



LACROIX

CONNECTED
TECHNOLOGIES
FOR A **SMARTER**
WORLD

DECLARATION OF EXTRA-FINANCIAL
PERFORMANCE 2018

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LACROIX Group is an industrial player which, through its activities, seeks to help "make the world a better place". LACROIX Group is a family-run operation which builds its CSR approach around a number of key priorities, which it consolidates every year by developing new initiatives.

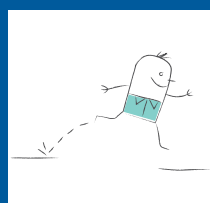
Environmental and corporate social responsibility are integral to LACROIX Group's **AMBITION2020** strategic plan, which mobilises employees around an ambitious business development vision.

Each of the strategic priorities in the **AMBITION2020** programme includes a CSR dimension, particularly the Human Capital and Smart World initiatives.



LACROIX Group operates in accordance with a set of core values, a key point of reference shared by all employees.

By aligning social and operational rules with these values, LACROIX's teams help to place people at the centre of the organisation. Managers and their staff thus avail of a reference framework understood by all and invaluable for coordinating their interaction and guiding their decision making.



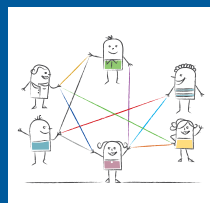
AUDACITY

"Audacity gives me wings to meet challenges and dare to be enterprising, despite uncertainty and obstacles."



COMMITMENT

"I help ensure the effectiveness of the company's projects."



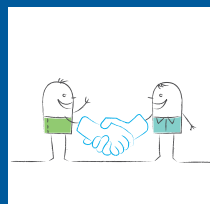
TEAM SPIRIT

"Teamwork enriches me and boosts me – it's a source of learning as well as motivation."



OPENNESS

"I gain from difference by opening myself to new ideas and being curious."



RESPECT

"I respect other people to ensure a good working environment and to receive respect in turn."

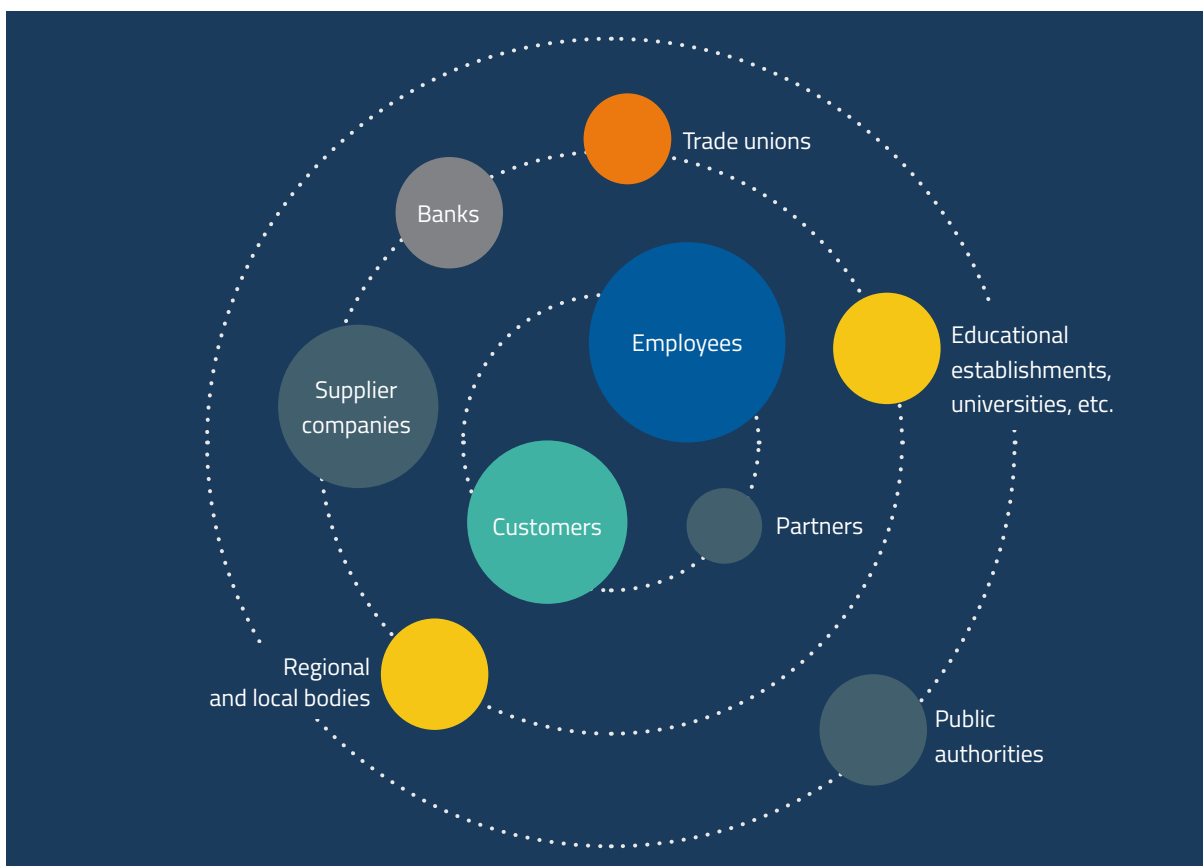


**United Nations
Global Compact**

LACROIX Group underlines its CSR commitment through its adherence, since 2017, to the **United Nations Global Compact**, an international initiative which represents the framework for voluntary commitment to sustainable development, based on ten key principles covering human rights, working conditions, the environment, and corruption. Adhering to the Global Compact means sharing the conviction that commercial practices based on universally recognised principles will contribute to the emergence of a more stable, fair and open global market, and to the development of prosperous and dynamic societies.

DIALOGUE WITH STAKEHOLDERS

LACROIX Group builds a constructive relationship with its stakeholders, helping to promote the conditions for dialogue in relation to their corporate social responsibility. Dialogue with stakeholders represents a means of creating **connections, innovation and added value** within a framework which prioritises listening and co-construction, and enables decision-making in consideration of stakeholder expectations.



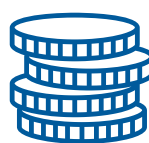
OUR VALUE CHAIN

LACROIX Group key figures



4,056
Employees

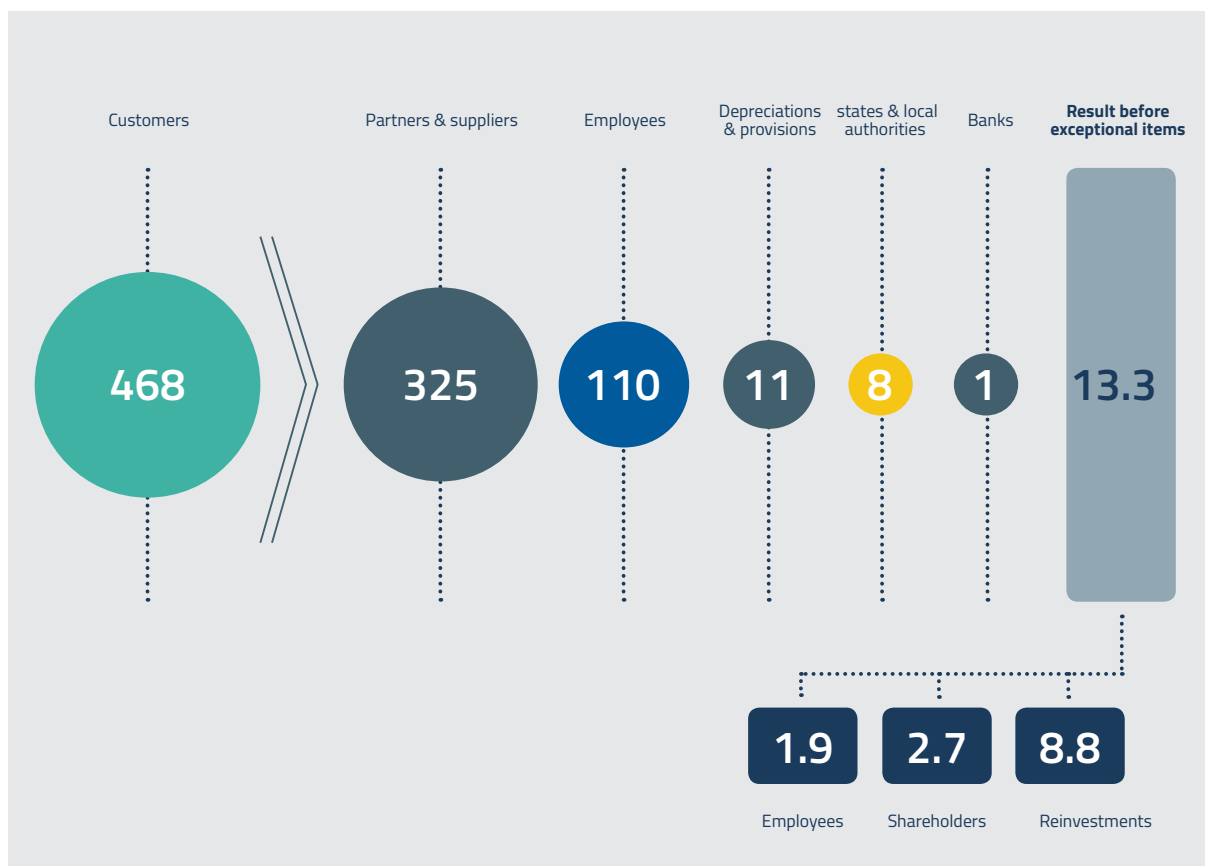
(4,034 in 2017)



€468
Million

(€441M in 2017)

VALUE CREATION (in millions of Euros)



DISTRIBUTION BY BUSINESS AREA



For decades, LACROIX City has met the demands of a changing world, one which is increasingly urban and connected, supporting local authorities and businesses with its equipment for smart roadways. Its expertise and experience provide a solid foundation for envisaging and designing the connected uses of the future, those which will enable us to guide, optimise and secure flows of vehicles and people, or in other words: smart mobility.

To ensure the effectiveness of this concept of intelligent and connected roadways while reducing set-up costs, LACROIX City is looking to interoperable and complementary ecosystems compatible with equipment and infrastructure already in place all around the world.



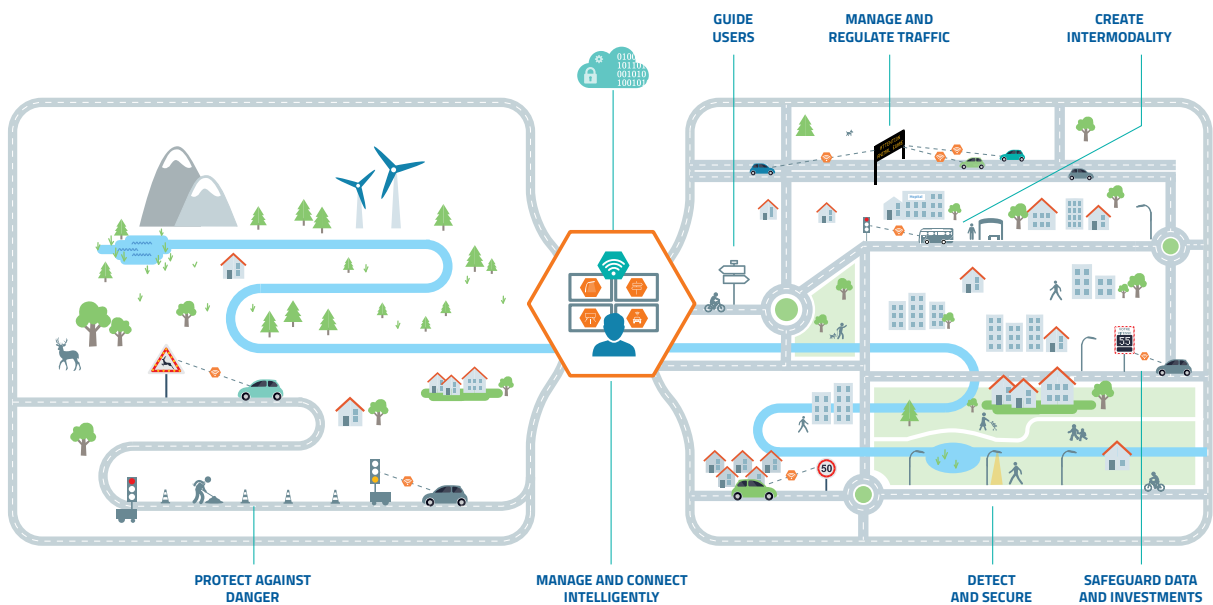
585
Employees

(582 in 2017)



€98
Million

(€92M in 2017)



The city of tomorrow is built according to technological, ecological and societal development. LACROIX City's integration into this rapidly changing world offers immediate results in terms of safety, wellbeing, social and environmental responsibility.

We make this possible thanks to our key areas of expertise: public lighting, traffic management and regulation, signage and V2X.



In an increasingly connected world where environmental issues are central to our discussions, LACROIX Sofrel acts as a benchmark for “connected technologies for a smarter environment”. The scarcity of water and energy resources and raw materials is one of the biggest global concerns. By creating smart equipment that helps optimise the use of water and energy resources, LACROIX Sofrel is rising to these challenges and harnessing technology to serve the needs of people and the environment.



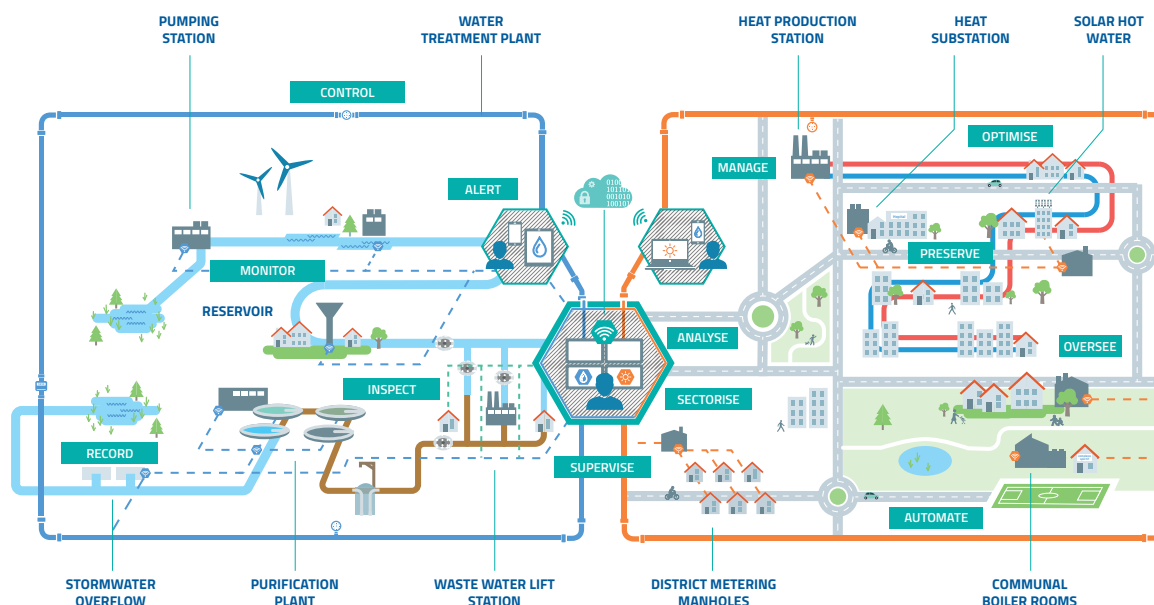
167
Employees

(168 in 2017)



€40
Million

(€39M in 2017)



Thanks to its in-depth understanding of the work of its customers operating in water and energy, LACROIX Sofrel helps to improve their network performance and environmental protection. As a key player in the industrial IoT sector, LACROIX Sofrel is at the cutting edge of new technologies, mastering all technological building blocks in electronics, industrial computing, telecommunications, automation and cyber security, and investing over 10% of its annual revenue in innovation and R&D.

As well as being the French market leader, LACROIX Sofrel supports its customers internationally. By 2050, 40% of the world’s population will face water shortages. With subsidiaries in Spain, Italy, Singapore, and a network of more than 40 certified partners worldwide, the company is focussing its development on sensitive locations. Having developed its presence and expertise in France and Europe, LACROIX Sofrel is now extending its business to Africa, Latin America, Asia and the Middle East.



As a major player in the French electronics sector, LACROIX Electronics designs and manufactures electronic sub-assemblies for customers who are leaders in their area of activity.

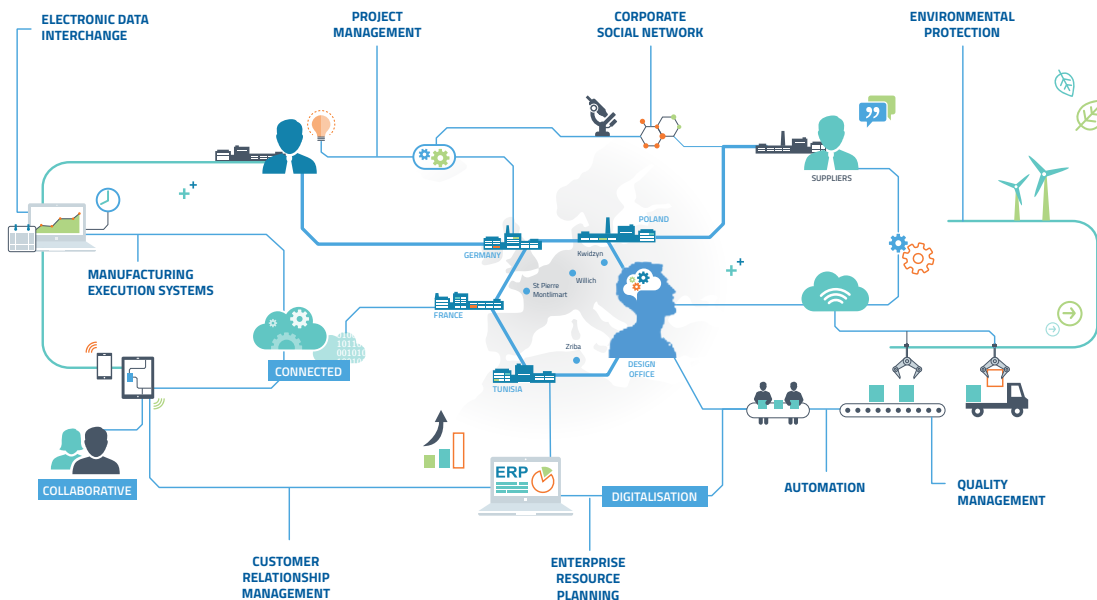
Working for industrial producers or Tier-1 equipment suppliers, LACROIX Electronics operates in the automotive, industrial electronics, home automation, avionics and military markets. The company is largely positioned around the manufacture of small and medium batches with high added value, spread across four manufacturing sites located in France, Germany, Poland and Tunisia. LACROIX Electronics makes use of its design office to maximise the value chain of its services, offering customers complete or partial development and manufacture of their electronic sub-assemblies. This value offer, complementary to the manufacturing process, is a differentiating feature.



3,291
Employees
(3,275 in 2017)



€330
Million
(€310 M in 2017)



Decisive factors for its customers in terms of their choice of manufacturing sub-contractors include excellent process management, compliance with quality standards and requirements, and the competitiveness of the offer.

LACROIX Electronics operates in a global and competitive market. Its customers are primarily based in Europe and its suppliers of electronic components primarily in Asia. In a context of global tension in the electronic components market, supply chain risk management is one of the key challenges in this activity.

LACROIX Electronics is not immune to the challenges facing the electronics sector, recognised as strategically important by the French National Industry Council, as it transforms itself into an industry of the future, with a strong impact on the nature of its professions and skills.

Towards an objective of continuous improvement and in order to streamline its CSR approach and prioritise its actions, LACROIX Group has carried out an analysis of the challenges having a direct or indirect impact on the organisation's ability to generate or destroy value for itself, its stakeholders, and society as a whole.

This impact study draws on the materiality assessment conducted by LACROIX Group and complemented by the operational principles and recommendations of the Global Compact.

Based on these different elements, and considering its business models, LACROIX Group has identified significant risks related to the social consequences of its activities, their environmental consequences, the effects related to respect for human rights, and finally the effects with regard to the fight against corruption.

Taking a dynamic and progressive approach, we envisage regularly re-evaluating these results in order to take full account of changes in context and local situations, as well as the demands of stakeholders.

The operational principles for LACROIX Group's CSR approach are deployed in line with the materiality assessment conducted and the risk management procedure arising therefrom.



IDENTIFICATION AND CONTAINMENT OF KEY RISKS

Within the framework of its activities, LACROIX Group is exposed to risks for which it conducts appropriate checks, measuring their effectiveness through the establishment of relevant monitoring indicators. Some of the policies and checks presented are in the construction phase and will be gradually rolled out next year and associated with measurement indicators.

Risks and opportunities	Supports and checks	Statuses*
Employee satisfaction	Roll out of LACROIX values guidelines Employee satisfaction survey across entire Group	Existing Existing
Health and safety	Accident prevention measures and safety at work Accident prevention measures and health awareness-raising Safety training and checks	Existing Existing Existing
Skills management and development	Key skills mapping Predicted developments in tasks and skills Training plan Proactive apprenticeship policy	To be strengthened To be rolled out To be strengthened Existing
ETHICAL business practices and behaviours	Deployment of LACROIX Ethical Charter Global Compact programme Deployment and training in anti-corruption measures Standards certifications for processes	Existing Existing Existing Existing
Attractiveness	Strengthening of employer brand Acting as a regional stakeholder and contributing to development of the socio-economic fabric	To be rolled out Existing
Information systems	Security plans Security audits and intrusion tests	Existing To be strengthened
Supply chain	Supply contract conclusion Customer contract conclusion	To be strengthened To be strengthened
Geopolitics	Business continuity plan Country risk indicator	To be strengthened Existing
Environment and waste generation	ISO 14001 certification Waste recycling procedures by qualified suppliers Specific treatments related to hazardous waste	Existing To be strengthened Existing

HEALTH, SAFETY AND WELLBEING AT WORK

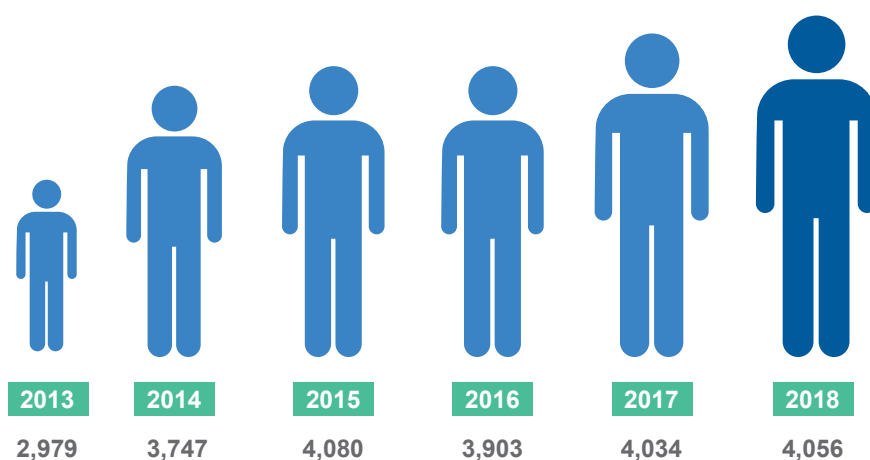
1. Human Capital: LACROIX Group's primary asset

The people who make up the Group are its most important asset. Our teams drive the Group's development and the successful completion of its projects.

1.1. Jobs & Workforce figures

With 4,056 employees in 2018, LACROIX Group's workforce numbers have remained stable over the last four years. They have, however, increased by more than 35% since 2013.

The increase in workforce numbers since 2013 is mainly driven by the activity of LACROIX Electronics, particularly at the Polish site, which employed 48% of the total LACROIX Group workforce in 2018.



Distribution of workforce by business area

	LACROIX City		LACROIX Sofrel		LACROIX Electronics	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Total workforce	585	582	167	168	3,291	3,275
Men	406	402	126	129	1,260	1,219
Women	180	180	41	39	2,031	2,055

On top of these 2018 figures, 13 people are employed by LACROIX SA (Group holding). There were 10 employees in this entity in 2017.



81%

of the Groups' workforce work in the LACROIX Electronics activity.



71%

of the Groups' workforce work outside France.

The activities of LACROIX Group are also supported by staff made available under temporary employment contracts, representing an average of 169 full-time equivalents in 2018, compared to 179 in 2017.

1.2. LACROIX & You, internal satisfaction survey



It is the Group's responsibility to ensure that all employees feel involved in the

successful completion of its objectives. With this in mind, in order to understand the expectations of its employees and their relationship to their work and the company, every two years since 2015, LACROIX Group has conducted an internal satisfaction survey, **LACROIX & You**, among all Group employees.

With a participation rate of 84%, or over 3,300 participants, the findings of this survey, which combines around one hundred points of assessment across ten topics, provide valuable material on which to base improvement measures.



68%

of employees satisfied in 2018



75%

Objective in 2020



Testimonial

Thierry Brigodiot,
PRAGMA Director,
partner for the internal survey
LACROIX & You

"For this second LACROIX & You survey, I was very impressed by the warm welcome and attentive approach of the teams, managers and site directors at our feedback meetings. This year, I really noticed the quality of our discussions, as if a new level of trust in the procedure had been acquired since the first survey.

I have been helping to deploy corporate climate survey for some twelve years now, and it's very rare for feedback sessions to be organised with as large a number of employees as LACROIX Group chose to do in 2018.

As well as an opportunity for sharing ideas, the ability for everyone to contribute to the formulation of new measures related to the topics covered seems to have created an excellent dynamic on the Group's sites."

1.3. Organisation of corporate dialogue

LACROIX Group is committed to the establishment of high-quality corporate dialogue with staff representation bodies. This dialogue takes the form of work meetings and discussions with staff representation bodies, whose configuration varies according to local legislation. These exchanges are intended to create a responsible and constructive relationship of trust, conducive to business development and employee fulfilment within the Group. The different LACROIX Group companies are represented by nine Works Councils or Single Delegations, which held over 180 meetings within the Group in 2018.

1.4. Health and safety at work

LACROIX Group has a duty to protect the health and safety of its employees, and endeavours to assess and improve working conditions and implement accident-prevention measures in collaboration with the bodies representing its employees and external stakeholders.

Health & Safety and Working Conditions Committee (CHSCT)

Accident prevention and safety are organised through dialogue with various representatives: Social & Economic Committee (CSE),

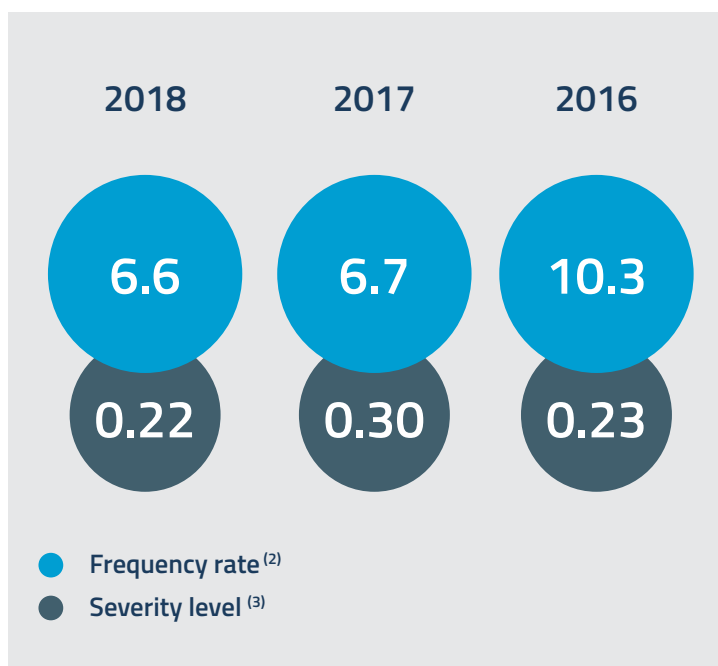
Health & Safety and Working Conditions Committee (CHSCT) or similar organisations on international sites (CCE, etc.). The various CHSCTs within LACROIX Group cover 98% of the workforce. In a spirit of collaboration and responsibility, those involved ensure LACROIX Group's compliance with local obligations and regulations and work to deploy training initiatives of a regulatory or preventative nature.

Workplace accidents ¹

Long-running information campaigns around the wearing of personal protective equipment have achieved a significant reduction in accidents arising during handling operations, which remain the leading cause of workplace accidents within the Group.

LACROIX Group is pleased to report a further reduction in the workplace accident frequency rate, rewarding the work of the teams and encouraging them to continue their efforts in terms of accident prevention and awareness-raising around the risks involved in our activities.

Communication campaigns will be strengthened in the coming periods, as will the supervision of new recruits in workshops. For the latter, their understanding of safety regulations will be consolidated as part of their integration process.



Good practices

For each accident leading to work stoppage, a diagnostic procedure is implemented, together with a causal tree and action plans.

LACROIX Sofrel regularly conducts awareness-raising campaigns on road safety, complemented by driving courses for its mobile employees.

(1) The scope of this indicator concerns around 99% of the Group's workforce. It excludes sites with fewer than 20 employees (other than Holdings).

(2) Number of workplace accidents with fewer than 1 day of stoppage * 1,000,000 / actual number of hours worked.

(3) Number of days of stoppage due to workplace accidents * 1000 / actual number of hours worked.

LACROIX Group makes regular investments intended to improve the working environment of its staff, helping to enhance both safety and comfort.

Some of the most significant examples of this are as follows:

- Improvement of working conditions by redesigning, improving lighting and sound-insulating working areas
- Improvement of workstation ergonomics both in workshops and offices
- Investments enabling a reduction of repetitive movements in workshops, particularly through support from motorised systems and cobots
- Investments safeguarding and limiting the handling of heavy loads, particularly on the LACROIX Signalisation site
- Investments in ergonomic chairs and anti-fatigue mats at workstations in workshops

Absenteeism

Short-term absenteeism accounts for most work stoppages. Efforts to raise awareness through communication campaigns and revision of performance bonus mechanisms to take account of presenteeism introduced in 2017 by LACROIX Electronics are helping to reduce these short-term absences.

Conversely, absenteeism related to maternity leave has increased very significantly. The pro-natalist policy, including financial incentives, in place in Poland has contributed to a rise in the indicator on these grounds.

	2018	2017
Short-term illness	2.06%	3.47%
Occupational illness	0.05 %	0.03%
Workplace and commuting accidents	0.13%	0.17 %
Maternity, paternity and adoption leave	3.20%	0.58 %
Total absenteeism rate	5.44%	4.24%

1.5. Accident prevention measures and health awareness-raising

Across different entities of the Group, preventative actions have been introduced to encourage employees to adopt certain measures to improve their everyday working lives. Once again, here are some of the most significant examples:



LACROIX Electronics took part in the "Pink October" initiative, offering women free breast-cancer screening in the workplace.



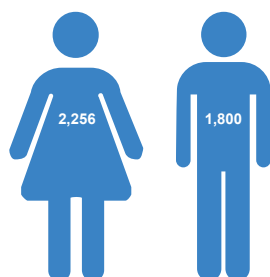
Healthy eating awareness-raising campaigns, such as the "fruit day" and "healthy food" initiatives organised in partnership with local producers to promote a nutritional diet.



Implementation of new health benefits at national level, offering wider cover and a higher employer contribution.

LACROIX Group also provides training courses and exercises required by regulations in each of the countries in which it operates. As such, its employees are regularly trained or refreshed in the use of forklift trucks (operator licenses), first-aid (first-responder courses), fire emergencies (front and rear fire-warden training), risks related to using chemical and hazardous products, using high-voltage currents (certification and training), etc.

1.6. Gender equality



Women represent 56% of the Group's workforce.

They account for 62% of staff within LACROIX Electronics, which employs a predominantly female workforce within its workshops.

LACROIX Group closely monitors the equal treatment of men and women in the workplace. In addition to company-level agreements and mandatory action plans, specific measures are in place to make it easier for women to carry out a professional activity.

LACROIX Electronics Tunisia is continuing its partnership with GIZ, a German cooperative development agency, in order to promote corporate gender diversity in Tunisia.

LACROIX Group is drawing up contracts with local crèches for the LACROIX Sofrel and LACROIX Electronics sites in Tunisia.

LACROIX Group funds janitorial facilities on most of its sites, providing services in the workplace to facilitate everyday activities. The service providers used apply the CCES Charter (prioritising economic and solidarity-based short supply chains) in cooperation with local suppliers.

2. Talents and Skills

In a rapidly changing technological environment where digital and data are becoming essential, skills development and talent retention are key success factors, identified as major challenges in LACROIX Group's materiality assessment.

2.1. Training

Staff training is a key priority, contributing to employee upskilling and individual fulfilment of potential. It is important for the effective involvement of everyone within the Group, and drives collective achievement.

Each activity within LACROIX Group defines its own annual training plan, taking account of the Group's strategic development priorities, the needs expressed by managers, and the wishes of employees.

The Group has devoted over 54,800 hours to staff training, with a budget of more than €800k. These efforts support the development of new processes, the introduction of new business tools and applications, and the adoption of new responsibilities.

These training courses also ensure the upkeep and transmission of areas of expertise and know-how. Within this framework, LACROIX Electronics makes use of its internal training school to train employees in the highly technical processes involved in this activity.

For the last two years, LACROIX Signalisation, a branch of LACROIX City, has undertaken a similar internal training approach for the transmission of technical know-how in workshops.

Across the business lines of LACROIX Group, training initiatives break down as follows:

	LACROIX City		LACROIX Sofrel		LACROIX Electronics	
	Number of hours	Budget (€K)	Number of hours	Budget (€K)	Number of hours	Budget (€K)
Training provided	3,197	201	2,703	199	54,802	426

The three LACROIX Group business areas each have their own in-house training school.

In France, these training schools are Datadock certified.

The training courses provided in-house are therefore officially recognised and help to improve the employability of the trained employees.



Testimonial

Céline Pasquier
In-house trainer
LACROIX Electronics

Céline has successfully completed her IPC WHMA-A-620 training course. Thanks to this certification, Céline has strengthened her credentials as an in-house trainer, and has become the quality specialist for wire bonding regulations and, more specifically, visual criteria.

2.2. Development of collaborative working

LACROIX Group avails of technological resources enabling its employees to create thematic or task-based communities for the purpose of sharing good practices or collectively solving identified issues.

Over the last two years, the LACROIX Group has thus launched its own corporate social network (Yammer), the main collaborative applications offered in Office 365, and has undertaken a process ultimately enabling each employee to have their own digital identity.



Good practices

LACROIX Group has deployed teams of "Digifriends" on all of its sites, tasked with strengthening the Group's digital culture. These teams work proactively and offer support to users for the digital solutions available.

Furthermore, three official communities have been created to strengthen innovation and collaboration practices within LACROIX Group.



LACROIX LAB

fosters innovation within the Group. It performs pioneering work on issues related to Group activities identified by a community of catalysts.



LACROIX TECH

is a community of actors in innovation and development within LACROIX Group. Around 150 employees share their ideas and the latest developments in various cutting-edge fields.



LACROIX FAB

brings together the Group's manufacturing teams, who share their know-how and good practices, thereby contributing to industrial excellence.

Created in 2018, LACROIX FAB represents the Group's industrial DNA.



On 16 and 17 October 2018, the LACROIX Tech community held its second biennial meeting.

A wide variety of subjects were discussed in relation to the role and application of innovation, including artificial intelligence and disruptive innovation.

2.3. Support for apprenticeship training

LACROIX Group affirms its support for the integration of young people into employment with a proactive policy of integration via in-company apprenticeships.

48 young people held professional development or apprenticeship contracts in 2018, and four young international volunteers were accommodated within the various entities of the Group.

In Tunisia, LACROIX Electronics regularly provides contracts under the Initiation into the World of Work scheme.

In 2018, LACROIX Electronics also hosted a PhD student under a CIFRE (industrial training) agreement.



Testimonial

Alison Garnier
VIE International Business
Developer

"I've been given the chance to develop a French company in the United States. It's an incredible opportunity."

2.4. Links with colleges and actions in favour of teaching

LACROIX Group enables around fifty colleges and training centres to develop their first-class training courses through payment of its apprenticeship tax.

LACROIX Group also develops privileged partnerships enabling young people to join the Group's activities at the end of their studies. Lasting links have been forged with ESEO Angers, Polytech Nantes, Supelec Rennes, and the University of Gdansk.

LACROIX Group employees regularly visit colleges to present their activities or support future graduates within the framework of college-business workshops. To give a few examples, LACROIX Electronics takes part in the interview simulation events organised by ESEO, students from Polytech Nantes regularly visit the production workshops on the Montreault-sur-Evre site, and LACROIX City contributes annually to the employment forum organised by the regional authorities.

LACROIX Electronics in Poland is organising its third "School close to work" event, in partnership with a leading college, the local authorities and local training organisations, with the aim of orienting technical training courses to meet business needs as closely as possible and providing guidance to young people in relation to their training and career choices.

Partnerships with employment integration organisations (INSERIM, Pôle Emploi Insertion) and local associations (Cap Entreprises) enable us to present our industry's professions, to host young people on internships, and even to support young people who find themselves outside the educational system.

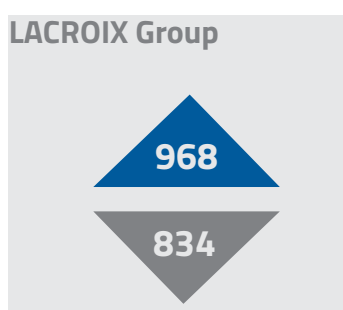
2.5. Integration of new employees



LACROIX Group ensures that every new employee integrates fully and shares the values, culture and environment of the Group. LACROIX Group ensures that its employees benefit from an integration course offering them a good understanding of our organisational structures, assimilation of safety rules, and awareness of customer expectations and sector-specific quality standards.

For the last three years, an annual event has been devoted to the integration of new managerial graduates in France. The most recent event took place in December and brought together more than 40 employees at the Group's headquarters. It was an opportunity for participants to get to know each other and learn about the history and strategy of LACROIX Group.

2.6. Key figures



Workforce movement

968 employees joined LACROIX Group in 2018 and 834 left. 142 employees were recruited to compensate for contract suspensions due to maternity leave in particular, with LACROIX Group's net workforce only increasing by 22 employees during the period.

With departures at end of fixed-term contracts and retirement departures, staff turnover at LACROIX Group was 10.8% in 2018, compared to 13.3% in 2017.

Most staff movements concerned the LACROIX Electronics site in Poland. The Polish employment market is extremely tight, leading the site to bring in foreign labour, primarily from Ukraine. In line with Polish law and ILO regulations, around one hundred employment contracts concern Ukrainian workers. In response to this turnover, LACROIX Electronics is organising employee loyalty initiatives in Poland, implementing new managerial practices, a wage policy appropriate to the situation in the country, and targeted retention measures.



Staff turnover
10.8%

Recruitment by socio-professional category



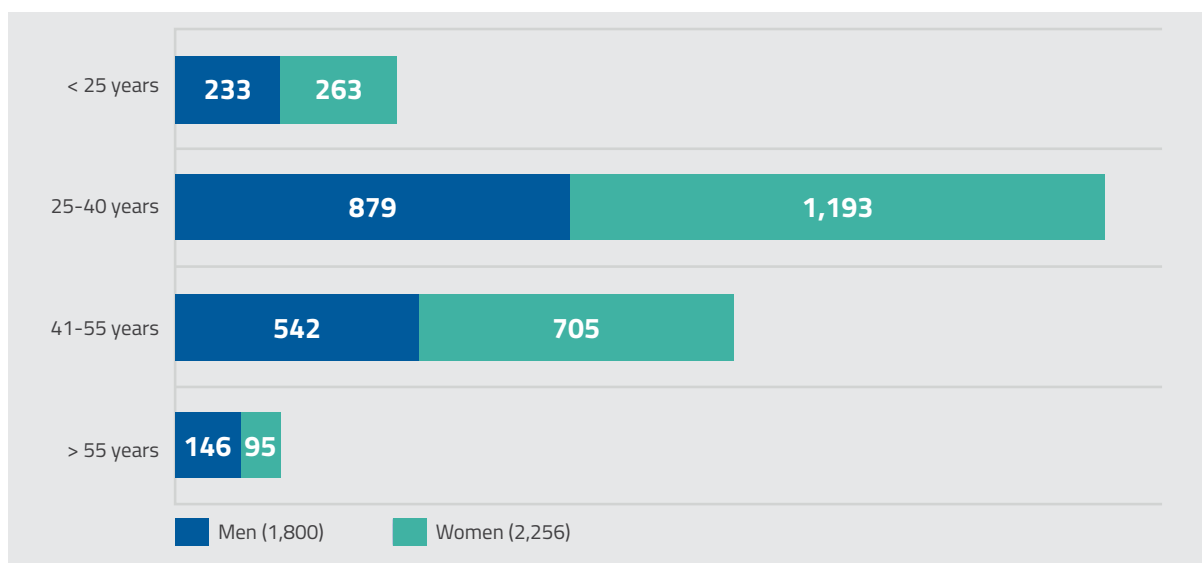
	2018	2017	2018	2017	2018	2017
Total	478	461	489	508	968	969
Manual	319	338	372	407	690	745
Employees, Technicians & Supervisors	111	74	102	87	213	161
Managers	49	49	16	14	65	63

Socio-professional distribution

	Managers	Employees, Technicians & Supervisors	Manual
LACROIX Group	579 (14%)	1,047 (26%)	2,430 (60%)
	447 (77%)	566 (54%)	787 (33%)
	131 (23%)	481 (46%)	1,643 (67%)

Distribution of workforce by age bracket

LACROIX Electronics has a largely manufacturing-based workforce, and primarily employs women in its production workshops.



The workforce is characterised by a young female population. 12% of LACROIX Group's workforce is under 25 years of age and 63% under 40.

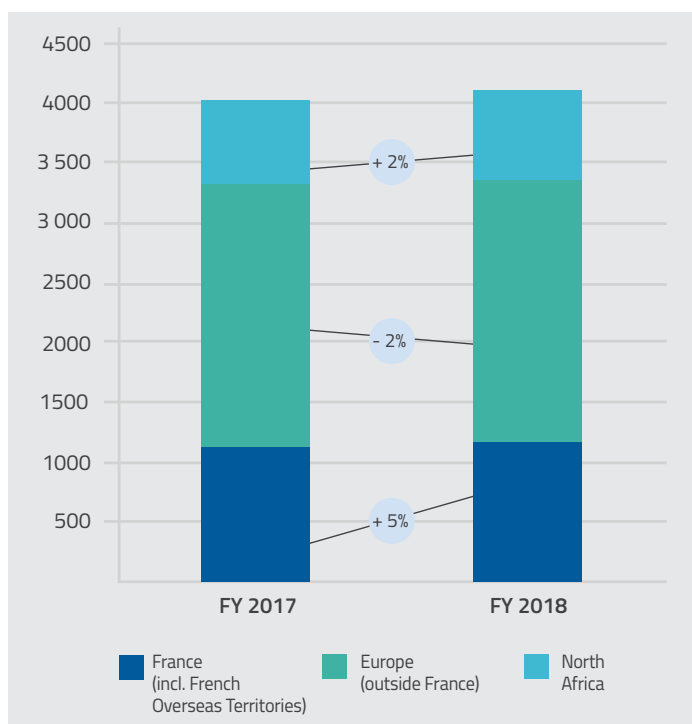
LACROIX Group promotes career transition between generations by establishing **Intergenerational Agreements** enabling the transfer of skills and gradual transition between working life and future retirement, in particular through flexible working time arrangements.

Distribution by geographical areas

LACROIX Group was founded in France, where its management structure is based. The development of the Group's activities over recent years has seen it support customers and conquer new markets internationally.

This international development has naturally been accompanied by changes in the geographical distribution of its workforce. In 2018, 71% of the workforce were located outside France.

LACROIX City is based	
In France	517 employees
In Spain	67 employees
In Cameroon	1 employee
LACROIX Sofrel is based	
In France	148 employees
In Spain	14 employees
In Italy	5 employees
LACROIX Electronics is based	
In France	500 employees
In Germany	127 employees
In Poland	1,938 employees
In Tunisia	725 employees



3. Sharing and ensuring compliance with ethical business practices and behaviours.

LACROIX Group is committed to conducting its business according to operational principles and behaviours founded on respect and integrity. Its requirements in terms of transparency and combatting corruption have been strengthened by the obligations introduced under the "Sapin II" Law.

The priorities of the Ambition 2020 plan, particularly in terms of business development and international growth, further underline the requirements of LACROIX Group with regard to business ethics and behaviours, combatting corruption, and compliance.

LACROIX Group has strengthened its governance and anti-corruption mechanisms and pursues a policy of zero tolerance towards corruption across all territories in which it operates.

3.1. Combatting corruption: 2018 achievements

LACROIX Group undertook a process of identifying and evaluating its main risks, leading to a strengthening of its internal regulations and updating of its codes of conduct on "anti-corruption" and "competition". It also drew up practical support guides for everyday risk management.

LACROIX Group also updated its policy on invitations and gifts and introduced an alerting system accessible to all employees, which can be used to report any irregularities in terms of corruption or compliance with fundamental personal safety regulations.



Good practices

LACROIX Group's Legal and Compliance Department visited LACROIX Group's sites to present the Group's anti-corruption procedure and trained teams most exposed to requests linked to corruption (sales, purchases, etc.) in the applicable procedure.

In 2018, 100% of exposed employees benefited from this training



100%

of employees who may be exposed to corruption will have successfully completed their training with a QCM test 2020 objective

3.2. Supplier selection

LACROIX Group has also drawn up procedures for assessment of the highest-risk third parties with whom its activities interact...

The selection of suppliers naturally takes account of their economic performance, as well as their own ethics, in order to ensure consistency with our commitment to operating within a sustainable development approach. As such, our suppliers are assessed according to Quality, Safety and Environmental criteria, particularly with regard to their certifications, their organisational structures specifically set up to ensure the quality of their products and services, and measures undertaken to reduce the environmental impact of their own activities. Our purchasing department, in partnership with our quality department, performs diligence checks on our suppliers in order to ensure that our requirements are duly met. These audits may concern various aspects, such as the ability of the supplier to meet our needs, their technical capabilities, their quality system management, their adherence to environmental regulations, and their compliance with labour legislation. The Group has also put together a "Code of Good Conduct" applicable to LACROIX Group suppliers.

3.3. A comprehensive quality commitment

The certification procedures undertaken by LACROIX Group assure our clients and their end customers of the optimal quality of our products and solutions. The certifications implemented confirm compliance with quality, industrial and environmental requirements in our manufacturing processes and procedures.

	ISO 9001 (general quality)	IATF 16949 (automotive sector)	ISO 13485 (medical sector)	ISO 9100 (aeronautical sector)	Part 21 G Part 145 (aeronautical sector)
Industrial sites					
Saint-Pierre-Montlimart (France - 49)	certified		certified	certified	approved
Saint - Herblain (France - 44)	certified				
Genas (France - 69)	certified				
Carros (France - 06)	certified				
Les Chères (France - 69)	certified				
Madrid (Spain)	certified				
Willich (Germany)	certified		certified		
Zriba (Tunisia)	certified	certified		certified	
Kwidzyn (Poland)	certified	certified			
Design offices					
Cesson-Sévigné (France - 35)	certified	certified	certified	certified	
Echirolles (France - 38)	certified				
Quimper (France - 29)	certified				
Willich (Germany)	certified				

In this way, within LACROIX Group, the sites operate according to ISO 9001, while LACROIX Electronics sites also meet specific technical certifications in order to provide customers with a guarantee of adherence to requirements in certain sectors of activity.

3.4. Equal treatment, non-discrimination

LACROIX Group, both in France and in all countries in which it operates, observes the principles set out in the ILO Conventions, in particular the "Fundamental Conventions" concerning fundamental rights at work: freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation.

LACROIX Group employs staff with diverse profiles and from quite a broad range of geographical origins. It is therefore very important to take account of this diversity and multiculturalism, and to act in favour of professional equality and non-discrimination. LACROIX Group reaffirms its commitment to the elimination of any form of discrimination in respect of employment and to the promotion of diversity.

Within the framework of company-level agreements and targeted actions, LACROIX Group encourages diversity within its teams, defines objectives and measures in favour of gender equality in the workplace, supports people with disabilities, and promotes the employment of people with disabilities through part-payment of apprenticeship taxes to the GIRPEH (disabled employment association) and more generally seeks to combat workplace discrimination, particularly in the implementation of its key processes such as recruitments, individual assessments, wage increase policy, etc. In 2018, no cases of discrimination were reported.

3.5. Geopolitical risks

In countries exposed to geopolitical risks in which it conducts significant manufacturing operations, LACROIX Group has established a business security and continuity plan providing for uninterrupted fulfilment of its delivery commitments to its customers. In 2018, a business continuity plan was established in Tunisia, the only referenced country in which LACROIX Group is exposed in this way in terms of its activities.

4. Contributing to the development of regional socio-economic fabric

LACROIX Group plays a significant role in terms of local employment (direct and indirect) and regional development.

LACROIX Electronics is a major economic player in its areas of activity in France (major employer in Les Mauges, with 463 direct jobs), in Tunisia (second-largest employer in the business district of Zriba, with 720 direct jobs) and in Poland (third-largest employer in the Kwidzyn region, with 1,938 direct jobs). It plays a key role in regional balance within rural areas.

LACROIX City is a significant contributor to employment in the Nantes area, where it employs 340 staff.

Across all the areas of activity in which it operates, LACROIX Group seeks to contribute to economic, social and regional development through direct initiatives or support for local initiatives.

4.1. Economic development



Three LACROIX Group employees are permanently assigned to LACROIX Lab, a structure based near Rennes whose mission is to support innovation within the Group. By developing a network of partners, LACROIX Lab acts as an innovation driver, working to discover new practices and new technologies. Drawing on ideas produced by teams at LACROIX Group and its ecosystem, LACROIX Lab germinates them to help them reach maturity. Companies, start-ups, clusters, universities and higher education institutions interact with LACROIX Lab to develop ideas and promote innovative solutions. Adopting a highly active and open approach, LACROIX Lab organises webinars, breakfast meetings and creative-thinking sessions to share disruptive working practices and innovative solutions of a concrete and practical nature, able to meet societal problems and challenges now and in the future.

LACROIX Lab drives innovation within the Group with support from local networks (colleges, research laboratories, start-ups, SMEs and large groups).



The Electronics activity represents over 70% of Group revenue. Six sector-specific strategic committees were accredited by the French National Industry Council on 28 May 2018. One of these is now dedicated to the electronics industry. This sector plays a key role in the transformation of the entire industry, through its dissemination in all products: electronics constitutes the innovation driver and core technology in sectors such as aeronautics, automotive, defence, medical and energy. It is set to play a key role in the digital transformation of the entire industry through the Internet of Things revolution. Led by LACROIX Group CEO Vincent Bedouin,

the "We Network" cluster which he now chairs is engaged in a reflection on its own transformation to ensure greater flexibility, responsiveness and competitiveness, and to resolve the skills shortage issue which is hindering its development.

Several employees of LACROIX Electronics who are specialists in their field contribute to the process of reflection undertaken by the industry within workshops organised by We Network.



LACROIX Group reaffirms its support for the 5th edition of Nantes Digital Week, a ten-day event focussing on digital culture.

This year, LACROIX Group took part in two events in the programme:

a conference on the topic of Block Chain technology and its applications, and a roundtable at which it spoke about experimental self-driving shuttles.

This event, organised by Nantes Métropole and held at Nantes Conference Centre, invites professionals and individuals to enjoy new discoveries and experiences, training courses, creative events and discussions around the challenges of digital technology.

LACROIX Group employees also regularly speak at events and round tables such as Carrefours Excellences, Electronica, etc.

4.2. Promotion of industry professions

LACROIX Group regularly takes part in events intended to raise awareness of our industry's professions and to strengthen the link between the company and its stakeholders, universities above all.

In Poland, LACROIX Electronics is pursuing its cooperation with two local elite universities to promote professions within the electronics industry. In this connection, through its **School close to Work** programme, LACROIX Electronics contributes to the contents of technical programmes in order to provide the best employment opportunities for young students.



LACROIX Group remains faithful to the "Industry Week" organised by the French Metal Industry and Trade Union. At this eighth edition, LACROIX employees spoke alongside educational professionals and students at workshops, offering information and

advice on the professional pathways available within its activities. This year, the topic concerned connected industry, and LACROIX Electronics was able to present the challenges of its "Future Industry Showcase" accreditation.



In Germany, LACROIX Electronics opened its doors as part of the 2018 "Industrial Open Nights". This latest involvement in the initiative enabled employees' families and local residents to discover the work of the company.



For the 11th edition of the **Teachers in the Workplace** campaign, a series of activities organised by CGénial, LACROIX Group welcomed secondary teachers, careers advisors, principals

and other educational professionals to spend a half-day at the company, discovering the concrete applications of subjects taught in school.

Engineers and managers from LACROIX Sofrel also regularly speak at schools and universities within the framework of technical training courses and programmes.

4.3. Links and initiatives with local residents

As a keen participant in local life, LACROIX Group participates in events and initiatives organised alongside local residents and regional actors.



As a regional stakeholder, LACROIX Electronics took part in the first "Evre i'Day" organised by the municipality of Montrevaux-sur-Evre. At this event, company employees were able to talk to local people about their work and the challenges of transformation within their professions. These discussions also

provided an opportunity to understand the expectations of various stakeholders, particularly regarding mobility issues in rural areas.



LACROIX Group provides support to its LACROIX Electronics operation in Tunisia, which for several years has been renovating a nursery school in ZRIBA, a town close to its factory, where the children of its employees are educated. After renovating a classroom and upgrading educational resources in 2016, and building a rest room in 2017, the staff of LACROIX Electronics in Tunisia have now focussed their efforts on creating a leisure and study area.

The Group regularly participates in sports competitions and takes part in sporting events in aid of charitable causes (Odyssea race,



marathons and semi-marathons, treks, etc.). These sports events promote teamwork and commitment, key values for the LACROIX Group.

LACROIX Group sponsors or takes part in local cultural activities such as Museum Night and the Movie Review Festival at Kwidzyn in Poland, or the El Medina Theatre Festival at Zriba in Tunisia.

5. Environmental impact

Its role as a technological equipment supplier in the Smart City and Smart Environment sectors places LACROIX Group at the heart of environmental protection issues. LACROIX's teams are thus designing increasingly intelligent products to reduce urban light pollution, optimise water resource management, and consume less energy while also providing additional services.

In line with its development, LACROIX Group is committed to reducing the environmental impacts of its activities and influencing the practices of its stakeholders.

In this connection, the entire Group adheres to a proactive environmental policy, leading to **ISO 14001** certification for all LACROIX Electronics and LACROIX Sofrel sites, LACROIX Signalisation, LACROIX Traffic and LACROIX Sogexi.

Each one of these sites has an organisational structure enabling it to track the environmental impact of its activities and perform close regulatory monitoring. The different indicators followed ensure the effectiveness of corrective measures and continuous improvements implemented. Various awareness-raising and training initiatives promote employee involvement in everyday environmental practices (presentations for new employees, display of key indicators, etc.).

In this regard, the Group's activities endeavour to:

- Recycle waste generated and work to reduce it
- Manage energy and water consumption
- Use environmentally friendly processes
- And, generally speaking, to reduce their carbon footprint

5.1. Waste generation and recycling ²



86% of OIW recycled

The activities of LACROIX Group produce waste of various kinds, which is recycled where possible.

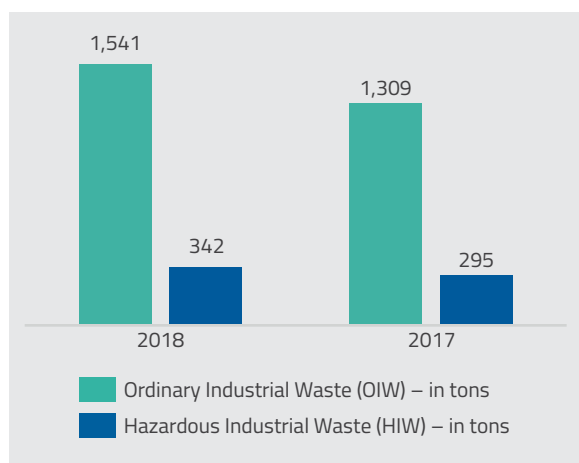
LACROIX Group recycles 86% of the ordinary industrial waste it generates. Each of the activities has implemented measures designed to optimise the treatment and recovery of generated waste.

Measures are undertaken by each activity alongside customers and suppliers in order to reduce packaging waste and to digitise paper documentation.

² Office and canteen waste, where identifiable, is not taken into account

The increase in OIW generated in 2018 is connected to the rise in activity.

Generation of hazardous industrial waste remains limited and controlled.



5.2. Energy consumption management

LACROIX Group is undertaking measures and making investments across most of its sites to reduce its energy consumption.

LACROIX Signalisation is engaged in an energy performance procedure with its partner Green Yellow. The contractual objectives provide for a reduction in energy consumption and a subsequent annual saving of around 13%. The first effects of this are visible in the 2018 period.

The main investments concern lighting, the heating system, and centralised building management (enabling control and adjustment of boilers, heating units, and even some machines).

LACROIX Group also continues to invest in more energy-efficient LED lighting systems on most of its sites to reduce its energy consumption.

Energy consumption reduction plan at LACROIX Signalisation



This plan is based around four approaches:

- Management and regulation of heating systems
- Optimisation of heating systems
- Heat recovery
- Replacement of energy-intensive lighting with LED solutions

Consumption levels	2018	2017
Electricity (MWh)	19,735	19,137
Gas (MWh)	6,940	7,400
Fuel oil (m ³)	1	5



7.3% of electricity consumption produced from renewable energy sources

By implementing telemetry systems, LACROIX Electronics reduced its gas consumption by 14.5% in 2018, thereby helping to reduce the Group's overall consumption.

5.3. CO2 emissions

CO2 emissions related to the areas of consumption presented above were estimated on the basis of the ADEME carbon assessment procedure, and amounted to 11,402 tons in 2018, compared to 10,328 tons in the previous period, representing an increase of 3.5%, consistent with growth in this activity.

Due to the levels of reliability of data concerning emission factors, as well as to our limited ability to take action, we have agreed to restrict our communication to CO2 emissions related to our energy consumption, in respect of which our strategy is aligned with the fight against climate change.

5.4. Other environmental impacts

Due to its activities, LACROIX Group has not implemented specific indicators or measures for combatting food waste.

REPORTING FRAMEWORK

The information presented is drawn up using a reporting protocol, available on request from the following email address: info@lacroix-Group.com. This methodological guide for internal Group use sets out the definitions and methodologies to be applied, in order to ensure homogeneity of consolidated information.

This CSR report has been reviewed by the independent third-party body EY.

With regard to the scope covered:

- The social and company indicators cover 100% of the scope. Different scopes are specified.
- The environmental indicators cover 95% of the Group's Consolidated revenue and 95% of the workforce – industrial and semi-industrial sites with over fifty employees are included. Not included are: the LACROIX Electronics design office, foreign distribution subsidiaries for LACROIX Sofrel, foreign companies for LACROIX City.

The reporting period corresponds to the tax year, i.e. 1 October 2017 to 30 September 2018. The comparative basis mentioned therefore corresponds to the period from 01/10/2016 to 30/09/2017.

St Herblain,

30 January 2019



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