsibility initiative.

LISI works with entities supporting young people with disabilities through training and entities promoting social and professional inclusion.

Situations relating to maintenance in employment are generally handled on a case-by-case basis. The sites strive to offer solutions to protect the job of disabled employees, either by adapting their workplace or by supporting them to get a change of duty.

LISI AEROSPACE has developed partnerships with:

- HANVOL Insertion since 2016 for support in the recruitment of disabled workers. HANVOL is an association that looks for motivated candidates for varied businesses under work-study contracts. During the year 2017, LISI presented its activities and businesses to students of this association;
- France Intégration Handicap: a communication campaign was launched in the second half of 2017.

The results of this campaign are positive: 13 RQTH⁽²⁾ cases were filed.

In 2017, the rate of employment of persons with disabilities in the Group was 3%.

(2) Official recognition of a person's status as a worker with a disability.

2.4.3 | Compliance with the provisions of ILO fundamental conventions

Aware of their responsibilities vis-à-vis the fundamental conventions of the ILO, LISI oversee their application at each of the Group entities worldwide.

Respect for freedom of association and for the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, forced or compulsory labor and the effective abolition of child labor, are issues that are monitored during the site audits and to which management gives a great amount of attention.

2.4.4 | Labor relations

In addition to strict compliance with applicable law, the Group pays attention to social dialogue with the employees' representatives, altogether during meetings of the works committee (or the single employees' delegation) on each of the sites which has such a body, the Central Works Committee (Blanc Aéro Industries and Former), the Group Committee and the European Committee of LISI.

More generally, LISI ensures that the employees of the Group receive and have access to high-quality information. Hence, various means of communication have been put in place at the different sites of the Group, such as:

- video screens in workshops;
- internal newsletters;
- flash notes in workshops on recent news;
- Information meetings by site or by team.

Furthermore, specific committees made up of representatives of the employees and members of the Management meet regularly to hold discussions and make progress on various issues for which they were set up in the following areas:

- training;
- gender equality;
- employment of young people, seniors and the inter-generation element;
- health insurance fund;
- accommodation.

List of collective agreements signed in 2017

NAME OF PLANT OR HOLDING COMPANY	Agreements signed in 2017	Date of signature
ARGENTON	NAO agreement	April-17
	Incentive agreement	April-17
	GPEC (human resource planning)	April-17
	Quality of life at work	July-17
BAR SUR AUBE	Agreement on Saturday/Sunday working	January-17
	On-call agreements	January-17
	On-call agreements	July-17
	NAO agreement	March-17
	Rider to the incentive agreement	June-17
	Gender equality and quality of life at work	February-17
BOLOGNE	NAO agreement	March-17
	Amendment of the Rules of Procedure	June-17
	Rider to the incentive agreement	March-17
	Agreement on Saturday/Sunday working	October-17
CASABLANCA	Agreement on the introduction of the 13 th month over 3 years	April-17
CEJC	2017-2019 Collective agreement	December-16
	2018-2019 Rider to the collective agreement	December-17
FORMER	PV NAO	April-17
	Agreement on GPEC (human resource planning)	April-17
	Agreement on quality of life at work and gender equality	April-17
	Agreement on GÉNÉRATION contract	April-17
HOLDING LISI AEROSPACE	Profit-sharing agreement	June-17
HOLDING LISI AUTOMOTIVE	FY 2016 Supplementary incentive agreement	June-17
HOLDING LISI MEDICAL	Incentive agreement	May-17
HEIDELBERG	Long weekends of 26 May and 16 June 2017	February-17

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CORPORATE SOCIAL RESPONSIBILITY

NAME OF PLANT OR HOLDING COMPANY	Agreements signed in 2017	Date of signature
HEROUVILLE	Health insurance fund	January-17
	Leave sharing	June-17
	Incentive agreement	June-17
	Renewal Saturday/Sunday work	June-17
IZMIR	TIS 2017-2018	April-17
KIERSPE	Use of MOVEX	September-17
LA FERTE FRESNEL	2017 pre-electoral protocol	July-17
	Agreement on working hours	May-17
	Minutes of disagreement on salaries and AV	May-17
	Incentive agreement	February-17
MARMANDE	NAO agreement	April-17
MONTERREY	2017 Pay policy	February-17
NEYRON	Agreement on the introduction of a half-yearly bonus	April-17
	Agreement on the adoption of Sunday work	June-17
PARTHENAY	Paid leave	February-17
	Solidarity	February-17
	NAO agreement	March-17
	Incentive agreement	March-17
PUISEUX	2017 pre-electoral protocol	February 17
SAINT BRIEUC	NAO agreement	June-17
	Agreement on the employment of young people, seniors and the inter-generation element	June-17
	Agreement on gender equality and quality of life at work	February 17
SAINT-OUEN-L'AUMONE	NAO agreement	June-17
	Incentive agreement	June-17
	Revision of the MOU - Committee on the establishment of the 3 rd electoral college of Engineers and Managers	October-17
TANGER	NAO agreement	May-17
VIGNOUX-SUR-BARANGEON	Incentive agreement	June-17
VILLEFRANCHE DE ROUERQUE	Terms for taking paid leave and Rest times	November-17
	NAO agreement	June-17
	Incentive agreement	June-17
VÖHRENBACH	Increase of hours worked to 37.5	May-17
	Sick leave	April-17
	Travelling cost policy	July-17

2.5 | DEVELOPING EMPLOYEES' SKILLS AND MAINTAINING THEIR EMPLOYABILITY

Giving every Group employee the opportunity to develop his/her skills is essential to the sustainable growth of our organization.

To address the changes in our businesses and technologies, initiatives specific to each sites have been launched: for example, at the Saint-Brieuc site, the skills set for the positions of setter-operator and machinist has been finalized. At the Hérouville site, a comprehensive initiative was launched in 2017 based on the following priorities:

- developing the integration process and tutoring;
- drawing up baselines of careers, career datasheet and multi-skill matrix;
- protecting critical skills;
- upskilling employees.

In 2017, LISI AEROPSACE designed a working methodology called the "GPEC BOX". It covers 15 areas (e.g.: Forecasts of changes in jobs, Protection of Know-how, Training Plan, Annual Maintenance, etc.). The GPEC BOX offers concrete actions to the sites to improve their maturity level on the subject.

2.5.1 | Training

LISI has made skills development through training one of the major focuses of its Human Resources policy. It enables its staff to remain at the highest skills level, on a market subject to rapid technological changes and strong competition. **LISI ensures that all employees, regardless of their age or position, have access throughout their career to the training courses necessary for the construction of their career path and their adaptation to changes in the businesses.**

In 2017, 244,419 training hours were provided. In 2017, investment in training by companies of the Group worldwide stood at €8,705,468.

The LEAP⁽¹⁾ and SCP training programs to attain excellence

- Since 2011, LISI has undertaken an extensive training program on the fundamentals of LEAP: the LEAP Basics training is mandatory for any new employee. Since 2015, training sessions dedicated to advanced LEAP tools (LEAP Intermediate, LEAP Advanced, LEAP Manager, Experience Plan, Advanced Statistics, etc.) are organized as part of the company university, LISI Knowledge Institute (LKI), taking care to combine learners from all divisions of the Group.
- In 2017, LISI continued the implementation of its major LISI Excellence HSE tool, the Safety Culture Program (SCP), at all its sites. The aim of this program is to address behavior-related causes of occupational accidents by providing managers with the keys to understand hazardous behaviors and giving them the levers to correct them. This program also aims to develop a Safety Culture among employees through the deployment of a structured and regular communication campaign. Thanks to a shared culture of prudence, encouraging each employee to make his/her working environment more safe, our sites have registered improvements in terms of safety, with the Group reaching its lowest accident rate in 2017.

(1) LISI Excellence Achievement Program.

2.5.2 | Development of the training offer from LKI university



The company university, LISI Knowledge Institute (LKI), has established itself not only as a pillar in the employee skills development strategy but also as a major tool for the retention of talents and the attraction of candidates with strong potential:

- customized training programs in the following Fields: Technique/Businesses, Personal Development, Management & Leadership, to maintain and enhance skills and support change;
- sharing a global vision, a common managerial culture;
- exchanging experiences and good practices across the board: multi-sites, multi-countries, multi-businesses, multi-divisions.

Key figures 2017:

- 112 training sessions organized;
- 1,187 of training leave;
- Satisfaction of participants 4.46/5.

Two new training programs at LKI were introduced in 2017:

- **JUMP:** this training course was jointly developed with the *Ecole Nationale Supérieure Arts et Métiers (ENSAM)* and is intended for employees working as technicians/supervisors to whom LISI wants to provide a solid skills and knowledge base, rather general in nature, geared to Mechanical aspects and Control of manufacturing processes, with the objective of training them for positions with broader responsibilities in the short or medium term (People and/or Project management, Sales and Marketing).

The educational objective is to give employees demonstrating good potential for progress, the opportunity to acquire academic and practical foundations similar to those of the initial training program of an Engineering school;

- **management for Supervisors:** as part of the LEAP culture, the objective of this training program is to make learners aware of their role as Supervisor, adopt the attitude of a manager and acquire the appropriate practices. It is planned to offer this program at the international level. In 2017, it was rolled out at the Morocco and France plants.

2.5.3 | Career paths in France

Since several years, LISI develops specific career paths, based on our strategic businesses: cold stamping, heat treatment, machining, rolling, laminating, automatic control, surface treatment.

In 2017, 68 CQPM/CQPI qualifications were obtained:

- three stampers at the La Ferté Fresnel plant obtained the "Operator of Industrial Equipment" certification (CQPI), endorsing their career as stamper specialized in "Twolock screws";

- at Melisey, six machinists obtained the "Operator - Controller of high-precision digital machine-tool" certification (CQPM);
- three operators at La Ferté Fresnel obtained the "Operator of Industrial Equipment" certification (CQPI), and six operators (two at Delle and four at Melisey) obtained the "Autonomous team member in industrial production" certification (CQPM), endorsing their career in Sorting/Packaging;
- six employees at the Saint-Florent plant obtained the "Autonomous Team Coordinator in Production" certification (CQPM);
- four employees at the Saint-Brieuc plant obtained the Machinist certification (CQPM);

- three employees at the Bologne plant and one employee at the Bar sur Aube plant received the additional endorsement Forging;
- between 2016 and 2017, 36 work experience contracts leading to the "Autonomous Team Coordinator in Production" certification (CQPM) were implemented up at the Marmande site;
- at the Argenton plant, five employees were given the opportunity to retrain in-house thanks to the CQPM certificates: two persons for Machining Technicien CQPM and three persons for aircraft welding CQPM.

3 | HSE ISSUES

3.1 | ISSUES IN THE FIELD OF HSE

For several years, the LISI Group was fully engaged in placing health, safety and environmental issues at the heart of its corporate culture in order to turn them into intrinsic values.

The LISI Group Senior Management became seriously involved at its highest levels in the areas of Health, Safety and the Environment.

For LISI, the objective is to address the concerns of its stakeholders, such as:

- meeting the relevant demands and expectations of LISI's stakeholders including customers, investors, LISI employees, neighbors, sub-contractors, etc.);
- complying with increasing regulatory requirements;
- enabling the reduction of HSE-related costs such as those relating to energy and water consumption, elimination of waste, taxes and contributions for workplace accidents or occupational diseases;
- ensuring that the new generation of talents develop professionally in a secure environment and in line with their values in terms of environment protection.

These issues form an integral part of the LISI Group's strategy and are monitored at the highest level of its organization.

3.2 | HSE POLICY

In 2017, the LISI Group crossed a new milestone in its determination to improve in the field of HSE. The Group's sites were previously individually certified ISO 14001, an international standard related to environmental management, and OHSAS 18001, an international standard for occupational health and safety management systems. In 2017, the LISI Group decided to obtain certification Group-wide and no longer on a site by site basis, still in accordance with these two families of standards. LISI thus got itself audited in order to ascertain compliance with these standards. These audits led to the grant of the ISO 14001 certificate and the OHSAS 18001⁽¹⁾ certificate.

LISI has adopted an HSE policy which embodies its expectations and its vision of Operational Excellence in the field of Health-safety and the Environment.

(1) Scope: excluding China sites which are individually certified, excluding sites in which the interest is less than 60% and recent sites (Big Lake, Coon Rapids, Monterrey).

For the LISI Group, its legal and moral obligations in the field of HSE involve:

- everyone coming home after work in good health;
- improvement in working conditions;
- implementation of environmentally responsible processes;
- compliance with its obligations relating to safety and the environment.

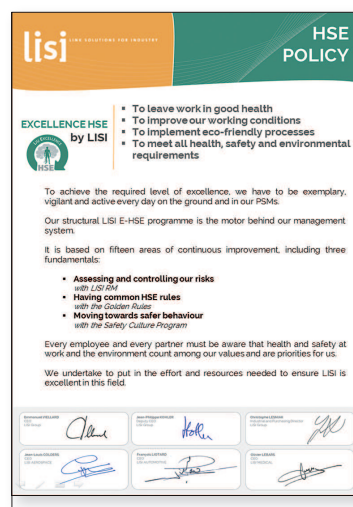
To meet this level of excellence, LISI's Management Committee has undertaken to be an example, be vigilant and be proactive on the field on a daily basis.

LISI also adopted a structuring program, LISI Excellence HSE, which is the engine of its management system.

This program hinges on fifteen areas of continuous improvement, three of which are the fundamental:

- assessing and managing our risks;
- having HSE rules common to all;
- changing to safer behaviors.

LISI makes it clear that health, safety at work and environment protection are among the values that it promotes and that are its priority.



To manage its HSE Policy, the LISI Group leverages a robust organization structure.

3.2.1 | The HSE Steering Committee

This committee is made up of two representatives of the Senior Management of LISI, the Group HSE Manager, HSE Managers from each division, and the insurance broker.

Every quarter, this HSE Steering Committee defines and monitors the Group's HSE strategy and checks on the progress of strategic actions in this field.

The CEO of LISI and the CEOs of the divisions of the Group take part in the September Steering Committee.

3.2.2 | The Steering Committee of the LISI Excellence HSE program

The mission of this Steering Committee is to chart out and approve the direction of the LISI Excellence HSE program. This highly operational committee defines the tools to be deployed to meet the HSE targets set out by Senior Management. Following this Steering Committee, a program containing details of the working groups is defined and approved by Senior Management.

3.2.3 | HSE Experts

HSE Experts meet every month to take stock of the progress of the program that the Steering Committee has defined in order to identify any difficulties encountered and decide on how to overcome them.

3.3 | LISI'S HSE OBJECTIVES FOR 2020

Keen to attain Operational Excellence in this field, the LISI Group has determined ambitious targets for 2020.

It is not LISI's intention to limit itself solely to the requirements of the ISO 14001 and OHSAS 18001 standards. It has defined increasing levels of requirements - "Bronze", "Silver", "Gold". Thus each site of the group must comply with a number of requirements of the "Bronze" level of its LISI Excellence HSE program.

3.3.1 | Health-Safety objectives

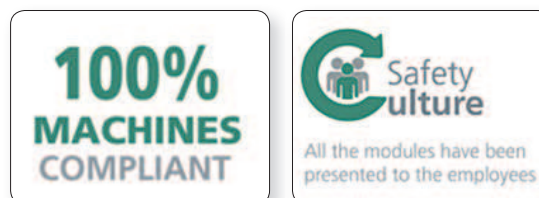
Furthermore, in the field of Health and Safety at work, LISI has set as target that each site should have an accident rate of less than eight workplace accidents per million of hours worked (whether with or without lost time and whether they involve LISI employees or temporary workers working for it).



To achieve this, LISI has set two other targets which will contribute to reducing the accident rate.

First of all, LISI's intention is to secure its working equipment, by working on the compliance of its machines, in particular those that are the most hazardous.

LISI has defined as target that 100% of machines identified as the most hazardous should be 100% compliant.



The safety of persons working for LISI or under its control also requires the development of a safety culture on a everyday basis.

LISI has thus developed its own safe behaviour development program: SCP (Safety Culture Program). The first step consists in training sessions for all managers of the Group so that they can conduct the 18 training modules of the SCP program. Secondly, during 15-minute sessions, these same managers will systematically reiterate the prevention messages aimed at improving the safe behaviour of each and every one. LISI aims at rolling out all the modules to all employees of the Group by 2020.

3.3.2 | Environmental objectives



Concerned about the impact of its activities on climate change, LISI wishes to develop and implement an energy management system in order to reduce its energy and carbon footprints.

Furthermore, LISI carried out an analysis of its environmental impacts in 2017, following which the Group wishes to reduce its most significant impacts by 2020.

Targets and measurable indicators will be established in the course of 2018.

3.4 | INTERIM OBJECTIVES FOR 2017

With the objective of meeting the targets set for 2020, LISI had already defined interim milestones for 2017.

3.4.1 | Health-Safety:

- Each site should achieve a TF1 (number of workplace accidents with or without lost time for LISI employees and temporary workers per million of hours worked) of less than ten.
- Each workplace accident with or without lost time, for LISI employees and temporary workers, must be analyzed in a rigorous manner based on the 8D methodology.
- The SCP safety culture program is expected to be launched at each site, in particular with the training of all managers of the Group.

3.4.2 | Environment:

- each site had to have rolled out an energy consumption reduction plan;
- each site had to have identified its most significant environmental aspects and defined an action plan to reduce the number of such impacts.

3.5 | 2017 HSE RESULTS

3.5.1 | Health Safety

The adoption of a safety culture on a daily basis and the uncompromising stand in the face of each workplace accident are paying off.

The results achieved by the Group are very encouraging since LISI's performances in 2017 are better than ever. They confirm the relevance and effectiveness of efforts by all employees and the Group intends to carry on with them thus proving that accidents are by no means unavoidable.

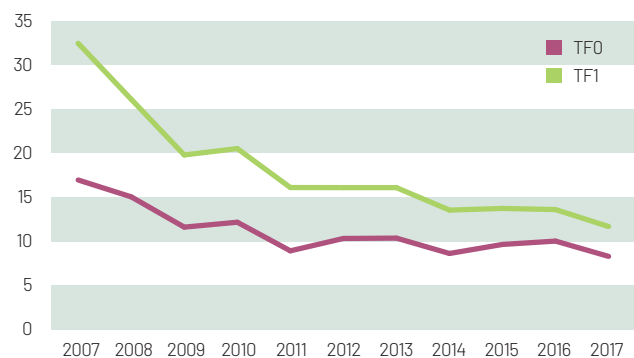
To measure its performances, LISI monitors the accident rate of its employees as well as that of temporary workers working for it.

Thus the accident frequency rate with lost time of LISI employees (TF0) declined by 56% in ten years to 7.43 accidents per million of hours worked at end-2017.

The accident frequency rate, with or without lost time (TF1), declined by 69% in ten years for LISI employees, and by 64% for LISI employees and temporary workers taken together. This frequency rate is 10.12 accidents with or without lost time per million of hours worked for LISI employees and 11.61 for LISI employees and temporary workers taken together. Furthermore, the frequency rate for temporary workers alone, which reached 25.19 in 2017, has improved by 10% in five years thanks to the overhaul of their onboarding process.

The severity rate (TGO), which represents the number of days lost as a result of workplace accidents per thousand hours worked, remained at a relatively low level at 0.25 days lost per thousand hours worked.

Indicators	2017	10-year trend	5-year trend
TF0 LISI	7,43	(56%)	(22%)
TF0 LISI + temporary workers	8,21	(51%)	(20%)
TF1 LISI	10,12	(69%)	(33%)
TF1 Temporary workers	25,19		(10%)
TF1 LISI + temporary workers	11,61	(64%)	(28%)
TGO LISI	0,26	(61%)	19%
TGO LISI + temporary workers	0,25	(63%)	10%



Furthermore, because LISI believes that each accident could have been avoided, a process for the detailed analysis of the causes of accidents has been implemented to determine the root causes of workplace accidents, with or without lost time. The objective is to ensure non recurrence of the most serious incidents. Thus, in 2017, 94% of accidents were analyzed in detail.

As regards production sites, over half (57%) record an accident frequency rate with or without lost time of less than ten accidents per million of hours worked.

Furthermore, the results of 55% of LISI's sites are improving compared with last year and 12% did not witness any accident in 2017.

It is to be noted that at "Historical sites", i.e. those owned by the LISI Group for more than ten years, this improvement is ever more marked: thus, their frequency rate of TF1 (workplace accidents with or without lost time) declined by 70% and the gravity rate by 74% in ten years. This shows that changing the safety culture requires work over a long period.

Across all of the Group's production sites, 55 occupational diseases were reported in 2017.

They relate mainly to joint disorders caused by certain working gestures and positions. However, all sites are working towards a reduction of physical constraints through better ergonomic layout of workstations and by limiting the weight of containers.

3.5.2 | Environment

3.5.2.1 Water consumption

In 2017, LISI consumed 866,303 m³ of water. To link it to production, LISI looks at the ratio of consumption to added value. Thus between 2016 and 2017, this ratio declined by 13%, from 1.074 MWh/€k (AV) to 1.231 MWh/€k (AV).

Water is mainly consumed at two of the Group's production sites (Bologne and La Ferté Fresnel/Dreux) for the cooling of the process. These two sites also account for 52% of the Group's total consumption. Although this water is primarily returned to the natural environment, works carried out, such as the repair of leakages on ageing underground pipes, have led to a savings of 50,147 m³ (5.5%).

Furthermore, the Forge 2020 project aims at relocating the activities of the Bologne site a few kilometers away from its historical location, in new premises which are more suitable for our activities. Environmental aspects are fully taken into account in this project in order to reduce impacts inherent to our processes. Hence, as regards water consumption, it is planned to recycle rain water and to have less water-intensive surface treatment systems.

3.5.2.2 Energy consumption

The energy consumption of the LISI Group is 492,065 MWh in 2017.

It is strongly linked with the business but also with weather conditions. However, to take on board the impacts of the production activity, LISI monitors the ratio of consumption to added value. Thus between 2016 and 2017, this ratio declined by 4%, from 0.636 MWh/€k (AV) to 0.610 MWh/€k (AV).

Energy is mainly consumed at production sites which have a heat treatment process, in particular Bologne, but also at Marmande, Delle, Bars/ Aube, Kierspe and Torrance.

These six sites also account for 44% of the Group's total consumption. The Bologne site has the highest energy consumption, all forms of energy taken together, with 13% of the Group's total energy. The Forge 2020 project will reduce this consumption through better insulation of the building, recovery of energy used in the process to heat the buildings and the installation of LED for the lighting of workshops and offices. The results are expected in 2021.

3.5.2.3 Waste production

In 2017, waste production was 56.1 kg of waste for €1,000 of added value, or a decline of 3% compared with 2016.

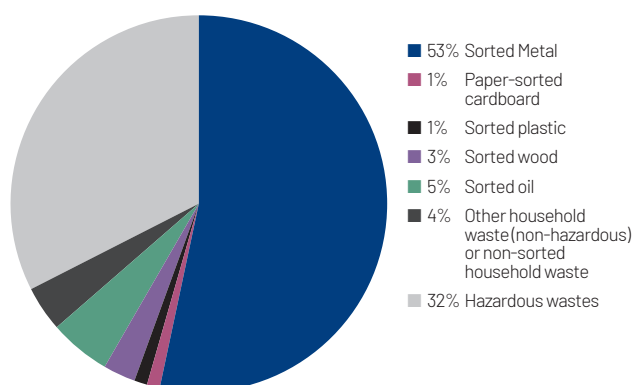
Moreover, the share of sorted waste is still high at 95.7%, a stable percentage compared with 2016. The remaining portion concerns domestic waste generated by production-related activities (toilets, cafeterias, etc.).

The production plants principally generate metallic waste (53% of the total quantity of waste produced). These are sold for recycling. Dangerous waste sorted, which represents 32% of the total quantity

of waste, is removed via authorized channels that abide strictly by applicable regulations.

Metal, plastic, wood/paper/cardboard and oil waste are either recycled or used to produce energy.

In 2017, the proportion of recyclable waste stood at 63.1% or the same level of 2016. The remaining portion is made up of hazardous waste and household waste.



3.5.2.4 Greenhouse Gas (GHG)

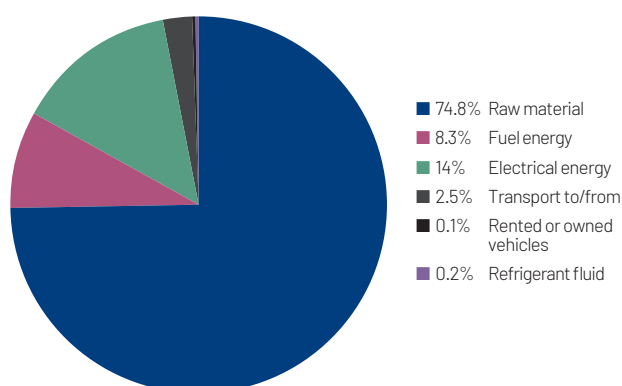
During the year 2017, LISI undertook an Assessment of the Greenhouse Gas (GHG) generated by its activities for Scopes 1, 2, and 3.

The main activities generating greenhouse gas (GHG) are the consumption of raw materials, the consumption of energy, the use of refrigeration units and air-conditioners and the movement of people and goods. All activities of LISI taken together generated 515,252 tons of CO₂.

Their breakdown is the following:

Scope	Indicators	2017
Scope 1	GHG Natural Gas [kg GHG]	40,813,838
	GHG Domestic heating fuel [kg GHG]	58
	GHG Heating network [kg GHG]	-
	GES LPG [kg GHG]	1,726,242
	GHG Vehicles owned [kg GHG]	731,746
	GHG Private vehicles under lease [kg GHG]	2,154
	GHG Fugitive emissions from refrigerants [kg GHG]	1,195,156
	Total GHG Scope 1 [kg GHG]	44,469,194
Scope 2	GHG Electricity [kg GHG]	72,303,279
	Total GHG Scope 2 [kg GHG]	72,303,279
Scope 3	Transport to/from (2016 data) [kg GHG]	12,890,640
	Consumption of raw materials [kg GHG]	385,589,180
	Total GHG Scope 3 [kg GHG]	398,479,820
TOTAL	TOTAL GHG [kg GHG]	515,252,293

GHG emissions by source



Hence, to combat climate change, LISI works mainly on the following:

- reduction of waste and optimization of raw materials (mainly deformation which generates low losses);
- reduction of energy consumption, through the introduction of an action plan for energy consumption reduction at each site.

3.5.3 | Complaints and formal notices

The LISI Group's sites follow and record all complaints whether comments, formal or informal, official or not issued by stakeholders.

In 2017, the sites received four formal notices or official letters from authorities: Dasle, La Ferté Fresnel (France), Fuenlabrada (Spain), and Escondido (USA).

Moreover, nine complaints were received by Group entities and concern mainly complaints from neighbors about the noise generated by our activities.

Each complaint or official letter receives a reply, written or otherwise, sent to the party concerned.

3.5.4 | Pollution prevention

LISI is particularly attentive to the potential impacts of its activities on the environment.

Each environmental incident, whether handled internally or requiring the intervention of external rescue services, must be processed and analyzed.

The sites thus reported 23 environmental incidents in 2017:

- 16 incidents for which the impact was managed internally (mainly accidental spills with no impact on the environment);
- 5 air pollution incidents (crossing of authorized thresholds);
- 1 water pollution incident (crossing of authorized thresholds);
- 1 incident for crossing of groundwater monitoring threshold.

3.6 | ACTION PLAN

3.6.1 | The LISI E-HSE program and its tools

In order to meet its ambitious targets, LISI has introduced an original program: LISI Excellence HSE.

The aim of this ambitious program is to commit each staff member to a common objective, namely to aim at and to achieve excellence on all the focuses in the company's HSE strategy.

Devised to accelerate the emergence of a common culture, the LISI Excellence HSE program lays down solid foundations to encourage abiding by the fundamentals, such as fulfilling compliance obligations regardless of whether or not they are regulatory, and also the continuous improvement of our performances and organizations.

The LISI Group possesses the tools essential for achieving these objectives:

- LISI RM: software for controlling our HSE risks;
- golden Rules: HSE rules common to all LISI sites;
- SCP⁽¹⁾: the program aimed at developing the Safety Culture for all employees in the Group;
- other operating tools in the LISI Excellence HSE program aiming at providing a response to the problems targeted by the excellence focuses.

(1) Safety Culture Program.

3.6.2 | Resources

3.6.2.1 HSE CAPEX

The consolidated amount of HSE expenditures by division is as follows:

DIVISION	HSE expenditures in 2017 - in thousands of euros	Total expenditures - in thousands of euros	% of expenditures devoted to HSE
LISI AEROSPACE	4,710	88,958	5.3%
LISI AUTOMOTIVE	3,156	36,875	8.6%
LISI MEDICAL	83	13,156	0.6%
LISI	7,949	138,989	5.7%

Notable investments include:

- LED lighting at Escondido (€11 thousand);
- improvement of the energy performance of processes at Mellrichstadt (€268 thousand);
- improvement of air treatment at Melisey (€354 thousand);
- improvement of effluent treatment at St Ouen l'Aumône (€110 thousand).

3.6.2.2 Training hours

The LISI Group relies heavily on the skills of all employees to achieve excellence in Health - Safety at Work and Environment. Only each individual behavior can help it build a genuine enterprise HSE culture.

That is why LISI has decided to continue investing in Human Beings. Thus in 2017, 0.32% of hours worked were dedicated to training in the field of HSE, compared with 0.25% in 2016.

Actually, the men and women that make up a company are its key ambassadors in all areas, and their dedication to the Company's operations is an asset on which LISI intends to capitalize.

3.6.2.3 Provisions - Environment

The consolidated amount of HSE risk provisions by division is as follows:

Division	Amount of 2017 HSE provisions
LISI AEROSPACE	€3,847 thousand
LISI AUTOMOTIVE	€475 thousand
LISI MEDICAL	€158 thousand
LISI	€1,276 thousand
TOTAL	€5,756 THOUSAND

3.6.3 | Bronze sites of the LISI E-HSE program:

The LISI Excellence HSE program assesses the sites in accordance with 4 maturity levels:

- the first level, Standard, corresponds to strict compliance with ISO 14001 and OHSAS 18001 standards;
- the following three levels "Bronze, Silver and Gold" aim at achieving, in phases, the adoption of a Health - Safety and Environment Culture for all employees and sites of the Group.

At end-2017, 2 sites were classified "Bronze". All sites of the Group must comply with the requirements of this level by end-2020.

4 | SOCIETY-RELATED ISSUES

4.1 | TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS

The LISI Group is firmly rooted in France, particularly in Franche Comté. Indeed, of the Group's 47 production sites, 21 are located in France (45%) of which five in Franche-Comté, the Company's birthplace. These 21 French sites represent 54% of the workforce.

At foreign sites, the vast majority of employees come from the local population, thus contributing to the development of the local economic and social fabric.

4.2 | RELATIONSHIPS WITH PERSONS OR ORGANIZATIONS INTERESTED IN THE COMPANY'S BUSINESS

4.2.1 | Conditions for dialogue with those persons and organizations

The international standards ISO 14001 and OHSAS 18001 have as one of their basic principles, dialogue with the Interested Parties. LISI has founded its system of environmental, health, and safety management on these standards.

Thus, individuals and/or main organizations interested in the Company's business have been identified by the sites, as well as their expectations.

All their requests receive an answer from the site.

4.2.2 | Partnership and sponsorship activities

The LISI Group is a major economic player in all areas where it operates. It thus contributes to local employment and to local and regional development. A significant number of employees also contribute to the dynamism of associations, clubs, clusters, networks and other professional organizations. The sites are the favored partners to encourage teaching of technical and other skills, through the apprentices they take in via the training courses leading to CQPM qualifications developed by with the help of the UIMM's Training Centers.

Such professional organizations include the GIFAS (the Group of French aerospace industries) for LISI AEROSPACE, AFFIX (Association of manufacturers of mechanical fasteners) and DSV (Deutsche Schraubenverband) for LISI AUTOMOTIVE and SNITEM (National union of the industry of medical technology) for LISI MEDICAL.

LISI also regularly intervenes in networks to help second and third tier suppliers in their development by sharing best practices in industrial excellence, such as with the Pôle Véhicule du Futur cluster (automotive cluster) and the Club des Chefs d'entreprises du Sud Territoire.

In addition, LISI encourages local partnerships and exchanges, particularly the development of close relationships with schools, universities and the top colleges (Engineering, Management, etc.) in order to anticipate, for each division, the future requirements in terms of employment and skills.

More specifically in France, the sites collaborate closely with the Training Centers of UIMM and with the local ADEFIMs in order to optimize the financing of the training actions, and with Pôle Emploi (Job search national organization) to implement Operational Preparation for Employment processes.

4.3 | SUBCONTRACTORS AND SUPPLIERS

The LISI Group is part of a "win-win" sustainable partnership with its suppliers and subcontractors to ensure mutual, long-term success.

Aside from economic considerations (quality, competitiveness and continuous improvement), the Suppliers Charter established

by the Group dictates the terms of partnership in accordance with the principles of ISO 14001, which are addressed during audits for selecting new suppliers.

Approval and application of the ten principles of the UN Global Compact program are also part of this Suppliers Charter.

The Group Purchasing Policy includes ethical, sustainable development and corporate social responsibility aspects with the application of the Global Compact principles and the principles of ISO 14001 and OHSAS 18001 standards, that need to be complied with, in particular by our subcontractors and strategic Suppliers.

5 | ANTI-CORRUPTION

5.1 | GENERAL POLICY ADOPTED BY THE LISI GROUP TO PREVENT AND FIGHT CORRUPTION

The LISI Group has built its growth on compliance with laws and best practices. Each division is responsible vis-à-vis the Group's Senior Management for the proper performance of its subsidiaries and employees. The LISI Group is intensifying its policy on the prevention of and fight against corruption: thus in 2017, its actions were inspired by its membership of the Global Compact and are also in keeping with the new French legal framework set out by the Sapin II Law. This is in keeping with the values that the LISI Group upholds.

5.2 | ACTIONS CARRIED OUT IN 2017 AND ROLL-OUTS SCHEDULED IN 2018

5.2.1 | Development of the anti-corruption code of conduct:

The LISI Group has deployed a detailed action plan led by the Group Legal, Human Resources and internal audit teams. One of the main actions of the LISI Group relates in particular to the development of a new "anti-corruption and influence peddling" code of conduct. It underpins the conduct of its business relations. It is intended for corporate officers, members of Executive and Management Committees as well as all employees of the LISI Group. It sets forth the principles that each employee of the Group must apply in the conduct of their work. It complements the rules, procedures and standards defined in each country and to which employees must continue to refer. Any person acting on behalf of LISI is required to comply with this code of conduct, regardless of the place and nature of his/her work. The LISI Group also ensures that its partners share these values. The LISI Group places a high importance on behaving in a flawless manner with its stakeholders. This code of conduct will apply from 2018 after consultation, for the concerned subsidiaries, with employee representative bodies.

5.2.2 | Method of deployment of the whistleblowing system

The LISI Group is finalizing the development of its alert system which will also apply from 2018, like its code of conduct. The method of deployment chosen is a collection of alerts through internal management: it meets the legal requirements since it is a secure system which protects the whistleblower. The management of alerts will be under the responsibility of the Compliance Committee. This Committee is made up of three departments: the Group Legal Director, the Group Human Resources Manager and the Internal Audit Manager. It is chaired by the Group Deputy CEO, who is also a member of the Audit Committee. The employment contracts of this team will be amended to provide for an enhanced confidentiality clause. In early 2018, the Compliance Committee will follow a training course on the management of alerts in order to acquire the necessary expertise: the training will be provided by two members of the NGO Transparency International (TI), who are expert in the collection of alerts.

5.2.3 | Work initiated on the identification of the risk level associated with corruption

In the last quarter of 2017, the LISI Group initiated work identification of the risk level associated with corruption. This work will continue in 2018 through the assessment of risks on two levels: firstly, exposure by country (TI framework) where the LISI Group conducts business; secondly, the nature of business relations maintained by the LISI Group.

5.2.4 | Consideration of the training models to roll out

The LISI Group implements its system to fight corruption by giving information to its employees through a communication kit which will be distributed as soon as its code of conduct is applied. Employees most exposed to possible corruption practices will follow training under e-learning as from 2018. The number of employees concerned by this training module is estimated at around 800.

5.2.5 | Other preventive actions already undertaken

The LISI Group has undertaken a number of preventive actions to fight corruption. Relationships with third parties are dictated by the Group's scoping procedures, which are implemented by the divisions through the dissemination of division-specific procedures. For example, LISI disseminates and updates a Purchasing and Supplier Relations procedure, which specifies in particular the limits and authorization thresholds for donations and gifts. Compliance with these procedures is ascertained during three-yearly management and financial audits that the Group conducts in its subsidiaries and its sites: if weaknesses are identified, an action plan is then requested from the concerned subsidiaries in order to address them.

The documents that bind the LISI Group and its stakeholders, internal or external, are being updated and will be finalized at the beginning of 2018 in coordination with the application of the tools mentioned in the above paragraph. Examples of these documents are: the Supplier Charter (external stakeholders), the Group Purchasing Policy (internal stakeholders), the Terms of Purchase and Sale, Supplier and Customer Contracts, and any other document relating to those already mentioned.

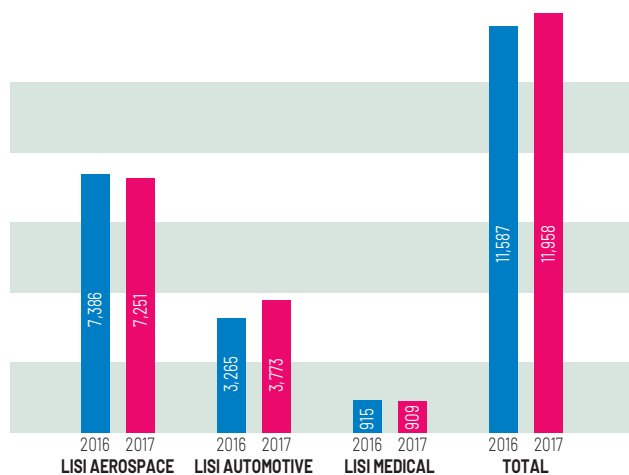
KEY FIGURES

Human Resources

	2017	2016	DIFFERENCE N/N-1
LISI AEROSPACE	7,251	7,386	(1.8%)
LISI AUTOMOTIVE	3,773	3,265	15.6%
LISI MEDICAL	909	915	(0.7%)
Holding company	25	21	19.0%
GROUP TOTAL	11,958*	11,587	3.2%

* Termax LCC is included in the calculation.

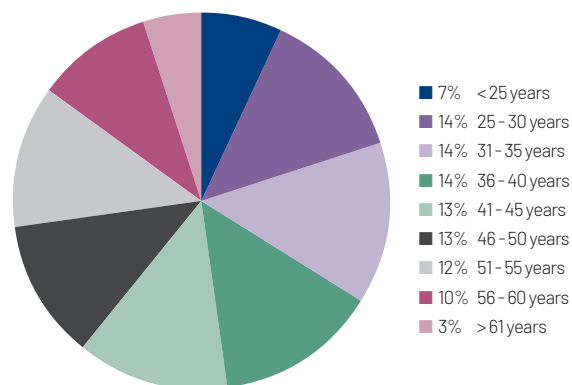
11,958 EMPLOYEES UNDER AN EMPLOYMENT CONTRACT AT 12/31/2017



REGISTERED HEADCOUNT 31/12/2017	LISI AEROSPACE	LISI AUTOMOTIVE*	LISI MEDICAL	Holding company	TOTAL	%
Germany	8	894	,	,	902	8%
Canada	322	5	,	,	327	3%
China	,	273	,	,	273	2%
Spain	,	174	,	,	174	1%
USA	1,069	383	413	,	1,865	16%
France	4,185	1,749	496	25	6,455	54%
India	165	,	,	,	165	1%
Morocco	356	,	,	,	356	3%
Mexico	,	94	,	,	94	1%
Poland	195	,	,	,	195	2%
Czech Republic	,	199	,	,	199	2%
United Kingdom	394	2	,	,	396	3%
Turkey	557	,	,	,	557	5%
Total	7,251	3,773	909	25	11,958	100%

* Termax LCC is included in the calculation.

Breakdown by age*



* Termax LCC is not included in the calculation.

Decline in absenteeism rate in 2017 compared with 2016

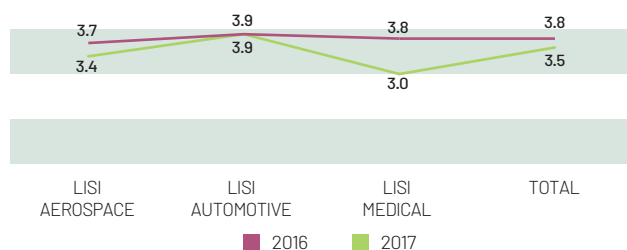


Table of Health Safety Environment indicators

INDICATORS (January 1 to December 31)		Definition	Unit	2016	2017	Difference 2017 vs. 2016
Energy	Municipal water	Volume of water from the city's distribution network consumed by the consumption production site	m ³	435,079	517,600	82,521
	Consumption of water drawn directly from the natural environment	Volume of water drawn by the production site from the rivers, lakes and groundwater	m ³	481,371	348,703	-132,668
	Electricity consumption	Electrical power from the city grid or self-generated, consumed by the production site	MWh	292,421	310,339	17,918
	Natural gas consumption	Heat energy from the volume of natural gas consumed by the production site	MWh	172,555	172,652	97
	Liquefied petroleum gas (butane - propane) consumption	Heat energy from the volume of LPG consumed by the production site	kWh	5,717,292	6,716,896	999,604
	Domestic fuel consumption	Volume of heating oil consumed by the production site for industrial and heating purposes	m ³	195	181	-14
	Consumption of other energies	Other energies (steam, etc.)	kWh	578,407	558,080	-20,327
Hazardous products	Consumption of products with permanent harmful effects for humans	Quantity consumed of all products belonging to the list of products with harmful and permanent effects for humans (all products classified as carcinogenic, mutagenic or toxic for reproduction as defined by local national regulations). Oil for forklifts can be found in this category	kg	234,437	272,454	38,017
	Sorted metal	Total amount of metal discharged and sorted as waste according to national regulations	T	23,090	24,060	971
	Paper - Sorted cardboard	Total amount of paper and cardboard discharged and sorted as waste according to national regulations	T	522	609	87
	Sorted plastic	Total amount of plastic discharged and sorted as waste according to national regulations	T	211	284	73
	Sorted wood	Total amount of wood discharged and sorted as waste according to national regulations	T	1,145	1,215	70
	Oil (soluble + whole + whole and water)	Total amount of oil discharged and sorted as waste according to national regulations	T	2,076	2,398	322
	Other household waste (non-hazardous) or non-sorted household waste	Amount of unsorted non-hazardous waste or household waste (as per national regulations) discharged from the site	T	1,846	2,024	178
	Hazardous wastes (without oil)	Amount of hazardous waste (as per national regulations) excluding oil waste discharged from the site	T	13,778	14,649	871

INDICATORS (January 1 to December 31)		Definition	Unit	2016	2017	Difference 2017 vs. 2016
Workplace accidents	TF0 at end of December	The TF0 is the frequency rate of workplace accidents with lost time over 12 rolling months TF0 = Number of WA with lost time of the last 12 months × 1,000,000/Number hours worked of the last 12 months	unit	9,95	8,21	-1,74
	TF1 at end of December	The TF1 is the frequency rate of workplace accidents with and without lost time over 12 rolling months: TF1 = Number of WA with and without lost time of the last 12 months × 1,000,000/ Number hours worked of the last 12 months	unit	13,54	11,61	-1,94
	TG0 at end of December	The TG0 is the gravity rate of workplace accidents with lost time over 12 rolling months: TG0 = Number of workplace accidents with lost time over 12 rolling months × 1,000/Number of hours worked over the 12 months elapsed	unit	0,27	0,25	-0,02
Incidents and complaints	Number of occupational diseases	Number of occupational diseases reported on the production site that generated a work stoppage	unit	39	55	16
	Number of outbreaks of fire	Number of outbreaks of fire requiring the use of firefighting means (fire extinguishers, fire hose station, sprinkler, other) reported on the production site	unit	77	93	16
	Number of incidents requiring the intervention of outside help	Number of incidents occurring on the production site (fire, pollution, natural disasters, hazardous events) requiring the intervention of firefighters or civil security services	unit	8	9	1
	Formal notice sent by the authorities	"Official" request originating from or addressed to a competent authority in terms of health, safety, environment or public safety, requesting that the industrial site put a final stop to a nuisance or a hazard, or comply with a regulatory requirement	unit	7	5	-2
HSE training	Number of complaints issued by stakeholders	Informal note that any third party (neighbors, organizations, etc.) may use directly with the site when subjected to any nuisance, e.g.: mail, written recordings of telephone complaints, etc.	unit	11	9	-2
	Number of HSE training hours completed	The courses listed cover all internal and external training to develop the HSE skills or knowledge of all LISI staff. These do not include the HSE training hours for newcomers	hours	45,530	59,453	13,923

6 | SCOPE AND EXCLUSIONS

Scope

For Human Resources and Environment issues, the reporting scope does not include the Chihuahua site, as the buildings do not belong to LISI and LISI personnel are not concerned.

For the Health – Safety – Environment issues, the reporting scope does not include the Bangalore site (Ankit – India) in which majority shareholding is recent.

Termax, a recently acquired company, is not included in the Health – Safety – Environment reporting scope.

The difference between data published for financial year 2016 and the 2016 data published for comparative purposes for financial year 2017 is due to the inclusion of the sites of Coon Rapids and Big Lake (Minnesota) as well as corrections of the 2016 data, which were at the time measured for some sites and indicators.

Exclusions

The 42 themes mentioned in the decree have been treated as transparently as possible. Certain items have not been the subject of reporting for the following reasons:

- utilization of land: the land area of the buildings occupied by the Group is optimized, changes little and LISI does not have any activities involving extraction of resources present in the ground;
- protection of biodiversity and adaptation to climate change: we have not identified any specific risks or challenges in these areas related to our activities;
- food waste: LISI's activity has no impact on food waste.