

Corporate social responsibility report

2020

NAVAL
GROUP

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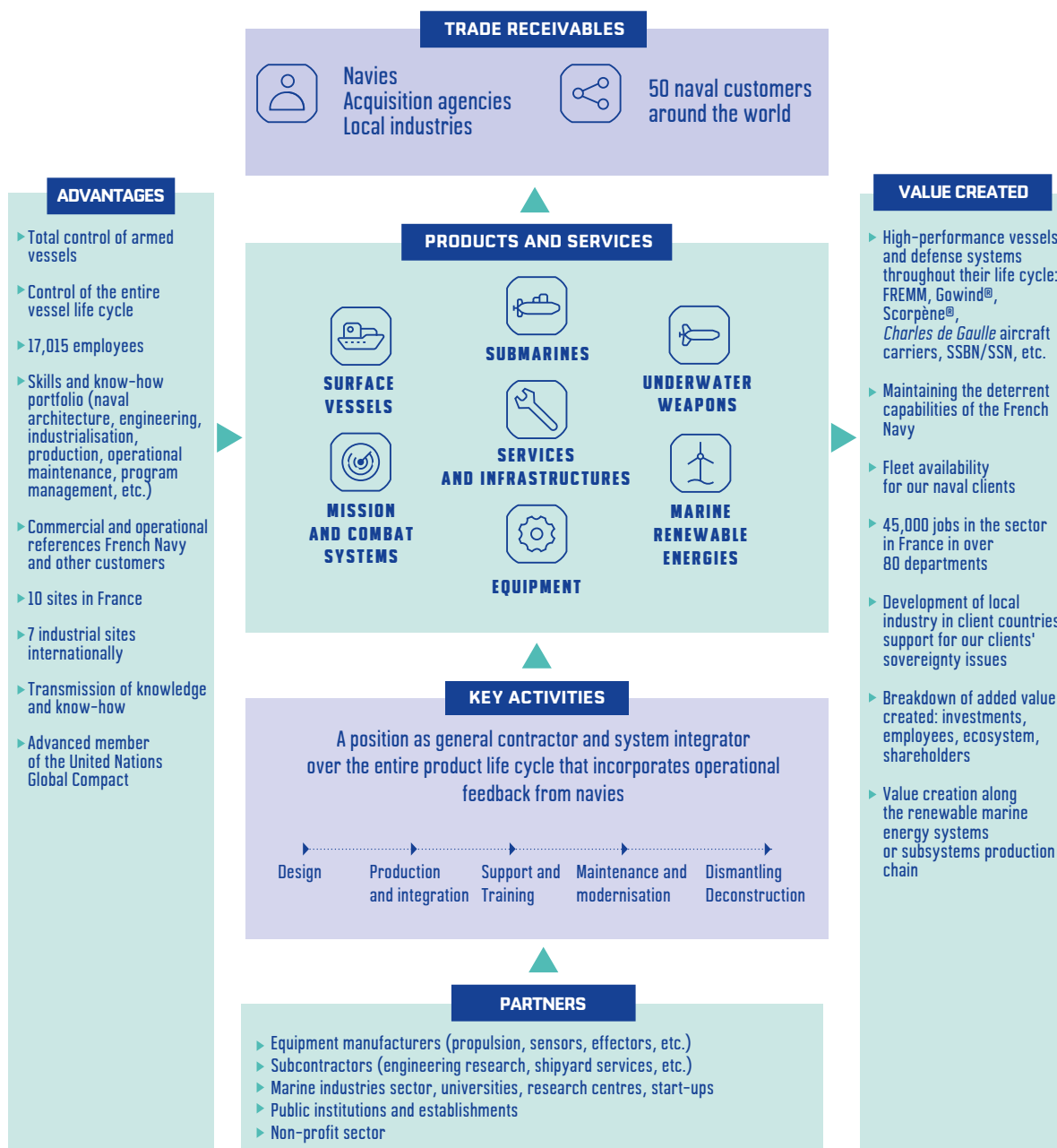
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I. A prestigious history which serves our ambition

I.1. 400 YEARS OF NAVAL HISTORY

1631	1751	1778	1899
First arsenals created by Cardinal Richelieu	Navy canon foundry in Angoulême-Ruelle	The Lorient arsenal succeeds the <i>Compagnie des Indes</i>	Launch of <i>Le Narval</i> in Cherbourg, the ancestor of the modern submarine
1967	1996	2003	2016
Launch of <i>Redoutable</i> , the first Sub-Surface Ballistic Nuclear, SSBN	Entry into service of the <i>La Fayette</i> -class stealth frigates	DCN becomes a state-owned private limited company	Selected by Australia for its future submarine program
2017			
DCNS becomes Naval Group			
2020	Launch of the <i>Suffren</i> , the first Barracuda-class Ship Submersible Nuclear, SSN		

I.2. THE GROUP AT A GLANCE



In its capacity as an international high-tech company, Naval Group is able to address the needs of its customers through its exceptional know-how and unique industrial resources.

The group designs, builds, integrates, provides through life support, deconstructs and dismantles submarines and surface ships. As industrial contractor, designer and integrator

of whole warships and combat systems, it also offers a full range of services to naval bases and shipyards. Finally, on December 31, 2020, Naval Group was also offering combat systems and solutions in civilian nuclear energy and Marine renewable energies.

New-build vessels account for more than half of Naval Group's revenue, and service activities contribute around one third.



Comparison of number of components

At the service of a first-class Navy, enjoying production facilities and skills that only two or three companies in the world can avail themselves of, Naval Group is the leading company in Europe for naval military systems and is founded on a strong national base and substantial testimonials in export business.

It should be noted that submarines are amongst the most complex industrial products in the world, as evidenced by the number of components or lines of codes that they contain. For example, a submarine like *Le Terrible* incorporates one million components and requires 14 million hours of work. By way of comparison, a car weighing 1.9 tonne is made up of “only” 3,000 parts, and requires 23 hours of labour to assemble. At 250 tonnes, an airliner requires “only” 100,000 parts and 50,000 hours of work.

In a world of increasing economic and political instability, and in order to meet the sovereignty requirements of its naval customers, Naval Group must define a clear strategic vision in order to respond to societal and environmental challenges and to ensure sustainable growth.

In this complex environment, Naval Group implements an active and proactive policy in terms of innovation, respect for human rights, diversity and the fight against all forms of corruption, and has made the fight against climate change one of its major concerns. Located in numerous employment areas in France and abroad, the group operates with a network of reliable suppliers and partners and strives to provide its customers with the best possible services and products.

Naval Group has been a member of the United Nations Global Compact since 2014 and has reached the Advanced level for the sixth consecutive year, the highest degree of distinction conferred by the Global Compact. The group also strives to address the seven pillars of ISO 26000, as this report will show, while pursuing six sustainable development goals, *i.e.* Sustainable Development Goals (SDGs) 5, 7, 9, 13, 14 and 16. The scope of its social responsibility is thus defined and the priority areas of action identified.



AT THE SERVICE OF THE FRENCH STATE AT SEA (AEM)

Naval Group designs and builds for the French Navy resources that are used for sovereign missions relating to the action of the French State at sea, including defending French interests and enforcing law in peacetime.

These resources may be used for rescue and assistance missions for vessels in difficulty, to prevent or stem pollution at sea, for the monitoring of migratory flows by sea, and also to prevent all kinds of illegal trafficking.

Resources include:

- surveillance frigates [FS, Floréal-class] which are deployed overseas to police fishing and fight against drug trafficking. The latest noteworthy action is the seizure of 1,300 kg of cocaine by the Ventôse surveillance frigate in the Caribbean region during the first quarter of 2020;
- overseas support and assistance vessels [BSAOM, Entrecasteaux-class] whose role is to take part in overseas sovereignty missions. Thus, in August 2020, the *Champlin*

supported the Mauritian authorities in operations to combat the pollution caused by the *MV Wakashio* oil tanker, which had run aground on reefs at the south-eastern tip of Mauritius;

- offshore patrol vessels (OPV) which regularly participate in the “permanent maritime safety position” [PPSM] process, consisting of ensuring the presence of French Navy vessels around French coasts. Their tasks include continuous monitoring of maritime traffic, investigation of the presence of suspicious vessels, fishing checks, etc.

In addition, the vessels built by Naval Group are involved in humanitarian or public health projects. As such, on March 23, 2020, the amphibious Helicopter Carrier *Tonnerre* enabled the transfer of 12 Covid-19 patients from Ajaccio to Marseille. It was transformed into an “on-board hospital” and therefore helped to relieve the Ajaccio hospital. More recently, the same vessel was involved in Operation *Amitié*, an assistance and emergency mission for Beirut, which was hard hit by the explosion of August 4, 2020.

I.3. OBJECTIVES

A. THE GROUP'S AMBITION

The group's ambition, set out in a transformation program launched in the autumn of 2020, is refocused on five priority issues:

- serving the sovereignty of France;

B. NAVAL TRANSFORMATION PROGRAM 2025

Announced at the end of October 2020, the Naval 2025 transformation program is in line with the Progress Plan launched in 2015 and the Conquest Plan launched in 2018. Naval 2025 is based on a real collective awareness of the way forward to reach the level set by our requirements, and those of our customers, so that we can set a benchmark for naval and defence systems in all areas.

The plan is structured around the four pillars of growth, performance, innovation and talent.

- **growth** to remain the leader in naval defence and grow faster than the market: in France, Australia, Europe and the rest of the world;
- **performance** to be and remain the preferred company of our customers, to set standards in terms of health, safety and environment, quality, control of our programs, our industry and our services. It commits Naval Group to reinforcing the digital transformation of processes and to continuing the search for better supplier performance;
- **innovation** in order to innovate within a network (partners, employees), integrate innovations better and faster by capitalising on technical expertise, streamline our industrial processes and be ever more convincing vis-à-vis public ordering customers in France, in Europe and around the world;
- **talent** to set the ambition to become the employer of choice for the naval defence industry by developing jobs, skills and management, with diversity and inclusion.

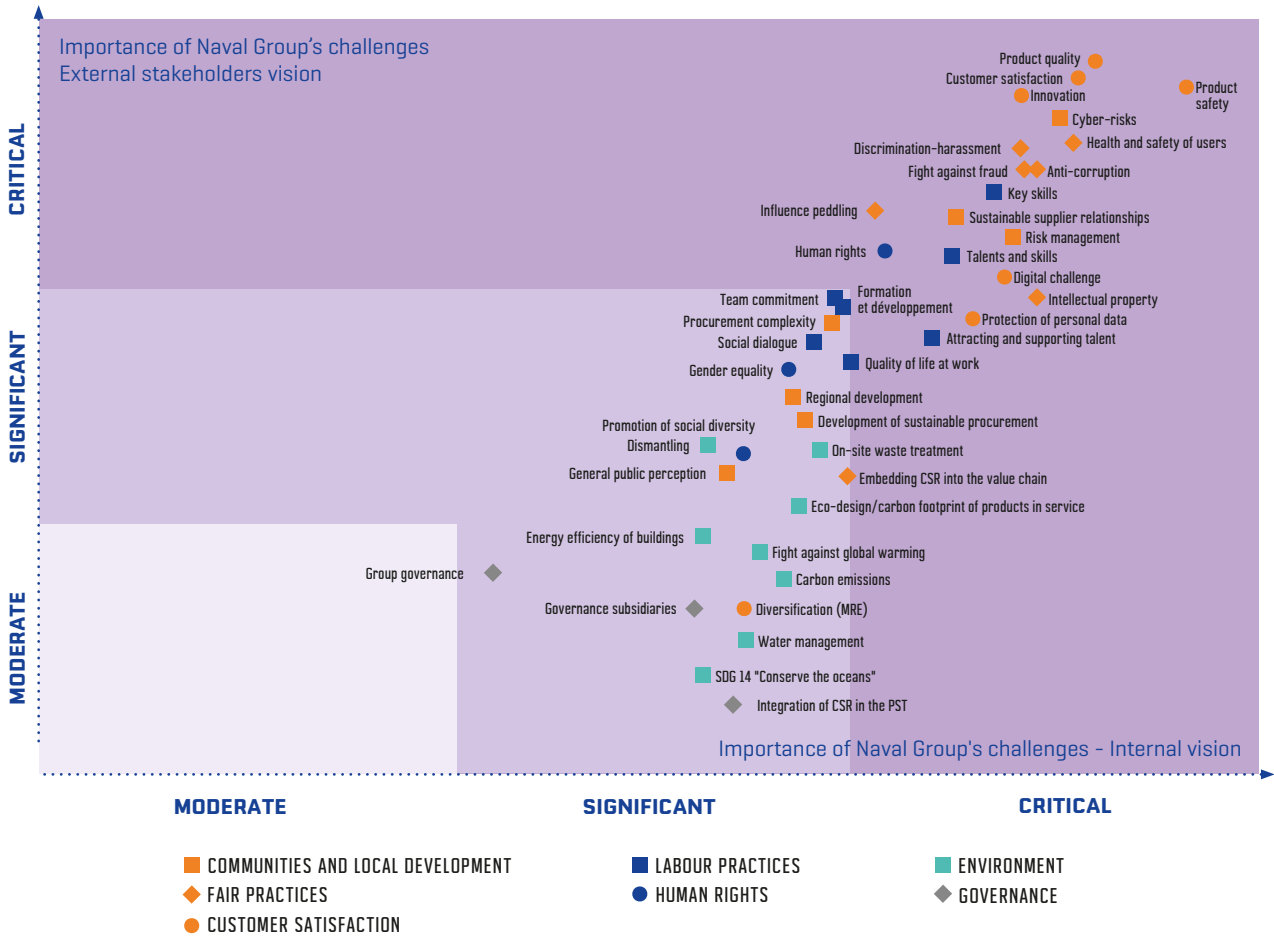
Naval 2025 aims to engage every employee as a player in the transformation, whatever their function, both in France and abroad. Managed as a program, it is led by a tight team, supported by a network of operational transformation and performance facilitators and a platform dedicated to the timing of the progress of roadmaps, as well as the sharing of best practices and the emergence of innovative ideas.

- making Naval Group a Franco-Australian company;
 - developing the group's international business;
 - meeting program deadlines;
 - continue to drive innovation and increase internal added value.
- Mastering essential know-how is based in particular on the implementation of five sovereign families: naval architecture, nuclear, aviation, diving safety and invulnerability.



II. Stakeholders

II.1. MATERIALITY MATRIX



II.2. INTEGRATE STAKEHOLDERS

Stakeholder interviews were conducted using a rigorous and structured approach. The questions asked follow the themes of ISO 26000 and therefore touch on the seven pillars of CSR: governance, human rights, working relationships and conditions, the environment, fair practices, customer and supplier issues and finally communities and local development. They are the same for external and internal stakeholders and have been based on the same questionnaire for three years in order to monitor, compare and better understand how the expectations of others evolve. The preferred method was that of individual interviews. Despite the health crisis, a greater number of stakeholders were called upon. External customers, civil society, institutions and partners were consulted.

The external stakeholders interviewed provided a broad overview covering the corporate, our mainland regions and our strategic subsidiaries: some of them were approached for the first time. In all cases, the responses remain anonymous in order to guarantee total freedom of speech.

II.3. GROWING TOPICS

The 2020 materiality matrix (see diagram on page 6) clearly shows that no subject is deemed insignificant by internal and external stakeholders. It is also clear that some areas are growing, such as those related to social dialogue or diversity, due for example to societal phenomena. The importance of social dialogue was clearly noted throughout the months of the Covid-19 pandemic and is reflected here. It has enabled Naval Group to make significant progress and is thus welcomed. The same is true for human rights issues that have become more sensitive and have gone from being important to critical for stakeholders.

Fairness of practices, the fight against fraud and intellectual property are now considered critical issues by everyone, despite some stakeholders still attributing less importance to them in 2019.

Certainly, partly linked to the health crisis, certain issues relating to working relations and conditions are considered with greater interest, including the development of remote working. There has been an increase in stakeholder interest in attracting and supporting talent and skills, which are now critical in 2020. Talent needs to be attracted and retained in order to meet the needs of the group's major contracts, both in France and abroad.

Finally, the development of employment pools and relationships with the group's partners remains important, primarily for external stakeholders.

II.4. ISSUES REMAIN STABLE

The integration of CSR into the group's strategic plan shows the development of Naval Group and allows stakeholders to put the importance of this issue into perspective.

Environmental issues have not undergone significant changes, but remain important for stakeholders.

With regard to working relationships and conditions, key skills remain a more than significant issue for Naval Group: critical in 2019 and again in 2020.

Lastly, no changes were made to the pillars of product quality, customer satisfaction or the digital challenge, which, as in 2019, remain critical issues for all Naval Group stakeholders.

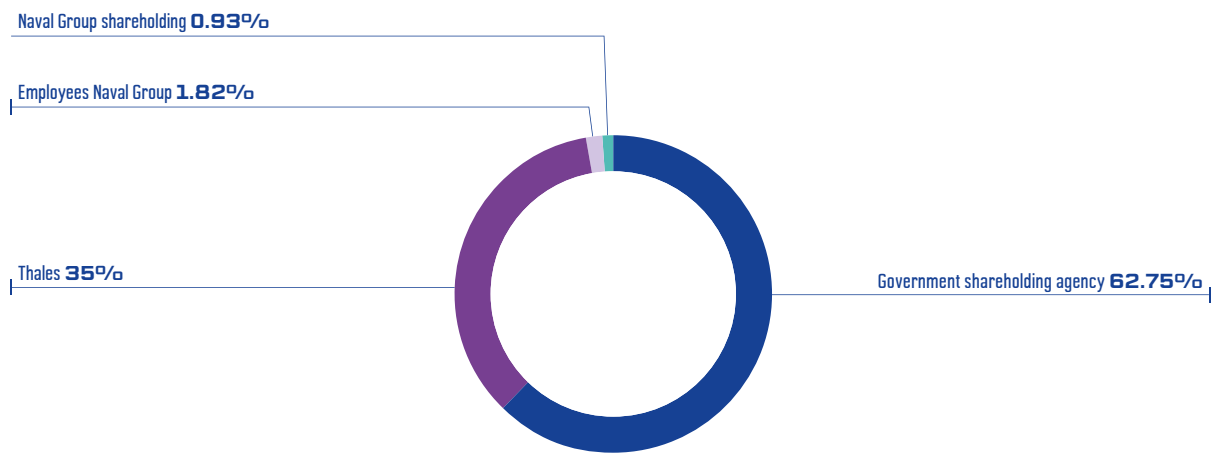
To best define its CSR strategy, Naval Group follows the ISO 26000 standard, which sets out the main themes of corporate social responsibility. Each of these is discussed below.

III. Pillar 1: governance

III.1. SHAREHOLDING

See the financial report for 2020 1.1.1. p. 2 to 3 for shareholding and governance.

Naval Group is a French limited company whose share capital is held, as of December 31, 2020, as follows:



Naval Group shareholding

III.2. THE BOARD OF DIRECTORS AND GENERAL MANAGEMENT

See the financial report for 2020 p. 3 and 4 for the Board of Directors.

III.3. SUBSIDIARIES

See 1.2.6 p.14 to 16 of the financial report.



Naval Group's presence worldwide

III.4. CORPORATE SOCIAL RESPONSIBILITY

In France and internationally, Naval Group wants to implement its societal approach in a collaborative and collective way with all affected stakeholders.

With regard to its stakeholders and society at large, Naval Group assumes its corporate social responsibility (CSR) and its role of leader in the naval defence industry, both in France and abroad. The group is committed by deploying a proactive CSR approach in the areas of social, societal, environment, ethics and governance in the naval sector.

The CSR governance body is the Ethics and CSR Committee (CERSE). It is co-chaired by two members of the Executive Committee, the General Secretary, Geraldine Le Maire, and the Director of Strategy, Partnerships and Institutional Affairs, Guillaume Rochard, in order to bring the CSR strategy to the highest level of the company. CERSE ensures the implementation of the strategy for each CSR theme, with the objective of coordination, complementarity and overall consistency of the actions carried out within the group.

The CSR strategy is based on seven themes: exemplary governance, human rights and equal opportunities, environmental protection, working conditions and relations, fair practices, consumer protection and finally community and local development.

For the seven themes of the strategy, several projects have been defined. They are managed by specific employees and supervised by a sponsor who is a member of CERSE. The CERSE secretary and Project Manager Officer (PMO) helps project managers to structure these projects, monitor their implementation and facilitate interactions between the entities.

In October 2020, CSR was incorporated into Naval Group's Strategic Plan.

III.5. RISK MANAGEMENT SYSTEM

Naval Group has set up an integrated risk management system covering strategic, operational, financial, legal and reputational risks, as well as corporate social responsibility risks. Risk management is integrated into the group’s decision-making and operational processes, and supports management and decisions.

A. SYSTEM SUPERVISION

The Board of Directors’ Audit, Accounts and Risks Committee ensures the effectiveness of the internal control and risk management systems. Every year, it examines:

- the mapping of all types of risks to which the group is exposed as a result of its operational activity and the associated action plans to remedy them;
- internal audit work;
- the work of the Statutory Auditors.

General Management, which is responsible for achieving the strategic and operational objectives, steers the mitigation plans for the main risks and ensures their effectiveness. It directs and validates the annual internal audit plan.

The Audit and Internal Risks Committee, co-chaired by the Deputy Chief Financial Officer and the General Secretary, establishes the group’s risk map, monitors its progress and ensures the effectiveness of the risk management and internal control system.

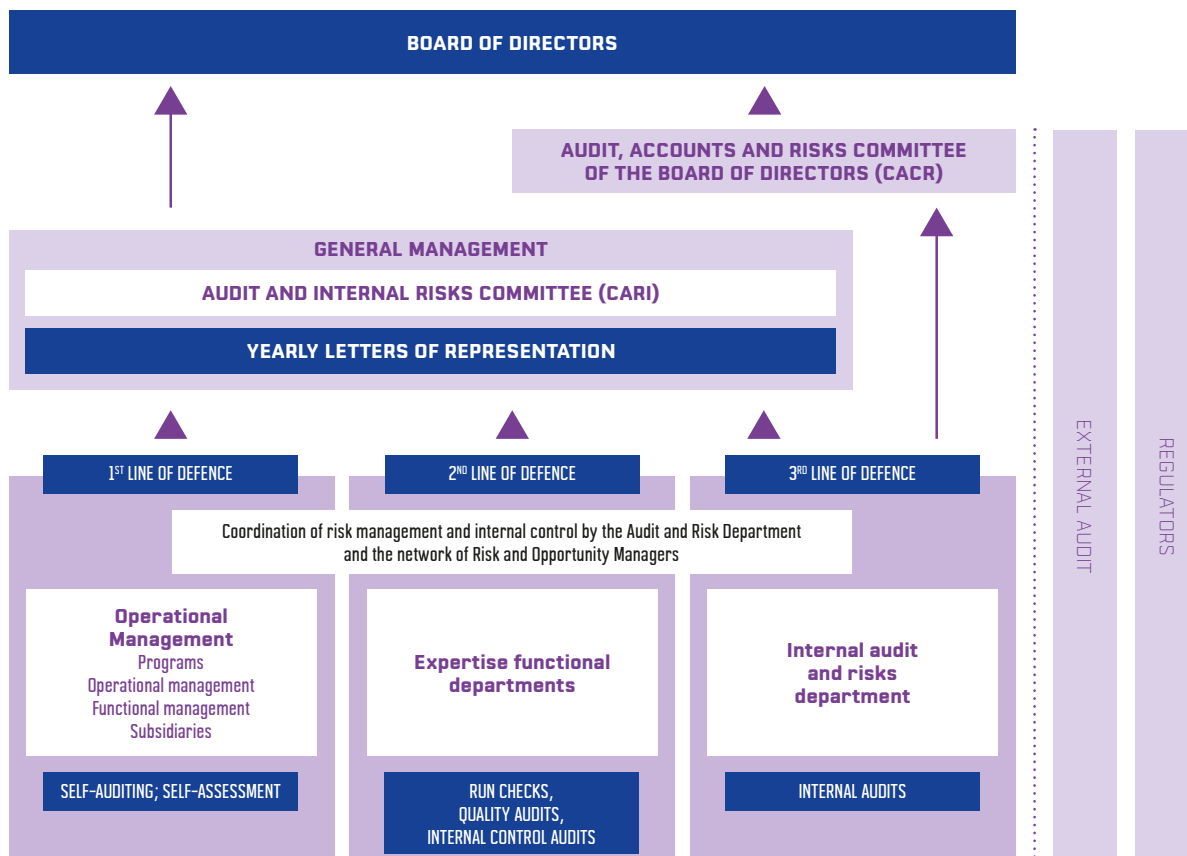
a. Risk management system

The Audit and Risk Department and the network of Risk and Opportunity Managers coordinate and manage the integrated risk management and internal control system.

Risks are managed in accordance with the three lines of defence model:

- risk management and the implementation of internal control are the responsibility of the first line, and are an integral part of the operational processes;
- the risks inherent in particular issues are supervised by specific organisations (for example: compliance, export control, nuclear inspection and pyrotechnics, etc.), which make up the second line of control, and provide the guidelines and methodological support;
- the internal audit function is the third line. It is independent and has been certified since 2012. Through the execution of the risk-based audit plan, it provides reasonable assurance to the General Management and the Board of Directors on risk management and internal control.

Control system based on the three lines of defence



Since 2018, Naval Group has been developing a non-financial risk map. Non-financial risks follow the group's methodology for their identification, assessment and treatment. In 2018, the risks were assessed according to their gross criticality and have since been assessed annually according to their current criticality (which takes into account the control actions already in place) and their level of control (four levels according to the group risk methodology). They are covered in the entities' risk maps. They are validated once a year by the Audit and Internal Risks Committee.

b. System assessment

Naval Group has adopted as a reference standard the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for the design, implementation and evaluation of the risk management and internal control system. The mapping of group risks, prepared annually, takes into account changes in the environment and the group, and their possible impact on the achievement of strategic and operational objectives in order to anticipate and control the development of these risks.

In 2020, Naval Group developed a single standard of requirements (RUN) representing the main requirements of the company: internal control, quality and program management. This framework is used by the first lines for self-assessments and by the second lines which carry out checks with the aim of covering the entire system over four years.

The Naval Group departments reporting to the Chairman and Chief Executive Officer (CEO) and the controlled subsidiaries draw up an annual letter of representation, signed by their director, executive officer or corporate officer. This is a personal commitment by the entity to risk management and internal control and compliance with ethics and rules of compliance.

Quality audits, internal control audits and internal audits supplement the risk management system, in addition to external audits, in particular the work of the two statutory audit firms appointed by the Board of Directors.

Internal control helps to achieve the group's objectives, yet it is not an absolute guarantee because of the limitations inherent to any system.

IV. Pillar 2: human rights

The ISO 26000 standard specifies that human rights cover several themes, including health, safety at work and the environment (OHS&S) and professional equality.

Following on from its membership of the Business Ethics Circle in 2018, Naval Group joined the association *Entreprises pour les Droits de l'Homme* (EDH) in January 2020. Then, the following June, Naval Group's Ethics, Compliance and Corporate Governance Director was elected to EDH's Board of Directors.

For several years, Naval Group has drawn up a Human Rights Charter based on the rules and principles laid down by major international texts such as the Global Compact, the 2011 John Ruggie report, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2006) and the Grenelle 2 law. The group relies on this reference document to extend these rules to its international establishments.

IV.1. DIVERSITY AND INCLUSION – PROFESSIONAL EQUALITY COMPONENT

Naval Group wants to be the image of society by integrating a real diversity of profiles in terms of generation, background, training, skills, talents, career paths and also gender. With our commitment to the performance and satisfaction of our customers, as a collective we can use our diversity as a source of strength and growth. As part of its diversity and inclusion policy, Naval Group promotes gender diversity and professional equality between women and men.

A. GENDER EQUALITY AT THE HIGHEST LEVEL OF THE COMPANY

As an Advanced participant of the United Nations Global Compact since 2014, Naval Group has achieved the highest level of recognition by its peers, for the sixth consecutive year. In order to realise its commitment to gender equality, the group has committed to the Sustainable Development Goal (SDG) No. 5 on gender equality.

In 2020, the new Chairman and Chief Executive Officer, Pierre Éric Pommellet, reaffirmed the need for gender parity in the company's management bodies, Executive Committee and Management Committees. Aware of the need to proceed step by step to achieve this ambition, the CEO of Naval Group has listed "targeting 25% of women on Management Committees" as one of the group's 16 targets for 2021.

The management of CSR and gender equality were strengthened in 2020, notably thanks to the appointment of a CSR Director and a Diversity and Inclusion Manager. Their mission is to structure the actions to be deployed, guarantee their implementation and ensure the coordination of the actions carried out by the various players concerned.

B. EQUAL TREATMENT OF WOMEN AND MEN

As part of its Diversity Agreement 2018-2020, Naval Group has implemented an active human resources policy to guarantee equal treatment between women and men and prevent any form of discrimination, specifically by:

- raising awareness and training managers and employees involved in recruitment, training and career management on stereotyping, issues of non-discrimination and gender diversity;
- promoting and respecting the application of the principle of non-discrimination in all its forms and at all stages of human resource management. For example, Naval Group is committed to implementing a remuneration policy that guarantees gender equality, for the same type of position and level of responsibility. Analyses are carried out regularly to verify that these principles are applied during the recruitment processes and salary campaigns. The remuneration policy is followed in such a way that the rate of individual increase/career development applied to the payroll of women is at least equal to the rate of individual increase/career development applied to the payroll of men. Remuneration progression after maternity leave is also guaranteed.

The gender equality index is testament to these actions, and stood at 88/100 in 2020. It has remained stable since 2018 and reflects equal pay between women and men at Naval Group.

The gender equality index came into force in 2020 for companies with more than 50 employees, and the first measurement made for Naval Energies confirmed a score of 99/100, reflecting good management of gender equality in the workplace. This superb result places the company above the average of companies with 50 to 250 employees, which is 83/100 according to the French Ministry of Labour.

C. HEALTH, SAFETY AND WELL-BEING OF WOMEN AND MEN AT WORK

Naval Group recognises that health, safety and well-being of women and men at work is a fundamental right for all and makes it a priority of its HR policy. Thus, the company pays particular attention to balancing professional life, private life and family responsibilities. It then proposes adjustments in the organisation of work (working hours, part-time hours and remote working) and allocates financial assistance for childcare (CESU universal service employment vouchers).

In 2020, 2,180 employees used the CESU scheme.

D. CONTRIBUTION TO THE EDUCATION, TRAINING AND PROFESSIONAL DEVELOPMENT OF WOMEN

Developing gender diversity in the business lines is a priority for Naval Group, with the aim of increasing the number of women in technical and scientific specialisms and in positions of responsibility. Several actions have been implemented by Naval Group in this area:

- the promotion of Naval Group's professions to female secondary school and college students, to promote the technical fields and opportunities offered by Naval Group. This has been boosted by the group's partnership with the association *Elles Bougent*. In 2019 and 2020, more than 30 actions were carried out by Naval Group's establishments and sites in partnership with non-profit organisations;
- the definition of ambitious and growing targets for the recruitment of women, in order to ensure that Naval Group has more female employees, together with incentives to correct the imbalances observed. Priority given to female candidates with equivalent skills, experience and profiles in the business lines in which women are poorly represented.

In 2020, Naval Group recruited 467 women, representing 24.16% of new hires. Naval Group aims to recruit 35% women by 2025.

- Accelerating the professional development of women. As part of its career reviews and by way of an example, Naval Group undertakes to put forward at least one woman amongst its candidates for career development as well as in the Management Committees' succession plans. The group has also set up specific programs to support female talent, such as mentoring of women. This was trialled in 2020 with the International Women's Forum (IWF) and will be launched internally in 2021. There is still progress to be made in terms of female access to positions of responsibility. The group's 2021 objective is the recruitment of 25% of women on site and entity Executive Committees, which will be defined in 2021 to accelerate the process.

Seven women took part in the trial of the mentoring system in 2020.

E. PARTNERSHIPS TO PROMOTE GENDER EQUALITY

Gender equality is also taken into account in our partnership policy and our purchasing and sales processes. Recruitment targets for women are included in our contracts with our external recruitment partners. "Diversity" clauses are also now included in our school partnerships, which incorporate concrete actions to promote diversity within schools. Naval Group also sponsors events related to diversity, in order to foster a shared commitment on the subject.

F. MOBILISATION OF EMPLOYEES, NETWORKS AND LOCAL ASSOCIATIONS FOR GENDER EQUALITY

Naval Group encourages employee initiatives to promote gender equality within and outside the company.

The group relies in particular on its partnership with the *Elles Bougent* association to encourage female employees working in technical or scientific professions to become sponsors of the association. These sponsors work with young girls in from secondary school or at the beginning of their higher education to spur them on and encourage them to pursue these courses.

In addition to carrying out awareness-raising actions in secondary schools and on Naval Group sites, Naval Group's *Elles Bougent* sponsors took part in numerous events organised by the association in 2020 including *Elles de l'Océan*, *Sciences & Ingénieure Au Féminin*, and *Forum Réseaux & Carrières Au Féminin*. As of December 31, 2020, Naval Group had 183 *Elles Bougent* sponsors, present at all sites, *i.e.* 27 more than in 2019.

In 2020, the HR Department worked with a number of volunteer employees, from a range of job levels and sites, to set out the Diversity and Inclusion 2021-2025 roadmap. This participatory approach took the form of five workshops, including a workshop specifically dedicated to gender diversity.

Local initiatives are launched regularly. For example, at the Ollioules site, a Diversity and Inclusion network has been set up and carries out external and internal actions to promote diversity. It brings together both female and male volunteers who are committed to this issue.

Its importance is communicated to all new employees as soon as they join the company, and as part of their integration process.

Gender equality in the workplace is one of the criteria for awarding the apprenticeship tax to those responsible for promoting the company's diversity.

G. A CONTINUOUS IMPROVEMENT PROCESS TO PROMOTE GENDER EQUALITY

In order to demonstrate the importance of gender equality within the company, gender equality indicators are incorporated into the group's objectives and monitored by Naval Group's governance bodies.

At Naval Energies, for example, the four indicators measured for the 92 employees in the company in 2020 were as follows:

- the pay gap between women and men: after the relevance threshold proposed by law was applied, the only gap noted was that of engineers/managers aged 40 to 49, with a small difference in pay;
- the difference in the distribution of individual increases: this indicator provides a coefficient derived from the calculation of the difference in individual increases between women and men;
- parity among the top 10 highest paid employees: at Naval Energies, parity is perfect since five are women and five are men.

IV.2. DIVERSITY AND INCLUSION – DISABILITY POLICY

A. THE TEN-YEAR PRIORITY REAFFIRMED IN 2020

The Diversity and Inclusion policy has been a priority for the group for the past 10 years. In 2010, the group created a disability mission and negotiated specific agreements in 2010, 2014 and 2017 with the representative trade unions. A new agreement will be negotiated and signed in 2021.

In the Naval Group 2025 transformation program launched in October 2020, diversity and inclusion are positioned as one of the key drivers of the company's transformation dynamic.

To reinforce its commitment, Naval Group signed the manifesto for the inclusion of people with disabilities in the economy in November 2020 and is therefore part of a proactive approach. By joining the signatories of the manifesto, Naval Group is committed to recruiting more new employees with disabilities, giving pupils and students access to the world of business, strengthening our economic commitments with adapted companies and continuing our awareness-raising actions for managers, specifiers and all employees.

B. ACTIONS TAKEN FOR THE INCLUSION OF PEOPLE WITH DISABILITIES

Recruiting people with disabilities in an industrial company that is looking for highly qualified profiles is a challenge that Naval Group must be able to meet, by innovating in its recruitment methods and by training young people with disabilities. Companies such as Naval Group must be drivers so that students with disabilities are not hampered in their ambitions and have access to the studies and training to which they are entitled. In 2020, 36 staff with disabilities were recruited, including 16 on permanent contracts, four on fixed-term contracts, seven on work-study contracts, two on internships and seven on temporary contracts.

80% of disabilities occur during life. Naval Group's wealth lies in bringing together many skills and more than 400 professions. The company can not only facilitate job retention, but also offer a second career to an employee faced with a new disability that could mean that they are unable to continue their role, by proposing that they take on a new specialist skill or become a trainer. This contributes to maintaining employment and to the intergenerational transmission of knowledge and know-how.

The company also supports several employees each year by recognising their disability so that they can continue their careers within the group while receiving grants and, if necessary, workstation adjustments.

Naval Group also organises numerous events every year to promote the company's business lines and its recruitment needs. These may include dedicated employment forums, but also partnerships with associations and institutional organisations committed to the integration of people with disabilities.

C. PROGRESS AND FUNDING FOR 2020

In 2010, the employment rate of people with disabilities was less than 3% within Naval Group. At the end of 2019, the employment rate of people with disabilities had reached 5.84%. Within Naval Group, 752 employees were recognised as staff with disabilities in 2020, *i.e.* 20 more people than in 2019.

The disability mission has a dedicated annual budget. In 2020, Naval Group therefore invested:

- €203,860 in keeping people with disabilities working – by financing the development of premises, adapted transport, equipment, interpreting and workstation development;
- €200,000 in communication, awareness-raising and partnership actions;
- €800,000 in universal disability employment service vouchers.

The disability mission funded the digital accessibility of Naval Group's website, in conjunction with the Communication Department and the Digital and Information Systems Department.

In addition, Naval Group also seeks to maximise its purchases from the sheltered and adapted sector. This includes, for example, the maintenance of green spaces, the digitisation of documents and the creation of the multi-mission frigate (FREMM) control panel. At the end of 2020 these purchases stood at €2.3 million, of which services accounted for 80%, down slightly compared to 2019 when €2.7 million was spent in the sheltered and adapted sector. This decrease is explained by the health and economic crisis and by the reduction in certain expenses.

Naval Group is a partner of the group of establishments and services for assistance through work (GESAT) and the association of disabled people in France (APF). In this context, the company regularly co-organises meetings with our specifiers to exchange best practices in order to improve this part of our purchases, particularly for industrial services.

Naval Group has set up several partnerships with associations to promote access to employment for young people with disabilities and in training, such as *Tremplin*, *Handisup Bretagne*, *Osons l'Égalité*, and also with a vocational rehabilitation centre.

Testimonials from people with disabilities from other professional sectors are regularly held on our sites to raise employee awareness of this issue of disability, including recent events in Ollioules, Nantes-Indret and Lorient.

D. A STRONG 2020 COMMITMENT

To go even further in its commitment to the employment of people with disabilities, in November 2020 Naval Group signed the manifesto for the inclusion of people with disabilities in the economy, as part of European Disability Employment Week.

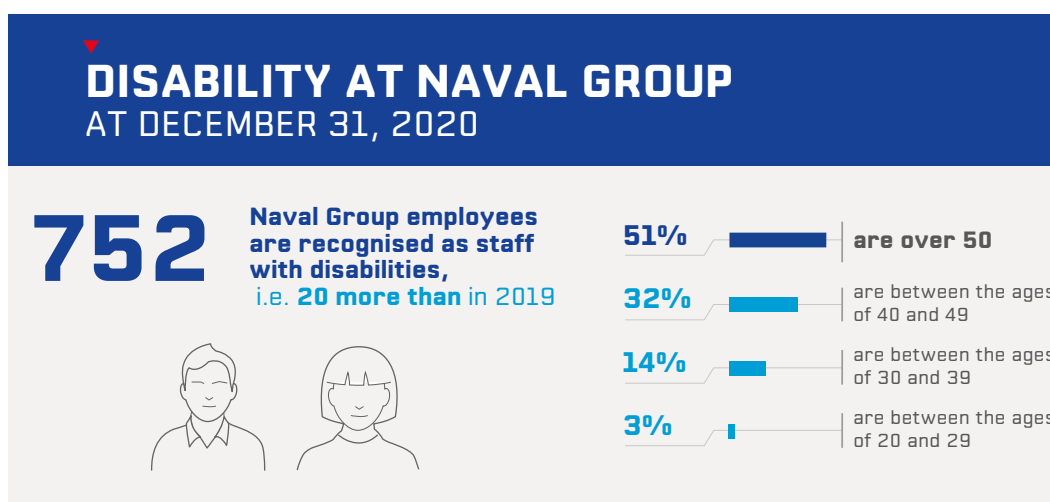
In 2019, Sophie Cluzel, Secretary of State to the Prime Minister for disability, entrusted a mission to Jean-Pierre Letartre, Chairman of *Entreprises et Cités* and former Chairman of the firm EY, and Christian Sánchez, social advisor of LVMH, in collaboration with the Les Échos Le Parisien group, to encourage companies to integrate and retain the jobs of people with disabilities. This mission resulted in the development of a charter of ten operational commitments known as the Inclusion Manifesto.

On Thursday, November 19, 2020, on behalf of Naval Group, Pierre Éric Pommellet signed the manifesto for the inclusion of people with disabilities in the economy in the presence of Sophie Cluzel, at the French Ministry of Solidarity and Health.

In front of the press and the managers of the companies that had recently signed the manifesto, he presented Naval Group's commitment and its policy on diversity and inclusion, particularly with regard to disability.

The company is continuing the momentum initiated by its Disability mission, and has taken a proactive approach by joining some one hundred companies that have already signed up. In its ten commitments, the manifesto includes an aim to encourage companies to invite pupils and students with disabilities to come on site, notably through internships and apprenticeships.

In accordance with the United Nations SDG No. 5, Naval Energies is also aware of and committed to the issue of human rights and raises awareness among all staff on ethical practices, disability and the principle of inclusion of minorities in the workplace.



V. Pillar 3: working relationships and conditions

V.1. OCCUPATIONAL HEALTH POLICY

The occupational health policy is one of the three components of the group's occupational health, safety and environment (OH&S) policy, with the aim of "zero occupational accidents" and environmental impact. Occupational health is taken into account in all areas of Naval Group's activity and thus contributes to the group's operational excellence.

Occupational health benefits people who work directly or indirectly in the company (employees, subcontractors, consultants, etc.) as well as the group's stakeholders.

It aims to ensure that all stakeholders can ensure a "job well done", and that occupational health can be integrated into the best practices that lead to the effective convergence of the quality of work and the quality of life at work (QVT), while at the same time protecting the safety of each employee. In order to do so, the policy continues to develop ergonomics in the workplace.

The principle of occupational health is to make employees responsible for their own health and safety within a work structure designed to protect it. To develop the independence and responsibility of all stakeholders, it consistently uses processes and procedures to clarify what is prohibited, instructions and recommendations.

It is intended to comply with the regulatory framework in force (labour law and related case law), as well as with the standards applicable to the group's activities. It pays particular attention to integrating legal and standards-related recommendations into the group's real-life work situations.

The group's occupational health policy has four objectives:

- prevent work-related illnesses and injuries;
- protect the physical and mental health of our employees by enabling them to carry out their work in optimal working conditions;
- protect the employability of employees throughout their careers within the company;
- prevent health-related discrimination.

To this end, Naval Group relies on occupational health services composed of multidisciplinary teams serving employees. For the five establishments operating with independent services (Brest, Lorient, Cherbourg, Toulon and Ollioules),

there are 10 occupational health doctors employed by the company. A coordinating doctor for Naval Group was recruited in September 2020. His role is to deploy the occupational health policy, coordinate the activities of the occupational health services and implement a process of continuous quality improvement for their services. He is also playing a fundamental role in the management of the health crisis.

The multidisciplinary occupational health service teams also include nurses spread across all establishments. Within these services, actions relating to prevention and employee health support are implemented throughout the year, in particular in the following areas:

- preventing addiction: information, identifying risky situations, support for employees;
- preventing unhappiness at work: measurement of employee stress levels, identifying risky situations, caring for employees, alerting managers;
- participating in prevention campaigns: nutrition, cardiovascular risk prevention, etc.;
- studies on health risks: exposure to lead, working in heat, measuring heart rate by profession, etc.

In addition, since September 2019, an occupational health policy management process has been put in place. It is based in particular on a bank of monitoring indicators and on a BMS instruction drawn up in November 2020.

The results and the analysis of indicators are integrated into the management of HR processes: local visual management (MVP), Executive Committee table, annual quality, health and environment review (QSE).

An Occupational Health steering committee was set up in November 2020. It is co-managed by the HR Department and the OH&S and its mission is to guide, enhance and assess Naval Group's health policy.

The results of the first data collections from April 2019 to September 2020 identified risky situations in relation to stress and mental health on the sites of Cherbourg, Angoulême-Ruelle and Ollioules and on the Australian Future Submarine (AFS) program.

These results demonstrate the need for a comprehensive stress and mental health risk prevention system that takes into account all the often complex components of this risk.

V.2. CONTINUING THE RECRUITMENT DRIVE TO SUPPORT THE GROUP'S DEVELOPMENT

In 2020, Naval Group hired more than 1,300 employees on permanent contracts, representing nearly 9% of its workforce.

At the same time, the group is continuing its commitment to young people with more than 400 work-study students, 350 internships of more than two months and 150 internships of less than two months.

The rate of recruitment for the coming years is expected to remain high. Some 1,000 to 1,200 new hires per year will be required, both to carry out the major programs expected in France and abroad and to offset the many retirements.

To meet this challenge and, at the same time, support companies particularly affected by the health crisis, Naval Group has developed actions to maintain employment, particularly in the industrial and aeronautical sector. For example:

- to help Airbus cope with a decline in business and avoid a wave of layoffs, Naval Group offered the aircraft manufacturer a labour loan opportunity: 76 positions for assignments of 12 to 24 months were offered at two job dating events to Airbus engineers, technicians and machinists. 30 employees had benefited from this scheme at the end of 2020. At the end of the assignment there are three different scenarios: either the employee returns to his or her previous position at Airbus, signs up for a new assignment at Naval Group or is recruited and remains with the group;
- at the same time, Naval Group recruited profiles for the Brest site from the company Hop! (an Air France subsidiary) and Brittany Ferries.

V.3. STRENGTHENING THE EMPLOYER BRAND TO ENHANCE NAVAL GROUP'S APPEAL

In an increasingly competitive environment, Naval Group is strongly committed to becoming and remaining one of the most attractive employers for various target audiences (students, workers, technicians and managers) in order to:

- secure our expertise for our sovereign families;
- attract candidates for highly sought-after professions for which there are few resources;
- recruit for digital professions (IT) for which there is significant competition between employers;
- amplify our commitment to diversity and inclusion;
- maintain a good non-executive/executive balance;
- develop our international reach.

A. STAYING FOCUSED ON ATTRACTIVENESS INITIATIVES

The redesign of Naval Group's website offers candidates a new digital showcase and provides them with a simplified online candidate experience. The group's social media presence has been increased by almost daily publications. Therefore, the Attractiveness & Campus Management team now accounts for around 25,000 followers on LinkedIn.

Despite the health crisis, the group was present at nearly 150 business forums, trade shows and conferences in 2020, almost half of which were conducted online. Attractiveness actions were extended to events for the general public to raise awareness of Naval Group. The company took part in the *Fabrique Défense* in Paris in January 2020.

Lastly, its awareness-raising actions on inclusion and diversity have been intensified, particularly in conjunction with its partners *Elles Bougent* and *Tremplin*.

B. STRENGTHENING SCHOOL LINKS THROUGH A COMPREHENSIVE STRATEGY

In 2020, Naval Group implemented an ambitious strategy to develop its links with target schools. This involved increasing the number of partnerships and optimised funding (agreements, sponsorship, apprenticeship tax).

Naval Group maintains a school map and regularly updates it to enhance its roadmap. In 2020, 126 qualifications were added to bring the total to 336, representing 143 institutions identified for all qualifications.

The group explored new employment pools by targeting two new schools to reach new profiles: the *École des Mines* in Nancy, and the *Institut Polytechnique* in Grenoble.

The apprenticeship tax was allocated in a more targeted manner, and this reform made it possible to create personalised links with potential schools.

Finally, Naval Group strengthened its links with target schools through its commitment to strategic partnerships with schools whose pools match its recruitment ambitions. In all, nine partnerships were renewed or established, including the sponsorship of the 2023 class of TELECOM Paris (*Institut Polytechnique de Paris*) to meet its recruitment needs in the digital professions. The objective is to reach around 30 partnerships by 2021.

C. MEASURING THE IMPACT OF THE GROUP’S ACTIONS – UNIVERSUM RANKINGS

Naval Group received several awards in 2020. The group is one of the top five most attractive employers in the Aero & Defence sector (engineering students). In addition, Naval Group was awarded the most attractive employer award by students in their second and third years of higher education, and the company made the Top 3 for “challenging work”.

PUBLIC	RANKING 2020	UNIVERSUM LABEL AWARDED
Engineering students	24 th position of 86 schools (up 3)	TOP 5 Aerospace & Defence sector
Business School students	88 th position of 79 schools (up 9)	/
Experienced managers Engineers	18 th position of 124 companies (up 1)	TOP 20 Managers Engineers TOP 5 «Exciting & attractive products/services»
Experienced Business School managers	77 th position of 130 companies (up 15)	/
Undergraduate students (years 2 and 3)	29 th position of 99 companies (inclusion of Naval Group in the panel at the request of respondents during the 2019 survey)	TOP 3 «Challenging work»
Experienced undergraduate students (years 2 and 3)	47 th position of 99 companies (inclusion of Naval Group in the panel at the request of respondents during the 2019 survey)	1st «Ambitious and challenging work»

D. EXPANDING OUR COMMUNITY OF AMBASSADORS

Naval Group has built up a network of operational staff from 28 School Partners. Their role is to share their passion with students from the schools or technical universities/institutes at which they themselves studied, thus actively promoting a circular *alumni* system. Gradually, a network of external influence is being built thanks to the involvement of employees who take part in promotional actions in the industrial sector such as:

- hosting groups of third-year interns within the company, in order to encourage vocation through a journey of discovery of our industry and training to access its professions;
- participating in information sessions for young people in secondary schools on jobs in industry with, for example, the Foundation for Action Against Exclusion (FACE VAR);
- establishing partnerships with the French Centre for Studies and Training in Partnership with Businesses and Professions (CEFPEP), a lifelong training body of the French Ministry of Education, by hosting “teachers in companies” over two days at a number of group sites;
- implementing actions coordinated with the Cgéal Foundation.

E. SUPPORTING CAREER TRANSITION

Around 10 specific training programs (CQPM) have been set up to offer new career opportunities while meeting Naval Group’s needs.

F. INCREASING THE INTERNATIONAL FOOTPRINT

The group’s continued international presence means that most end-of-study projects have been accepted for students studying for the Double Degree Marine Engineering Master between the University of Adelaide and *ENSTA Bretagne* (3rd class this year).

In collaboration with *ENSTA Bretagne* and the *École Navale*, the group is also setting up a master’s degree in in-service support (MCO) for international navies on France’s expertise in this area.

Naval Group has also taken advantage of the health crisis to innovate its recruitment processes with, for example, the massive use of virtual interviews and the development of co-optation *via* the application We Link. The recruitment of the new design school class (50 work-study students) based in Cherbourg was thus highly digitised. The selection tests were digitised *via* an online platform and there were digital motivational interviews.

G. SUPPORTING THE NAVAL INDUSTRY

Naval Group works closely with the Naval Industries Campus (CINav) to promote the naval sector, by:

- participating in attractiveness initiatives carried out by CINav in coordination with the group's network of attractiveness managers. For example, Naval Group participated in the online *Navire des métiers* (Vessel of professions) during Euronaval 2020, where all employees had access to the various digital conferences on our intranet portal. A travelling *Navire des métiers* is currently being planned for 2021;
- strengthening the relationship with the French Ministry of Education primarily through the introduction of company knowledge courses, including for teachers;
- contributing to the implementation of the navalisation/certification process for naval training courses, which led to CINav certifying 12 existing training courses in higher education institutions.

V.4. SECURING SKILLS AND SUCCESSFUL KNOWLEDGE TRANSFER

Naval Group is significantly committed to the development of its employees, investing more than 4% of its payroll in training. The training provided mainly concerns Naval Group's core business: mandatory and regulatory training accounts for 23% of the training plan, and business skills training (technical and tertiary) 35%.

The Human Resources Department (HRD) is dealing with an unprecedented demographic challenge:

- 5,900 retirements expected over the next 10 years, of which 75% are highly qualified employees in engineering and production;
- more than 1,200 hires in 2020 – one third of the workforce with less than five years of service;
- the long time taken to acquire skills in our core businesses.

In September 2020, a new forward-looking strategic jobs and skills management agreement was signed with all representative trade unions, which reinforces the actions launched to secure skills and successfully transfer knowledge. It is accompanied by costed commitments that are reviewed annually.

The key elements of this agreement are as follows:

- continuously develop employees' skills and focus on "on-the-job" learning:
- aj) by allocating 15% of the training budget to on-the-job training, with the strengthening of:
 - school sites: made available to operational staff as close as possible to the field, they are intended to guarantee

perfect mastery of the technical operating tasks, for specific high-stakes operations. Since 2019, 13 school training sites have been set up and are operational in the fields of nuclear, machining, forming, knowledge related to speed reducers, control, sheet metal work, handling, assembly and diving safety,

- "seamanship" and "school Fridays": a form of tutoring, "seamanship" is a long-standing practice in the naval world, which consists of more experienced employees supporting the skills of junior employees;
- aj) by strengthening business integration:
 - primarily through standard training courses for hull/welding, industrialisation, studies and product IT,
 - in 2020, the integrator-designer training program hosted its third class, whereby 85 young people were trained and integrated into Naval Group at the end of the year. The relocation school has begun a transition to a design school with the integration of two new professional training courses: "functional and technological studies technician" and "structural design technician". The first classes will begin in January 2021;
- aj) by launching a **skills passport** so that each employee can benefit from all their experiences and broader perspectives,
- aj) by encouraging employees to receive training on a regular basis through their personal training account (CPF) and through a Naval Group joint investment scheme if they match the company's strategic objectives,
- aj) by accelerating the digitisation of training, with the development of a digital training offering:
 - all employees, including subsidiaries, have free access to training, including multilingual training,
 - 58 digital training courses are currently open access, as well as 72 restricted access tutorials. On average, 43,000 hours of training on the digital training platform are taken per year, with sharp growth (up 20%) in 2020 thanks to the health crisis,
 - in 2020, two knowledge capture experiments were conducted with experts, and are due to be rolled out further in 2021;
 - develop knowledge transmission from experienced employees to young people:
- aj) by promoting and recognising the involvement of tutors of work-study students and encouraging the transfer of knowledge by senior staff, through end-of-career planning measures, such as skills sponsorship, which will make it possible to share these experiences particularly within the naval sector,

- g) by welcoming more work-study students and by strengthening employment prospects, mainly in production occupations,
- successful programs thanks to a strategic jobs and skills management agreement close to the field:
- h) by organising two strategic jobs and skills management agreement meetings per year involving the Executive Committees, managers, and local and group specialist area managers to share their analyses and recommendations,
- i) by monitoring the critical skills threshold in order to maintain a sufficient level.

The agreement also provides for the prevention and better consideration of arduousness by adapting the working environment, jobs and career paths, in particular by enabling employees unable to perform their roles in knowledge transfer projects.

Naval Group thus reaffirms its commitment as a leader in the naval sector strategic jobs and skills management agreement and will continue to develop partnerships in its employment areas.

For its part, Naval Energies rolls out an ambitious training plan every year to maintain and develop technical and managerial skills, establish best practices in the company, enable everyone to progress and maintain their OH&S and quality authorisations and certifications. A skills and talent management plan is drawn up over three years and other very structuring tools such as the Performance Committee, the engagement bonus and Knowledge Management were implemented in 2019 and continued in 2020.

V.5. SUPPORTING THE COMPANY'S TRANSFORMATION

In 2020, one third of the group's employees had less than five years of service. The massive arrival of new recruits, mostly young, to be integrated in terms of profession, but also culturally, constitutes a challenge for management and an opportunity to transform the management culture of the company.



In 2019, Naval Group launched a three-year commitment process called Forward, to develop a culture of dialogue and initiative within each team, while promoting the adoption of a foundation of managerial practices conducive to team engagement.

To support managers in this process, a network of around 200 internal ambassadors has been set up, overseen by the HR Department.

In addition, a training course for managers called Forward Management positive is being rolled out over three years to the group's 1,800 managers to better manage the conduct expected of managers. Since the start of the program, 1,050 managers have already been trained. A second edition of Forward took place in 2020, and Season 3 launched in March 2021.

V.6. MONITORING THE QUALITY OF SOCIAL DIALOGUE

At Naval Group, the culture of dialogue with trade unions and employee representative bodies is embedded in its DNA. The company's ongoing transformation process and, in particular, the company's change of status in 2003 would not have been a success without the high-quality social dialogue that the company has been able to establish. It resulted in a contractual momentum that led to the signing of major agreements for the company often cited as a benchmark, including the company agreement, agreement on competitiveness and the strategic jobs and skills management agreement (GPEC). It is true that the exercise of social compromise is sometimes very difficult, but it is undeniably a prerequisite for the company to take ownership of the transformations that the company must complete. This was the case with the implementation of work orders within Naval Group and in particular with the establishment of the Economic and Social Council.

This unique new form of employee representation strengthens the quality of dialogue and debate with elected officials. Thus, in addition to the information and consultation obligations incumbent upon us, this new body is an essential vehicle for the company's transformation, both at site and group level.

Its diversity of skills contributes to providing a global vision of the company and thus perpetuates the high-quality social and economic dialogue to which the group has always been committed.

During 2019 and the first half of 2020, the Central Economic and Social Committee (CSEC), the Economic and Social Councils (CSEs) on each site and their committees were able to find, with a few adjustments, a way of working that satisfies all social dialogue stakeholders.

The first half of 2020 was marked by a health crisis of an unprecedented scale that upset the social calendar. Thus, the company's social dialogue during this period focused on the problems of adapting how work was organised due to lockdown and then the conditions for resuming work.

The negotiations on the conditions for adapting the group's activities in the face of the health crisis were conducted in a very degraded mode (only by telephone conference) and could not have been successful without solid foundations in terms of the quality of social dialogue.

The negotiations on the conditions for resuming activities at the end of the lockdown, conducted at each site, were also a demonstration of the high quality of social dialogue. Without exception, all the trade unions representing each site have signed an agreement with the local management on the conditions for resuming activities. This remarkable result has enabled Naval Group to return to its nominal level of operation within a very short period of time.

Lastly, at a time when the legitimacy of the intermediary bodies is being undermined, it is essential to support the training and careers of union officials. It is therefore absolutely essential to guarantee training and career development to attract high-quality people to roles with these heavy responsibilities. This is why a joint initiative has been initiated within Naval Group to create a support system guaranteeing professional recognition of commitment to carrying out union responsibilities. In addition, it is essential to change the group's managerial culture and provide better labour relations training for managers. It is under these conditions that the quality of social dialogue will be sustained.

Naval Energies' social dialogue takes place within the framework of the Economic and Social Council (CSE) set up at the end of 2019 (to replace the single staff delegation). The professional elections that took place in mid-November 2019 had a turnout of more than 85%, and the newly elected representatives received training on the CSE operating agreement when they took office.

Social dialogue was also very active in 2020 in the context of the health crisis. The pandemic led to the opening of a crisis unit, then to a full lockdown of teams from March to July 2020 (with a gradual return to workplaces from May), then again at the end of October 2020.

V.7. REMOTE WORKING, A MAJOR BOOST TO BUSINESS CONTINUITY DURING THE HEALTH CRISIS

Naval Group signed an agreement on the implementation and promotion of remote working on July 15, 2019, an agreement signed with all representative trade unions. This agreement was very well received by many employees who requested remote working, and more than 1,200 are now using it.

The current period of health crisis has forced all companies, and in particular Naval Group, to adapt and reorganise themselves in order to deal with Covid-19, primarily to protect the health and safety of all employees.

This challenge was taken up by Naval Group, which saw its number of remote workers increase from 665 in January 2020 to almost 8,000 at the height of the health crisis.

This unprecedented period highlighted new challenges in terms of work organisation. Naval Group has been able to adapt and make every effort to allow as many people as possible to work remotely, while allowing essential company business activities to continue.

Remote working for everyone at Naval Energies has been facilitated by:

- the new IT tools used by the company in 2019;
- e-learning training on remote working and remote management;
- the implementation of a weekly employee survey to monitor our teams' mental health, and trends over the weeks of lockdown;
- the setting up of a remote support service by a psychologist;
- organisation of events to maintain team links and lift spirits during these periods of isolation from the company.

The quality of life at work (QVT) agreement signed in 2019 at Naval Energies with the social partners was amended in October 2020 to provide more flexibility to the remote working system and meet employee expectations.

VI. Pillar 4: the environment

VI.1. ECOCONCEPTION

The health crisis we are going through has made us realise what is important. Attitudes are changing, and the government is paving the way for a “green recovery” and companies are facing up to their responsibilities for supporting a green transition. In Europe, the green recovery is taking the form of a Green Deal, with a European Union-wide strategy to make it the first climate-neutral continent by 2050. But environmental issues are not only considered by companies, States and supranational bodies. Indeed, the population is increasingly vigilant about corporate behaviour with respect to the environment. This is reflected, in particular, in the expectations of younger generations, whether through initiatives such as the climate walk or the student manifesto, or in their choice of companies to support.



DEFINITION

Eco-design consists of designing a product with less impact on the environment, over its entire life cycle (design, manufacture, operation, maintenance, end of life), while maintaining the same technical performance. The topics to be addressed are varied and include energy and fluid consumption, waste, emissions (air, water) and recycling...

HISTORY

Naval Group has been ISO 14001 certified since 2008 and has since adopted an eco-design approach:

- 2010: first life-cycle analysis (LCA) and project actions;
- 2012: creation of a dedicated business unit (SA19);
- 2015/2020: consideration of environmental requirements and appointment of correspondents for the SNLE 3G, AFS and PANG program;
- 2020: integration of infrastructure and services into the process.

GROUP OBJECTIVES

50% NEW PRODUCTS
15% INFRASTRUCTURES
5% SERVICES

3 LEVELS:

- **Standard project:** complies with applicable regulations;
- **Voluntary project:** study of two systems, proposal for green technologies, anticipation of regulations;
- **Eco-designed project:** multisystem and quantitative life cycle analysis.

THE PROCESS IN 4 STEPS

1. **Analyse** customer requirements and applicable environmental regulations.
2. **Determine** main areas of environmental improvement.
3. **Implementation** of environmental tools to help make design choices more environmentally friendly.
4. **Research and integrate** technical solutions generating less impact.

WHAT DOES THIS MEAN IN PRACTICE?

1. **Definition of project objectives** (with the overall architect, depending on the client framework).
2. **Allocation of regulatory requirements** and environmental feedback recommendations.
3. **Support** for design teams.
4. **Integration, verification, validation (IVV) feedback and environmental assessment** according to the expectations for this phase.

TOOLS TO HELP YOU

- **Research and development:** principle 118 – technological and methodological monitoring.
- **SA19:** technical standards (RNT), business guides, regulatory monitoring, outreach.

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COMMUNICATION DEPARTMENT - NOVEMBER 2020

NAVAL GROUP POWER AT SEA

Naval Group product life cycle

As such, to sustainably meet the challenge of the green transition, the eco-design approach, initiated by Naval Group in 2008, aims to take on a new dimension:

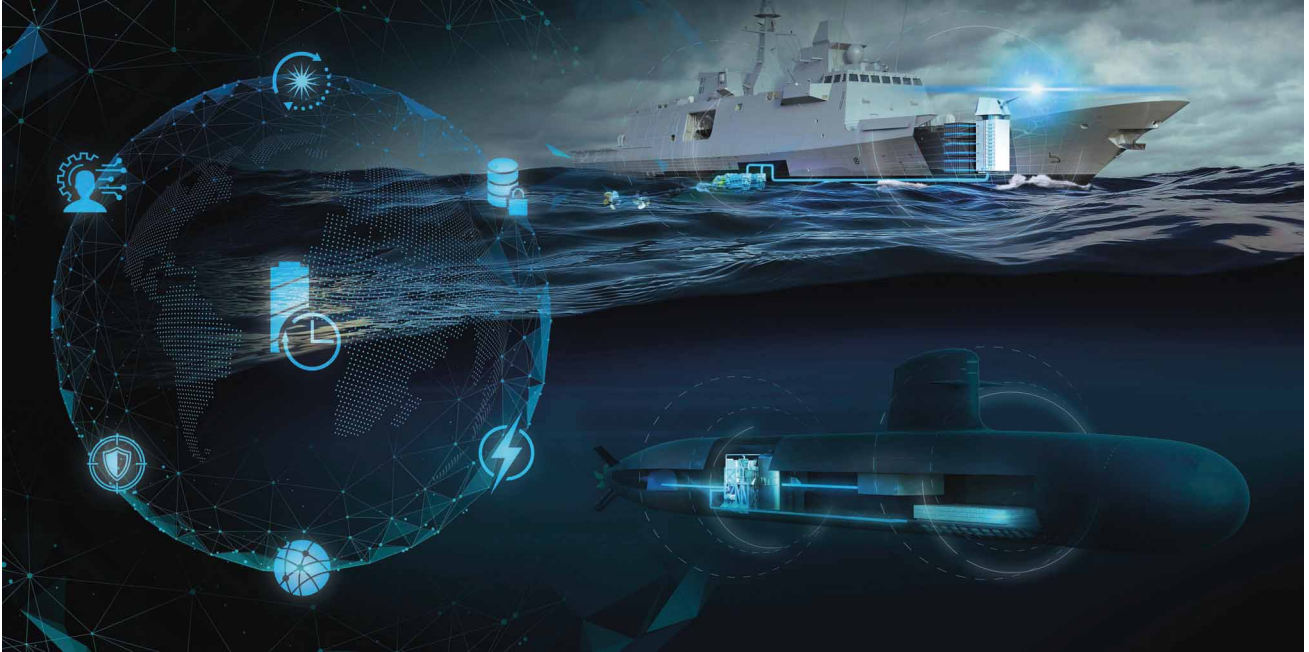
- more cross-functional: from vessel product lines to marine infrastructure;
- more encompassing: from design offices to industrial processes, from design to dismantling;
- more supportive: from our customers to our suppliers, not to mention our employees.

Concerning the first point, the eco-design approach deployed, initially on vessels, is gradually being extended to marine infrastructure: operational naval bases, construction and/or maintenance shipyards, and facilities implemented as part of the construction, in-service support and dismantling processes. Specific regulations are studied and broken down into project requirements, eco-design tools and methods are adapted, awareness-raising and support are offered. A particular focus on energy management is relayed by R&D, supported by the guiding principle of Smart Industry and its participation in the Factory Lab OPTIMENERGY collaborative project.

Concerning the second point, without forgetting the R&D projects or proactive environmental programs which have already been launched and which are ongoing, two key topics should be highlighted in 2020: the measurement of our vessels’ carbon footprint, and the activities of the Australian Future Submarine (AFS) program.

Following in the footsteps of the multi-mission frigate (FREMM), the corvette Gowind® and the submarine Scorpène®, the Barracuda nuclear attack submarine (SNA) is the fourth vessel to measure its carbon footprint. The method used is based on vessel life cycle analyses and the sites’ greenhouse gas assessments. With the aim of establishing a common, shared and certified method with the naval sector, Naval Group hopes to link up with partners having the same needs, and has submitted a proposal to this effect to the French Maritime Research and Innovation Council (CORIMER).

CORIMER will select projects whose objectives are in line with the recovery plan, as requested by the State, and has, as such, asked each submitter to fill in an eco-compatibility sheet. Naval Group’s proposed project to measure carbon footprint is a perfect match. This area is supported by the Blue Ship guiding principle, whose challenge is to combine energy autonomy, new operational capabilities and sustainable growth.



Blue Ship

The AFS program is the type of program on which all components of the eco-design process would typically be used. The Great Barrier Reef, and its strict environmental regulations that are key to civil society, require Naval Group to demonstrate its expertise in the field. Environmental analyses of the regulations and their consequences on the systems making up the future submarine were therefore carried out and proposed to the Australian customer. This program now provides a database for current and future national and international programs.

Concerning the last point, Naval Group presented its eco-design approach for the second consecutive year during the Climate Change & Security days hosted by the Institut des Hautes Études de la Défense Nationale (IHEDN), on behalf of the European Defence Agency. This presentation illustrated the consideration of environmental protection by defence manufacturers and their involvement in reducing the causes of global warming.

Naval Group also responded to a request from the French National Defence Procurement Agency (DGA), explaining its contribution to eco-design on its programs by filling in their eco-design maturity matrix (GRECO). On the strength of its ten years of experience and hindsight in this area, Naval Group was commended for its involvement and the internal implementation of environmental considerations in its designs.

To support its suppliers, Naval Group has deployed a method similar to that of the DGA. A questionnaire was developed and sent to the suppliers of the systems that have to consider environmental requirements for proactive programs with regard to the environment, such as the Defence and Intervention Frigate Program (FDI) and the Australian Future Submarine program (AFS).

Finally, in 2020 an e-learning module dedicated to eco-design and Naval Group's commitment to environmental protection, was developed. It has been uploaded to the group's digital training platform so that anyone can access it electronically. This module was supplemented by several articles published on the Navista intranet site and by an explanatory brochure summarising the key points.

Naval Group is keen to be involved in the fight against global warming and protecting the environment. Its objectives of 50% proactive projects for vessels, and 20% green R&D sheets set three years ago and achieved in 2020, will be strengthened for the coming years and thus make the group part of a virtuous, voluntary approach which is genuinely focused on the environmental challenges of tomorrow.

The aim is to reduce the environmental footprint of all our products, over their entire life cycle, including construction sites. The main areas of work will cover energy efficiency, waste and emissions reduction, and the reduction and management of hazardous substances and rare materials.

VI.2. EXAMPLES OF PRACTICAL ON-SITE ACTIONS

A. BREST: GREENHOUSE GAS REDUCTIONS AND WASTE COLLECTION

Concerned by its environmental footprint, the Brest site initiated projects in 2020 aimed at limiting its emissions into the atmosphere and discharges into water.

Following the feasibility studies for connection to the Brest city heating network (RCU), Naval Group Brest began major connection work on its first two buildings in 2020. The site will gradually switch from fossil fuels for its heating and hot water needs to energy recovered mainly from the household waste incineration unit in the city of Brest.

This sustainable and economical solution will considerably reduce the site's greenhouse gas emissions, reducing the CO₂ emissions fourfold for each kWh consumed.

In addition, a carpooling initiative was launched several years ago in collaboration with the Brest naval base, the Naval entities and the Éhop association (specialising in the development of carpooling), and is now taking shape with the launch of the Quest-Go closed community carpooling platform. It connects carpoolers who want to meet others to share their commute.

A total of 90 parking spaces are reserved for carpoolers at the naval base. 115 employees now have a badge enabling them to use these spaces.

In addition to easier parking, comfort and reduced stress, carpooling helps to limit the environmental impact of travel.

Finally, the Brest site has joined a special seabed clean-up operation organised by the naval base as part of the European Sustainable Development Week (ESDW). Thus, called upon by the OH&S Department, the divers of the Naval Group Underwater Works Department collected various types of waste dumped at the entrance to the Penfeld, including tyres, different types of plastics, cables and ropes.

B. TOULON: ANS, INNOVATION IN THE TREATMENT OF WASHING WATER

The Toulon naval base is adapting its infrastructure to the maintenance of *Suffren*-class submarines. Major works are taking place on the infrastructure, including the renovation of the maintenance basins for future nuclear attack submarines (SSN). In line with Naval Group's approach to taking greater account of the environment, this refurbishment of the basins includes improvements aimed at reducing the impact of commissioning and in-service support on the natural environment.



Renovated and modernised, the MY01 basin now offers the possibility of separating the water used to wash the hull of the SSN from the cooling water of the nuclear boiler room during short maintenance periods. Collected in a dedicated tank, this water can now be treated before being discharged into the natural environment, which was already possible for stripping operations during interruptions for maintenance and repairs (IPER). This outcome was made possible by the separation of the basin networks, which was not the case before. These developments, which are part of the infrastructure work carried out to accommodate the Barracuda submarines at the Toulon naval base, demonstrate Naval Group's commitment to environmental protection.

The work was carried out under the supervision of the Defence Infrastructure Department (SID). The MY01 basin is the first of the three basins to have been renovated. Work on the MY02 basin began in November 2020.

C. ANGOULÊME-RUELLE: DISMANTLING OF THE CHEMICAL TREATMENT PLANT

In 2020, the Angoulême-Ruelle site decided to shut down its surface treatment plant. The closure of this facility, which is classified for environmental protection, will enable the site to reduce its environmental impact in several ways:

- reducing the amount of hazardous waste generated (on average 110 tonnes per year);
- stopping atmospheric emissions from the plant's seven chimneys;
- the reduction in water consumption associated with the operation of treatment baths;
- the reduction in energy consumption linked to the heating of baths;
- the elimination of chemicals required to keep the baths in operational condition.

The work is undertaken in compliance with applicable regulations and in agreement with the Regional Department for the Environment, Planning and Housing (DREAL).

A diagnosis of the quality of the soil and groundwater was carried out. Its purpose was to identify potential sources of pollution, transfer vectors and areas of exposure. At this stage, nothing abnormal has been observed given the activities carried out at this site. The final objective is to free up this industrial space for future activities to be established on the site.

D. LORIENT

As part of its CSR policy, Naval Group aims to improve the performance of selective collection and recycling at all its sites, in partnership with *Défense Environnement Services* (DES). In Lorient, Naval Group is ensuring that recycling becomes second nature. Thus, site employees are encouraged to sort their non-hazardous waste in line with domestic practices. The resources put in place to help them are a sorting guide, the Eco Pitch [awareness-raising by sector], signage and a DES on-site representative.

In addition to recycling, Naval Group is particularly sensitive to the issue of energy consumption. In Lorient, several actions have been taken to control energy consumption. For example, the "Energy Committee" working group has been relaunched. It is responsible for giving each department and division the means to boost energy efficiency within the entities and to ensure that energy savings are taken into account.

VI.3. GLOBAL NAVAL ENERGIES

Naval Energies develops systems and subsystems for the production of renewable and decarbonised electricity from two different sources of marine energy: offshore wind and the thermal potential of tropical seas. Around the world, Naval Energies contributes to developing alternative, renewable and environmentally-friendly energy from the most powerful source available: the sea.

From site studies to the construction of systems, from in-zone deployment to underwater connections bringing energy back to land, Naval Energies is positioned over the entire product life cycle: design, manufacture, installation and maintenance, both at sea and in coastal areas.

In October 2020, the company obtained a double DNV-GL certification for both its platform design basis for the Groix & Belle-Île floating wind farm project, and for its methodology.

In November 2020, its platform was certified by the Solar Impulse foundation after a strict evaluation process with regard to the three criteria that determine the award of the label:

- the technological feasibility of the solution;
- the environmental and socio-economic benefits it provides;
- its profitability.



In its conclusions, the panel of independent experts emphasised that "the Naval Energies solution is both disruptive and patented. It can accommodate all types of turbines. The assembly is stabilised by an anchoring system and can be installed in deep water. The solution is robust, highly technical, well-defined and practical". The Naval Energies platform is now one of the 1,000 Solar Impulse-certified solutions, recognised as profitable and sustainable for their positive impact, which combines protection of nature and financial viability.

In addition, in 2020, the company launched the MOOVE project for the relocation of the three Naval Energies sites, to Paris, near Nantes and to Brest, to three new buildings chosen for their high environmental quality [“green shipyards”, energy efficient buildings, low GHG emissions, natural autonomous lighting, rainwater harvesting for certain uses, installation of hydro-efficient devices on the drinking water network, air quality, choice of materials with an environmental label, waste sorting, etc.] and architectural quality, but also for the positive impact they will have on the quality of life at work including a concierge, business centre, personal services, gyms, green spaces, etc. The social partners were involved in all stages of the project and the teams were able to respond to an internal survey on the atmosphere they wished to create across the three sites, and on the names of the meeting rooms. This project was an opportunity to set up a “meal voucher” card system.

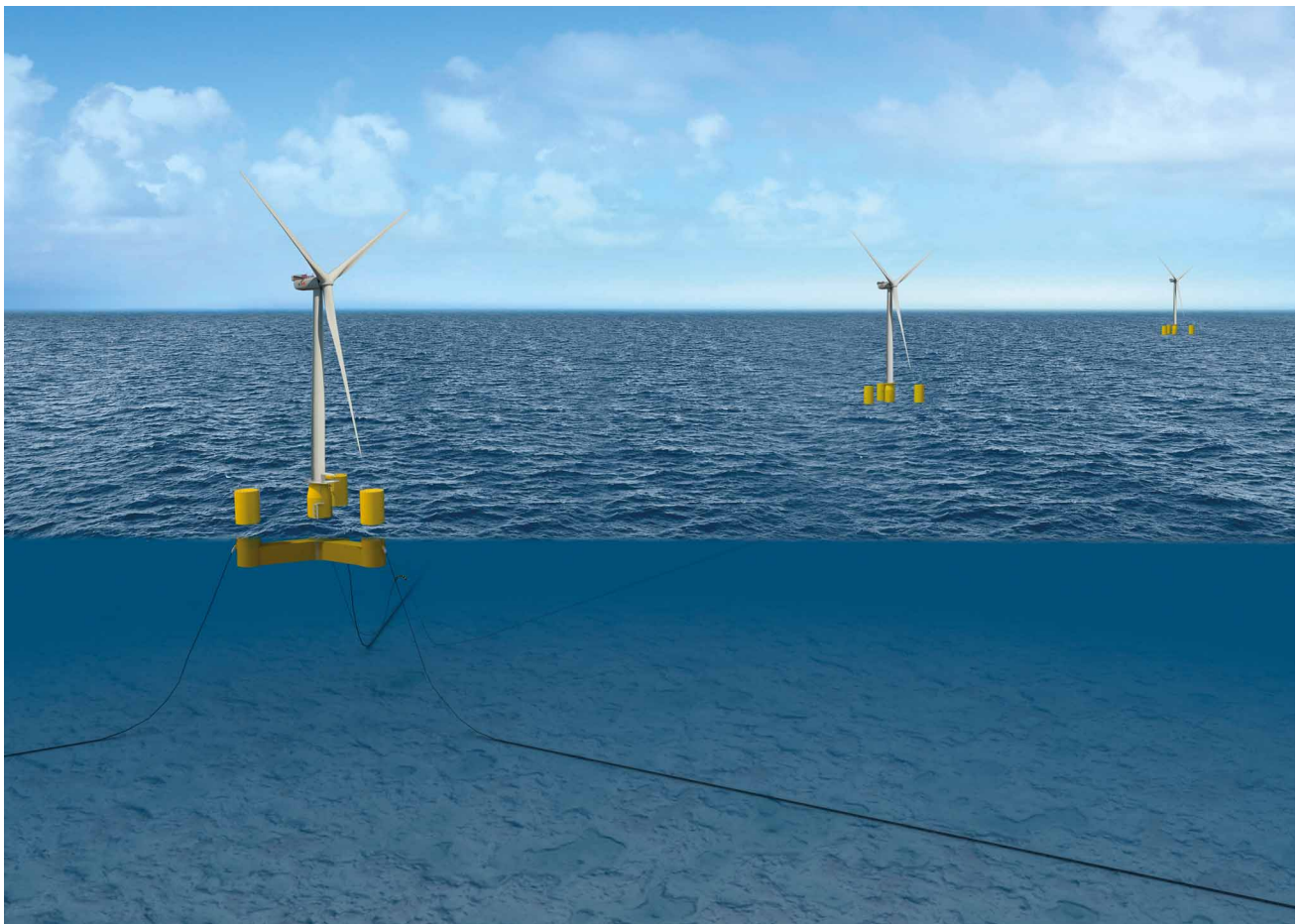
A. NAVAL ENERGIES PRODUCTS: THE FLOATING WIND TURBINE PRODUCT LINE

The floating wind turbine exploits the energy resource of strong and regular offshore winds, and deep sea areas further away

from the coast. Unlike the “fixed” wind turbine, which is directly attached to the sea by a gravity foundation, this solution is based on a floating structure connected to the ocean floor by an anchor system that controls movement. Unlike fixed wind turbines, this innovative technology overcomes the installation’s depth constraints so that renewable energy can be produced further from the coast, with a low visual impact.

Naval Energies also systematically deploys analyses of significant environmental aspects and impacts (AIES) on its operations and facilities, in order to be able to apply the “avoid, reduce, compensate” principle as early as possible, from the design stage of the company’s products and services. A life cycle analysis (LCA) was also carried out on the wind turbine platform.

Naval Energies handles the design and construction of platforms for the three wind turbines of the “Groix and Belle-Île floating wind turbines” project, managed by Eolfi, as well as the offshore installation of the three 9.5 MW wind turbines each for the production of the electricity required to power 20,000 households on the Atlantic coast.



Floating off-shore wind turbines

B. THE OCEAN THERMAL ENERGY PRODUCT LINE/EXPLOITATION OF DEEP SEA WATER

The exploitation of deep sea water plants consist in harnessing the advantages of deep ocean water for multiple uses. Starting from the ocean thermal energy conversion system, designed to produce electricity, other technologies can be added such as sea water air conditioning [SWAC], desalination, industrial cooling or aquaculture. For instance, seawater pumping, used for electricity production, benefits other players.

In the framework of these projects, Naval Energies provides its expertise in the engineering and design of the station's entire system, as well as the design, production, and installation of heat exchangers [condensers and evaporators] for power and cold generation. Naval Energies is currently the only operator in the world capable of guaranteeing the performance of these exchangers.



Deep sea water exploitation plant

VI.4. NAVAL GROUP DO BRASIL

Naval Group BR participates in the recycling of batteries and the collection of bottle caps for the charity organisation One by One which supports disadvantaged children.

Naval Group BR also recycles used IT equipment and used furniture from expatriates through the Eco Assist service provider.

Finally, Naval Group BR has chosen to use tableware made from recyclable materials for the monthly celebration of employee birthdays.

VII. Pillar 5: fair practices

Fairness is how the company views external stakeholders to conduct its business and achieve results. In business relationships, it is necessary to adopt a strict ethical behaviour, to respect the rules of fair competition and to prevent corruption.

VII.1. THE FIGHT AGAINST CORRUPTION

In this context, Naval Group has deployed a system in compliance with French "Sapin 2" law no. 2016-1691 of December 9, 2016 "on transparency, the fight against corruption and the modernisation of the economy", as well as the applicable law in the countries in which Naval Group operates.

To implement and manage this system, the group has a dedicated central team and relies on a network of compliance officers working with the directors of entities such as departments, sites and subsidiaries.

This system is broken down into nine points.

The first is management commitment. It begins with that of the CEO, who sets the group's policy in this area each year, including the principles to be followed and the areas for improvement. It is then up to managers to be exemplary, to communicate on the subject and to participate in the achievement of objectives, in accordance with their responsibilities.

Next, the group identifies the corruption risks to which it is subject in order to adapt its system accordingly. This identification, carried out in the form of a mapping, covers all the activities conducted in France and internationally and considers all aspects of Naval Group's context, in particular its business sector, the stakeholders, the countries concerned, processes and business lines.

Depending on the risks identified and the business sector, the most exposed employees are trained in the fight against corruption. Other employees are not forgotten because they are also made aware of this, primarily when they join the group and if they are managers. Regular communication actions also help to raise awareness among as many people as possible.

In addition, and always on the basis of the risk mapping, a documentary reference system is established and regularly updated, comprising a compliance code of conduct and a practical guide to ethical behaviour which demonstrates the code of scenarios, solutions to follow or actions to be prohibited. The code is accompanied by several operational instructions that cover all of the company's processes.

Compliance with the entire system is checked regularly, including in terms of accounting. Investigations are carried out whenever necessary based on the results of these checks and any reports. For this purpose, Naval Group has set up a whistleblowing system [ethics@naval-group.com] accessible to all its stakeholders, both internal and external.

In 2020, Naval Group continued to consolidate this anti-corruption system by carrying out the following actions: the complete review of the risk mapping, the extensive implementation of both face-to-face training, when the health situation permitted, and digital and awareness-raising based on e-learning, the continued deployment of the system within the sites and subsidiaries, the reinforcement of anti-corruption measures within the processes and the consolidation of the system for carrying out stakeholder assessments before entering into business relationships.

Finally, the system is continually adapted according to the expectations of both external and internal stakeholders, which are collected on an annual basis through the materiality matrix and by sending of a questionnaire to all company staff.

The system's deployment is detailed in the "anti-corruption brochure" document available on the group's website.

Particular attention is also paid to training on compliance and the internal deployment of the anti-corruption and anti-fraud system, in accordance with the Sapin laws.

A. PURCHASING INFORMATION AND AWARENESS

For Naval Group, employee training is crucial, which is why modules dedicated to anti-corruption and the duty of care were provided in e-learning and face-to-face modules to all buyers in 2020.

These training modules enable employees to identify the obligations and issues relating to the duty of care and to appropriate the tools available to them, in particular the PROVIGIS platform for collecting legal documents, or the ECOVADIS platform for CSR assessments of suppliers.

A newsletter is used to communicate, on a monthly basis, to the entire purchasing population, including subsidiaries, on various topical issues. In 2020, two special issues focused on the assessment of supplier risks, the challenges of due diligence and the change of service provider for the collection of legal documents.

B. SUPPLIER COMPLIANCE CONTROL

A compliance audit is required before introducing a new company into the supplier base of Naval Group or its subsidiaries.

The identification of risks is carried out through a qualification questionnaire in order to identify whether or not there are compliance risks. The group's Ethics and Compliance Department analyses the questionnaire and gives its opinion on adding the supplier to the Naval Group panel, before the new supplier can receive its first order.

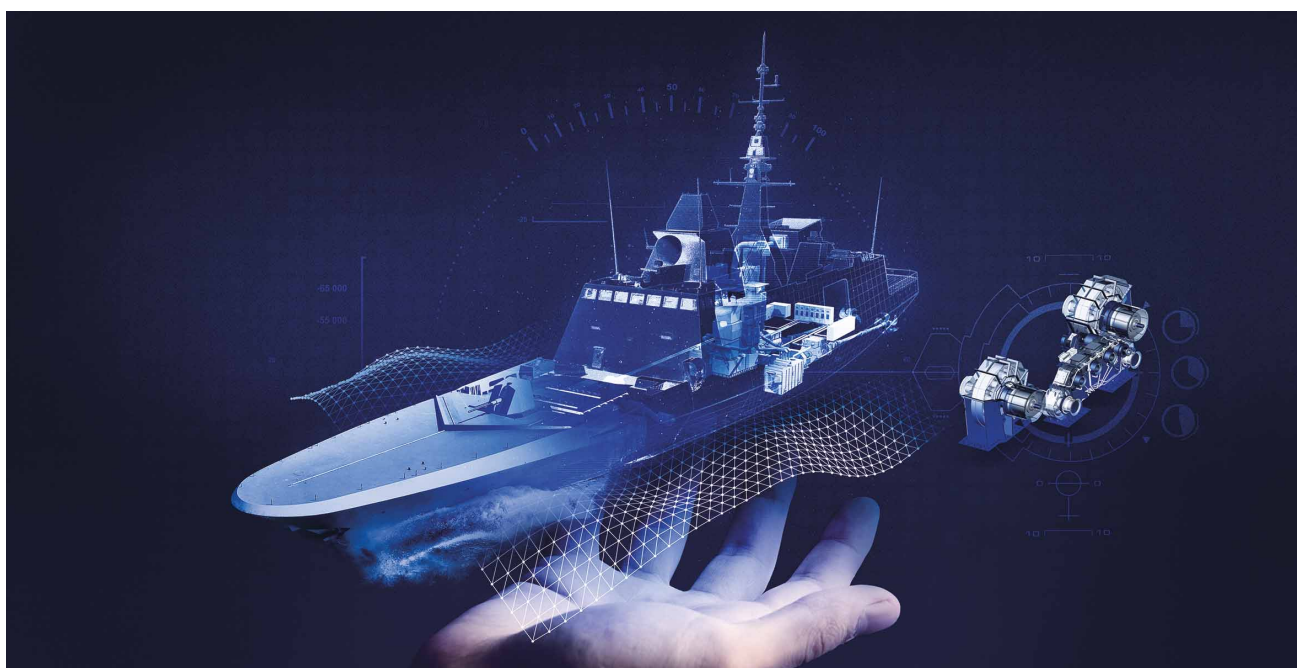
In addition, permanent controls are carried out using a monitoring tool, managed by the group's Ethics and Compliance Department.

This monitoring also identifies legal risks, media controversies, financial risks and conflicts of interest or corruption.

Similarly, the policies and the level of requirements defined by Naval Energies in terms of quality, safety, environment, ethics and compliance guide the entire company and its employees, and are deployed for all of the company's business activities

and all its relationships with stakeholders, both internally and externally. The choice of partners and suppliers takes into account their adequacy with the aforementioned policies and requirements, and the qualification process incorporates both CSR and compliance criteria.

VII.2. PROTECTING INNOVATION



Naval Group continues to strengthen the environmentally friendly dynamic within its innovation activities. The group is involved in several collaborative projects aimed at developing practical solutions for maritime transport and for the marine ecosystem.

Naval Group is a player in the Achieve Good Environmental Status for Coastal Infrastructures Construction (AGESCIC) project. This project aims to develop new technological solutions to reduce the impacts of coastal works on marine environments, in particular the impacts of noise pollution on marine fauna and ecosystems. The project is positioned within the framework of the new European policy for the protection of the oceans implemented as part of the Marine Strategy Framework Directive (MSFD) 2008/56/EC. Naval Group is at the origin of two innovative systems that have been protected by patents:

- patent FR3079339, issued on March 13, 2020, "underwater barrier for the protection of the environment against nuisances linked to human activity";
- patent FR3037705, issued on July 21, 2017, "acoustic barrier for reducing underwater noise pollution for the environment".

Since 2019, Naval Group has been leading the European project Practical Implementation of AQUO (PIAQUO), in cooperation with nine other French, Italian and Swedish partners. The project aims to offer a unique combination of technologies that address the issue of the impact of maritime traffic noise on marine ecosystems and changes in European regulations concerning human underwater noise. This project is part of the European Union's Green New Deal strategy.

In addition, in 2019, Naval Group joined the Coalition for the Green and Energy Transition of the Maritime Industry, launched by the French Maritime Cluster. This project aims in particular to guarantee the energy autonomy of vessels and reduce the sector's environmental footprint. Naval Group's participation in such collaborative projects requires the group to secure and protect its intellectual assets upstream.

Lastly, since 2019, Naval Energies has filed more than 15 patents to protect its innovative systems using wind energy at sea and thermal energy from the seas.

VIII. Pillar 6: customer and supplier issues

VIII.1. QUALITY

A collaborative project to create Naval Group's single standard of requirements (RUN)

Until 2019, each function had its own methods and assessment grids to carry out its internal control, and it sometimes happened that an entity was interviewed several times on the same points by different departments. In order to simplify and improve control procedures, the Audit and Risk Department and the Technical and Innovation Department have jointly drawn up the Naval Group single standard of requirements (RUN). RUN has made it possible to streamline the management of controls from one department to another, making them more understandable and less time-consuming for operational staff, while ensuring their effectiveness.

To carry out its activities with the greatest possible control in terms of economic and societal performance, and thereby ensure its sustainable development and that of the MRE sector, Naval Energies has installed an integrated ISO 9001, ISO 45001 and ISO 18001-certified management system. It also certifies these design and calculation methods and its products.

VIII.2. CLUBS

Customer satisfaction requires better knowledge of its users. It was with this in mind, among other things, that the clubs were created.

A user club is an organisation that regularly brings together users of the group's products, whether they be sailors or operators, with the main challenge of retaining them as customers.

This challenge is reflected in two major objectives of these clubs: developing mutual trust, and collective pride.

With regard to pride, the club and its receptive setting, complemented by exceptional visits, is in itself a unifying and targeted recognition mechanism around a common culture and products with strong symbolic power.

In terms of trust, the resources implemented within the club are primarily based on two main activities:

- sequences of shared experiences and feedback relating to the operation of products – construction, operation, maintenance – with the aim of increasing the perceived value of the product;
- sequences of exchanges on future operational and capacity requirements, as well as on shared work and experiments making it possible to imagine future technologies and solutions likely to meet them. These sequences serve to translate customer focus into cooperative acts and to anchor the collective in the long term, *i.e.* two factors instrumental to building a relationship of trust.

There are currently two user clubs: the Scorpène® club, which brings together Scorpène® operator customers, and a 7Seas club that brings together those operating surface vessels and systems.

These clubs meet in plenary session every two years and conduct their permanent activities through a secure digital exchange platform which can be accessed *via* the Naval Group website.

VIII.3. GLOBAL APPROACHES IMPLEMENTED

A. RESPONSIBLE SUPPLIER RELATIONS LABEL

To satisfy its customers, Naval Group must have high-quality suppliers. Naval Group was awarded the Responsible Supplier Relations label on December 21, 2014.

Naval Group was then the first private company to obtain the Supplier Relations and Sustainable Procurement label on December 21, 2017. This label was again awarded to Naval Group in March 2021, and enables the group to identify areas for improvement and best practices to be implemented.

B. SUPPLIER CSR ASSESSMENTS

Naval Group has been supported since 2012 by its service provider ECOVADIS. The platform of the same name is a self-assessment tool according to the ISO 26000 standard for suppliers' CSR engagement. Four main themes are addressed: the environment, responsible purchasing, compliance and social. Naval Group also accepts CSR assessments carried out by its suppliers with other independent bodies.

Naval Group's objective is to assess all suppliers in the panel, *i.e.* 1,200 companies. To achieve this objective, Naval Group teams work in stages, focusing on suppliers with a high CSR risk.

A CSR risk mapping of suppliers was carried out in 2017. This led to the identification of 20 types of purchases, at 300 suppliers, which present a risk for the environment, health and safety, human rights and ethics.

Priority was therefore focused on the CSR assessment of these 300 suppliers. In 2021, the objective is to increase the number of Naval Group suppliers committed to this approach. Operationally, training for buyers must firstly enable them to persuade suppliers to buy into the process and, secondly, and also provide them with the necessary tools to complete the process.

C. CSR MATURITY MATRIX

Naval Group's Purchasing and Supplier Relations Department drew up a CSR maturity matrix at the end of 2020 in order to define the priorities in terms of sustainable procurement and the conditions for adoption both internally (buyers) and externally (suppliers). This matrix covers five main chapters: vision, objectives and challenges, procedures and process, continuous improvement and reporting. The analysis of the results will feed into the action plans of the group's CSR project.



IX. Pillar 7: communities and local development

IX.1. INNOVATION, A DEVELOPMENT CHALLENGE IN A TIME OF CRISIS

A. ENERGY TRANSITION

The energy transition is a major lever for developing the maritime economy by proposing new solutions for our companies or regions, and positioning our players in the emerging and competitive markets of this transition. This ambition allows us to guarantee to our customers, both in France and abroad, foremost among them the French Navy:

- resilience through optimal energy transport and supply capacity and access to all areas of the world for several months;
- a high-level commitment to maritime operations through the ability to meet the energy-intensive and functionally atypical needs of new uses;
- a high quality of information through the ability to guarantee the availability of energy and means of communication for the implementation of increasingly remote sensors (drones) and for the growing energy needs of information processing.

In accordance with the “low carbon” objectives set by the International Maritime Organization for 2050, one of the priorities for the naval sector is the pooling of energy by improving the energy efficiency of systems, the energy capacity required for all current and future missions with the lowest possible environmental footprint over the entire life cycle. Indeed, the inevitable increase in naval defence energy needs (directed energy weapons, electromagnetic guns, drones, high-precision sensors, very high-speed communications, computing capabilities, etc.) and energy transition requirements (stricter regulations, more restrictions on fossil fuels) create threats to the future operational capabilities of vessels in service or risks of failure to control the size of future vessels.

Naval Group’s Blue Ship technological roadmap, as indicated in paragraph VI.1 on eco-design, incorporates new technological and architectural solutions that improve the energy efficiency of existing systems. It will therefore offer room for manoeuvre for an optimised and efficient integration of new needs, and a gradual incorporation of alternative energies to fossil fuels with a goal of zero impact by 2050.

Areas of development are the inclusion of new technologies such as Li-Ion batteries, fuel cells, high-voltage direct current networks and dynamic and smart energy management.

These technologies are at the heart of Naval Group’s energy transition objectives and developments. In line with the group’s commitments with the French Maritime Cluster and the GICAN that the DTI has launched collaborative projects focused on better energy management and knowledge:

- as part of the Corimer call for expressions of interest, led by GICAN, with six projects submitted:
 - energy storage,
 - clean energy sources,
 - electrical networks,
 - innovative thrusters,
 - measurement of the carbon footprint throughout the life cycle,
 - effectiveness of multi-stakeholder projects;
- as part of the coalition signed with the French Maritime Cluster, including:
 - synthetic fuel,
 - hull coating,
 - hydrogen.

Many of these technological components, such as the measurement of the carbon footprint and Blue Ship, are aimed at a dual civil/military installation in order to advance the entire naval sector.

B. OPEN INNOVATION

Open innovation is a great way to bring together different stakeholders around a common interest by pooling resources and knowledge. Naval Group has increased its involvement in large-scale joint projects since 2019. The success of these projects reinforces its conviction that collaborative projects will be a real factor of competitiveness and performance in the coming years, particularly with the impact of the health crisis on the industrial and research network.

Some of the most notable achievements of 2020 include:

- Natick project with Microsoft: the demonstrator that was located at the bottom of the ocean was successfully reassembled. The servers were able to operate and a decrease in technical and maintenance problems compared to their operation on land was observed;
- training centre 4.0 signed in October 2020 as part of the partnership with the Nouvelle Aquitaine region.

As an ordering customer, Naval Group wants to involve the smallest companies and regional institutions in innovation projects. The aim is to support the various players and use each other's strengths to get through a difficult economic period, and work together for a better future.

C. SUBSIDISATION

As part of its innovation and R&D projects, Naval Group must work as closely as possible with partners and French State players, including public financing windows such as the Public Investment Bank (BPI) and the French Environment and Energy Management Agency (ADEME). As an ordering customer, Naval Group responds to calls for projects by proposing work in conjunction with smaller companies and thus stimulating the regional and French economy.

D. INNOVATION PARTNERSHIPS

In line with our open innovation approach, Naval Group has created strong links with key organisations to co-create the innovation of tomorrow:

Technological research institutes

- close work with four institutes: Jules Verne, M2P (materials, metalwork and processes), SystemX and b<>com,
- examples of ongoing projects:
 - a) the FABHELI project with the M2P institute,
 - b) the Confiance.AI project, signed in 2020 with the SystemX institute: participation of Naval Group in the IRT SystemX program with a dozen other industrialists and academics: "how to secure, certify and increase the reliability of systems that use artificial intelligence",
 - c) the Secure Ports of the Future project with the SystemX institute, which aims to enhance security for the ports of the future, including the security of industrial systems and port facilities;

a) structuring projects are underway in 2020 and will continue in 2021 and beyond;

Competitiveness clusters

- Naval Group communicates, as needed, the group's technological challenges and priorities to the three competitiveness clusters: *Mer Bretagne Atlantique*, *Mer Méditerranée* and EMC2;

Regional technical expertise

- participation in Atlanpole events in order to stay informed and hold discussions with stakeholders in the Pays de la Loire region;

Companies & start-ups

- numerous partnerships and collaborative projects to advance the entire ecosystem,
- collaboration with ordering customers: EDF, Thales, Safran, etc.

Many partnerships that make it possible to use the knowledge and experience of each party to advance the collective.

IX.2. DEVELOPMENT OF LOCAL REGIONAL COMMUNITIES

On September 3, 2020, the institutional partners of the Pays de la Loire region and Naval Group signed a partnership agreement to develop local regional communities. This is part of the recovery plan adopted on July 9 and 10, 2020, the objective of which is to support large local companies in their research and technological innovation goals. This partnership has several objectives:

- cementing the maintenance and development of skills;
- accelerating the development of the technologies of the Factory of the Future (additive manufacturing, augmented reality, predictive maintenance and artificial intelligence);
- consolidating the region's industrial assets;
- securing local jobs to prepare for the future.

The agreement represents the achievement of one of our KPIs, which is to strengthen our relationships with institutional partners. At the French level, Naval Energies, for its part, contributed to the debate on the multi-year energy program (PPE), by participating in the online consultation of the French National Public Debate Conference (CNDDP), primarily in round table discussions.

In 2019, Naval Energies also took part in the "industrial territories" government initiative, which has a general goal of reindustrialising territories, and which, in October 2019, led to the signing, in connection with a presidential trip to the island of La Réunion, of an agreement on the *Bois Rouge* ecotechnoport project with the French State and all partners, including Naval Energies. Discussions are continuing on OTEC and co-products, but also on the potential creation of a research, training and innovation centre on MRE.

IX.3. EDUCATION AND PARTNERSHIPS

A. RELATIONS WITH LABORATORIES (THESES)

Theses are large-scale subjects that make it possible to advance an entire ecosystem in terms of technologies or knowledge. They enrich doctoral students, academies, laboratories and the companies supporting them. It is a great way to transfer the knowledge resulting from academic research to industry, thus transforming it into opportunities for innovation and creating a synergy between stakeholders whose objectives are fundamentally different. It also creates excellence. Naval Group has therefore signed an agreement with the French National Research and Technology Agency (ANRT), which commits it to the quality of the subjects and the supervision of the doctoral students selected by the company.

In line with its commitments, its values and its partnership policy, Naval Group supports numerous theses in conjunction with French and foreign laboratories. Its involvement with doctoral students is increasing year on year. The group currently supports 10 to 12 new theses per year, compared with 8-10 five years ago. At the end of 2020, 34 PhDs were being followed in conjunction with partner laboratories and academies.

A large-scale partnership was signed with the French National Institute for Research in Computer Science and Automation (INRIA), one of the most competent bodies in the world in artificial intelligence. Major international partnerships are being developed, including an International Research Laboratory (IRL) with the CNRS and three Australian universities, and a joint laboratory (MCM Lab) in Belgium, with the universities of Brussels and Liège, all of which will be able to host PhD students from Naval Group.

Naval Group is also involved in research chairs, schemes in which several manufacturers contribute financially so that topics of common interest can be explored through theses carried out by the chair. These include the cyber and human organisation security research chairs (RESOH 2).

Naval Group has set up an information system for thesis work as part of the group's internal ecosystem. The "Doctoriales" program allows doctoral students supported by the group to present their work to employees on two occasions:

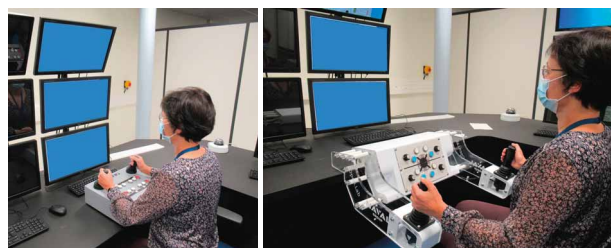
- initially after 18 months of work, to present their subject and the strategy they intend to adopt to tackle it;
- secondly after 36 months at the end of their thesis, to present their results.

This system is an effective vehicle for exchanges between the group's doctoral students, laboratories and experts, which strengthens the links between stakeholders and challenges shared progress.

B. OPEN LAB

For several years now, Naval Group has been developing various initiatives on its sites to stimulate and implement the innovative ideas of its employees and partners. The first Open Lab was unveiled in 2016 at the Angoulême-Ruelle site, and a second one opened in 2019 at the Nantes-Indret site.

These systems put in place by the company allow people with ideas to gain support, to carry out tests and to validate them. They can work in different technical and non-technical fields, including manufacturing processes, organisation, management, new roles/business lines, workstation ergonomics, etc.



Pilot house simulator, improved by Open Lab and ideas from employees

Discovery of the Open Lab begins with the integration process for new employees, and is open to all, including interns and work-study students. The objective is to stimulate the ideas of the collective to move the group forward. These local tools are great for collecting and developing projects with support.

"Demo Cafés" are organised twice a year to enable project leaders to show their site employees what they are developing, and to collect opinions to advance the process.

In 2020, the following external partner initiatives took place:

- three days of Hackathon in conjunction with the EMC2 competitiveness cluster. Naval Group invited industrial partners such as Chantiers de l'Atlantique to sit on the panel;
- visits to engineering schools;
- demonstration of how drones work in partnership with an external company.

In order to inform and reward the people who enable the group to progress, an "Innovative Diplomas" competition has been set up, with 25 innovators being rewarded by the group's Scientific Council. Additional resources are then implemented to accelerate the development of their solution.

C. NATIONAL PARTNERSHIPS

Naval Group has developed trusted partnerships with French universities and schools. These exchanges and commitments have clear objectives:

- ensure the transfer of skills between generations;
- promote the integration of young people;
- increase access to employment for students with disabilities;
- accelerate diversity in the scientific and technical sectors.

Partnerships with universities, academics and laboratories linked to Naval Group's activities have been signed and maintained over the years, including:

- *ENSTA Bretagne* (Brittany);
- *École nationale supérieure maritime* (ENSM);
- *Campus des métiers de la mer*.

In 2020, Naval Group became the sponsor of the Polytech Angers engineering school's 2020-2023 classes in order to work as closely as possible with the training of young people, and to contribute their industry perspective.

As part of this same approach, the Technical and Innovation Department is very involved in the training of work-study students. Tutors deploy the training resources and the time required to upgrade their skills, and then offer them a position when the opportunity arises.

D. INTERNATIONAL PARTNERSHIPS

Naval Group is developing its relationships and involvement in training, education and research in several countries.

Various processes are deployed to train the experts of tomorrow in partnership with specialist laboratories and universities, thus making it possible to advance as a collective.

Following the creation of the Naval Defence R&D Centre of Excellence in Singapore, Naval Group began a partnership with the National University of Singapore and the Nanyang Technological University, also located in Singapore. The objective is to make progress on artificial intelligence and connected objects through collaboration and discussion. In this context, Naval Group has undertaken to host interns from partner universities in order to introduce them to its activities and help them develop their skills more quickly. These students may be recruited into the Naval Group subsidiary in Singapore and cement the relationship of trust with their universities.

Since the creation of the subsidiary in Australia, the group has also been developing its efforts to upgrade the skills of Australian training organisations in order to recruit competent future engineers.

Naval Group has facilitated two-course training with ENSTA Bretagne and the University of Adelaide in Australia for the construction of submarines. Six to eight French and Australian students are welcomed every year at sites in France and abroad.

In January 2020, an agreement was signed with the Goa Institute of Technology in India, which needed an industrial presence to validate its training courses and verify their relevance to current industry needs. This agreement allows the university to increase its skills and test them, and the group to strengthen on-site training in line with operational needs.

In the same vein, the group is also developing its relations with the United Arab Emirates by welcoming interns from one of their universities. This year, graduate students were due to join Naval Group for six months of training on issues of interest to the group, and then be hired if the experience was successful.

As the health crisis prevented these students from coming in person, Naval Group has opted to set up distance learning internships of two or three months for university students. A mission was given to the selected students, and they were supervised by their Naval Group tutor once a week, as well as the research professors in their laboratory.

Following very positive feedback from remote internships this year, five new internships are planned with the university in 2021.

The Technical and Innovation Department is responding to the needs identified by the partners or sites by enabling VIE or internships adapted to requirements, including:

- an Australian intern on additive manufacturing, at the request of the French Navy and the Australian subsidiary, in connection with the Nantes-Indret site, the *Technocampus Océan* and the *École Centrale de Nantes*;
- 2 VIE in Australia;
- 2 VIE in Singapore;
- several interns in connection with international partnerships.

The group intends to continue to increase its presence in international training by developing trusted partnerships and by welcoming students in order to train them.

At the European level, Naval Energies participates in projects as part of the Green Deal: the green pact aims to make Europe the first climate-neutral continent by 2050. The roadmap aims to transform climate and environmental challenges into opportunities and to support innovation projects that contribute to this new growth strategy, for a sustainable European economy and a fair and inclusive transition for all.

Winning European R&D projects, as is the case for Naval Energies on Simbiose, Innotex and Marewind, means having succeeded with the project's European partners in demonstrating:

- the technological relevance of the proposed solutions;
- the existence of a real roadmap to manage the rise in maturity: Technology Readiness Level (TRL), Manufacturing Readiness Level (MRL) and/or Software Readiness Level (SRL);
- a significant and concrete contribution to the ten priorities of the European Commission, which in turn reflect the 17 Sustainable Development Goals of the United Nations sustainable development program.

With the same conviction, Naval Energies committed alongside the United Nations on September 28, 2019 by signing the memorandum of understanding with SIDS DOCK (an intergovernmental organisation bringing together the member states of the Alliance of Small Island States, under the auspices of the UN and the World Bank) to support the development of deep sea water development projects and floating wind turbine projects for small islands, and contribute to the transformation of these countries into low carbon economies to adapt to climate change. The construction of onshore power plants which exploit deep sea water should offer the islands a unique combination of renewable electricity, air conditioning, fresh water and aquaculture, and solve the problem of the link between energy, water and waste. Generating renewable electricity using a floating offshore wind turbine will supply the islands' closed grid with a new reliable source of renewable energy without land pressure.

Finally, Naval Energies has an MRE subsidiary in Chile, *Energia Marina*, which, in October 2019, celebrated the success of the first phase of the MERIC project for scientific research on the development of marine renewable energy (MRE), with CORFO and the project's two university partners: the Pontificia Universidad Católica de Chile and the Universidad Austral de Chile.

Energia Marina is currently engaged in phase 2 of the MERIC project, and has strengthened its position in Chile and South America as a key player in interdisciplinary scientific research applied to MRE. The Naval Energies subsidiary is extending its partnerships with Chilean universities, technology developers (SME, Orbital, Minesto) and leading players in the sector (EMEC, Wavec, Tecnalia, Aquatera, PUC, etc.) and in January 2020 it participated in the first session of the Panamerican Marine Energy Conference (PAMEC). On October 7, 2020 at the REDMAD summit, it was also recognised, as part of its implementation of the MERIC project, as one of the companies promoting gender equality and careers in Sciences, Technologies, Engineering & Mathematics.

IX.4. SUPPLIERS, PARTNERS AND SUBCONTRACTORS

The achievement of a close partnership between Naval Group and its suppliers is a key issue, and its objective is to develop a sovereign, competitive, innovative and efficient multi-domestic supplier base, in accordance with its Corporate Social Responsibility policy.

One of the major challenges for Naval Group's Purchasing and Supplier Relations Department is to develop and secure the defence industrial and technological base (BITD), which involves ensuring the continuity of critical suppliers with unique skills, and therefore encouraging them to innovate so that they can develop their industrial performance.

This commitment is part of the SME Defence Action Pact (suppliers, subcontractors, partners) signed by the French Ministry of Defence and Naval Group in 2013 and renewed in November 2020, and the SME Pact established by the French Ministry of the Economy, to which Naval Group is a signatory to support the development of SMEs internationally.

In conjunction with the French National Defence Procurement Agency (DGA) and the General Management of Companies (DGE), Naval Group identified the suppliers to be supported and undertook several actions to sustain and diversify their order book. These discussions are conducted in partnership with the suppliers concerned.

At the same time, Naval Group carries out continuous improvement actions internally in order to best support its supplier base.

IX.5. PROJECT TO DEVELOP AND SECURE TECHNOLOGICAL SECTORS

Naval Group's Purchasing and Supplier Relations Department is in charge of defining and implementing an innovative strategic approach for the development and sustainability of technological sectors. The main objectives are:

- guarantee the cutting edge operations of the French Navy;
- ensure the operational availability of the in-service fleet through maintenance;
- mature innovations for future cooperation programs;
- launch new technologies in conjunction with our suppliers.

In the field of naval defence, more than ten years can separate two construction programs in the domestic market, so key suppliers must maintain their activity or lose their key skills. As a result, Naval Group cannot operate without their assistance.

In order to prevent the disappearance of its suppliers, Naval Group is working with them on a project comprising five areas described in the remainder of the document. Special monitoring was also deployed in 2020, with close attention to any difficulties that could be encountered by suppliers during the health crisis.

A. NAVAL GROUP'S ROLE DURING THE LOCKDOWN WITH SUPPLIERS AND THEIR SUPPLY CHAIN

During this unprecedented period, Naval Group's Purchasing and Supplier Relations Department strengthened ties with its suppliers. Every week during the three months of lockdown, the buyers phoned the suppliers in the panel who were most affected by the health crisis. A hotline has also been set up to address various questions from suppliers. This initiative made it possible to listen to the difficulties encountered by the supply chain of each supplier, and think about the most appropriate solutions.

In addition, given the scale of the health challenge, Naval Group purchased protective masks directly in China, ensuring the logistics of transport to France, so that all companies in the naval sector could use them. Three million surgical masks and one million FFP2-type masks were thus supplied, and were resold at cost price to the 110 companies in the sector who expressed a need for them.



B. INNOVATING TOGETHER TO RELAUNCH AN INDUSTRIAL SECTOR IN FRANCE: EXAMPLE OF ANECHOIC COATING

Innovation and the structuring of the sector are the driving force behind the revival of the industry in France and the foundation of its technological and industrial sovereignty. As part of the technical and innovative developments of Naval Group, it was decided to consolidate the development strategy of an 100% French sector for the manufacture of anechoic roof tiles, in order to meet its needs to equip future submarines. The design of anechoic coatings in France is on the way out. Naval Group is committed to reviving this industrial sector, and the Purchasing and Supplier Relations Department has joined forces with Naval Group's Technical Department to involve its partners, mainly SMEs, in the process.

The objective is to produce, over time, the best equipment that has ever existed, to give Naval Group a technological edge compared to the global competition, but also through the creation of the sector, to secure access to these technologies.

C. SECURING THE LONG-TERM FUTURE OF HIGH-TECH ACTIVITIES

When a supplier is in difficulty, Naval Group alerts its end customer, the French National Defence Procurement Agency (DGA), for the French market, and proposes an action plan to guarantee a long-term volume of business activity to the supplier concerned.

As a general rule, Naval Group sets out new operational needs so that it can define the innovations to be implemented and determine the activities that need to continue in the long term. A framework agreement is then signed to create a contractual commitment between the parties. To date, nearly 1,500 such framework agreements have been signed. Naval Group thus provides business to suppliers who are committed to remaining innovative in the naval defence sector.

D. FOSTERING THE DEVELOPMENT OF SMES AND MID-SIZED COMPANIES TO START EXPORTING

Naval Group won international submarine supply contracts with the AFS program in Australia, one of the most significant contracts for France (12 submarines) and previously with Brazil, India and Malaysia for the Scorpène®-class submarine. These contracts include clauses ranging from industrial compensation to the transfer of sovereignty. Naval Group must identify, qualify and develop local supplier partners and ensure their sustainability.

Naval Group can offer French suppliers the opportunity to establish themselves locally or to join forces in a joint venture with a local partner.

Under the Australia contract, Naval Group brought together the companies in a "France" team from the tender stage to optimise its power. The company has acted as a sponsor between its suppliers and the Australian customer to put them in touch and thus facilitate the establishment of its suppliers in Australia. Naval Group also shared information on the potential of the program for its suppliers to prepare and contact local industrial companies.

E. DEVELOPING PROFESSIONAL TRAINING FOR SUPPLIERS

At the national level, there is a growing need for qualified human resources in the naval sector. This particularly impacts Naval Group suppliers. To guarantee a pool of qualified and competent labour to its suppliers, Naval Group made a proposal to several public and private partners to create the CINav, which organises the training offer for the naval industry so that it meets the industry's skills requirements. The CINav is described further in paragraph V.3.G.

16 founding partners are committed to this collective approach:

- five coastal regions: Normandy, Brittany, *Pays de la Loire*, *Nouvelle-Aquitaine*, and Provence-Alpes-Côte d'Azur;
- five industrial shipbuilders located in these regions: *Constructions Mécaniques de Normandie*, PIRIOU group, *Chantiers de l'Atlantique*, Naval Group and ECA group;
- four ministries: National Education, Higher Education, Transport and Employment;
- three professional associations: *Bretagne Pôle Naval*, GICAN and the *Union des industries et métiers de la Métallurgie* (UIMM).

The aim of the CINav is to meet the needs of manufacturers, such as Naval Group suppliers, in terms of skills and volume of recruitment. Its purpose is to boost the appeal of professions in the sector and build a pool of qualified French labour in 21 highly sought-after occupations such as boilermaker, welder, electrician, design technician and mechanic. After this training, young people have a guaranteed job.

CINav's mission is to:

- massively develop the appeal of the sector and its businesses, by communicating their richness, their modernity and their technicality, while creating a community of culture and values;
- create "navalised" training, allowing manufacturers to specify their qualitative and quantitative skills needs and adapt training systems accordingly;
- certify naval training courses in order to guarantee the employability of learners at the end of their courses.

Naval Group has also made a considerable financial commitment to the scheme by investing its own funds and, for the visibility of the actions, by involving the Executive Committee.

F. SUPPORTING INDUSTRIAL GROUPS OF SMES AND MID-SIZED COMPANIES TO INNOVATE AND DEVELOP NAVAL INDUSTRIAL PERFORMANCE

Naval Group is unique in that it asks its suppliers to design small batches of high-tech parts, or even prototype parts. Its suppliers carry out many unique technical tasks, governed by numerous safety standards for parts requiring understanding and application knowledge. The development of its parts requires a strong financial investment on the part of SMEs that do not always have the critical size to take such risks.

In the event of difficulties encountered by different SMEs in the same competent and efficient industrial sector, Naval Group offers the possibility of pooling. Indeed, each SME offers specialisms and expertise that may complement those of other small companies. Grouping SMEs together allows them to pool their strengths to become the supplier of the future, to reduce structural costs on a *pro rata* basis for manufactured parts, and thus spread or even reduce the risks.

It also helps maintain the made in France brand, and may allow them to approach the international market together.

This is the case for the machining sector, for which Naval Group has encouraged the collaboration of key players, in order to guarantee the best quality at the best price, with the company Europe Technologie specialising in the machining of complex parts.

Europe Technologie with which Naval Group has formed a structuring partnership, implements a strategy of acquisition and consolidation of assets (takeover of activities and/or takeover of SMEs), in order to guarantee the maintenance of critical skills and encourage SME innovation. To this end, in conjunction with Naval Group, its buyers and technical experts identify specialists by field/business line, bring together the best experts and distribute the business based on SME added value to optimise industrial organisation plans and processes, industrial resources (machine parks) and finally the resources/skills/know-how ratio.

IX.6. ARMED FORCES-NATION BOND

As a company in the defence sector, Naval Group can only work alongside the armed forces in general and the Navy in particular.

A. ARMED FORCES-YOUTH COMMISSION

Naval Group is a member of the Armed Forces Youth Commission, a think tank and action organisation working with the Minister of the Armed Forces. It organises a competition that rewards the military training courses that have carried out a remarkable action contributing to developing and perpetuating links between the armed forces and youth. These actions may be carried out in partnership with other administrations, local authorities, associations or schools or universities.

B. THE FEDERATION OF DEFENCE CLUBS

Naval Group is a partner of the Federation of Defence Clubs (*Fédération des clubs de la Défense* – FCD). It is recognised for its activities that benefit of sport and culture within the Defence community. Today, nearly 190,000 members, from military and non-military backgrounds, share their enthusiasm in the federation's 430 clubs. As a key player in the implementation of the Ministry of Defence's social policy, the Federation of Defence Clubs is also a prime contact for the sporting policy of the armed forces.

The aim of this partnership is to help the *Cadets de la Défense du Var*, for example, carry out activities that allow as many young citizens as possible to find their place in society.

C. THE RESERVE

Because Naval Group is a partner in the sovereignty of states, the commitment of its reserve employees in the armed forces for the benefit of national security is encouraged and supported. In France, on June 28, 2019, Naval Group signed a support agreement with the National Guard for the operational reserve. Created in October 2016 following the terrible attacks of 2015 and 2016 in Paris and Nice, the National Guard aims to bring together 85,000 volunteers, *i.e.* 40,000 army reservists and the associated units under the Ministry of the Armed Forces, and 45,000 reservists under the Ministry of the Interior.

Naval Group reservists thus see their spirit of solidarity as well as their military qualities of resilience and management promoted inside the group:

- 10 days of absence to carry out their military activities are fully paid by the group;
- a simple prior notification to the employer is sufficient for periods of 1 to 8 days of absence. From 9 to 10 days, prior authorisation is required. These notification or authorisation times are shortened.

In addition, Naval Group grants reservist employees the insertion of a reactivity clause in their reserve contracts which allows the armed forces to draft them with only 15 days' notice.

To coordinate the support agreement, a reserve expert has been appointed to provide continuous internal information and ensure a constant relationship with the National Guard.

Naval Group is thus recognised by the French authorities as a "national defence partner".

Drawing on its citizen reserve, the French Navy has also set up "Alidade" groups to enrich discussions, provide expertise and draw up proposals for the problems it encounters.

One of these think tanks focuses, for example, on the subject of "Navy and sustainable development" for which a first report was submitted to the Chief of Staff of the French Navy in June 2016. Work is currently continuing on nuclear propulsion and bio-fuels.

D. THE FRENCH NAVY'S SOCIAL AND SOLIDARITY INITIATIVES

Naval Group is very sensitive to events for the benefit of the families of injured or deceased sailors. In this regard, Naval Group has for many years supported the Association for the development of charitable initiatives by the Navy (ADOSM), which helps families of civilian and military personnel serving in the Navy when they experience serious difficulties.

E. PROMOTING THE KNOW-HOW AND HERITAGE OF SHIPBUILDING

a. National Navy Museum

Naval Group is a partner of the National Navy Museum and of all its sites throughout France. It supports them in scientific and cultural programs such as the enrichment and restoration of collections, the creation of temporary exhibitions, publications of exhibition catalogues and reference works, action in favour of accessibility and museum and architectural renovation.

The ambition of the National Navy Museum is to become the leading address in Paris where sea lovers and sailors can meet. A powerful tool for raising public awareness to shed light on the maritime, civilian and military issues of our planet, but also a showcase for technical and scientific innovation over the centuries.

Naval Group has therefore joined forces with the National Navy Museum because the group is historically inseparable from the French maritime heritage through its history, its "shipyards", the ships, the industrial tools and the know-how developed to build them. The group is currently a sponsor of the national museum renovation project, whereby it is donating to the financing of the project over a three-year period. This renovation is based on three specific areas:

- offer a renewed presentation of the museum's exceptional collections;
- develop an artistic and cultural program at the heart of the major maritime themes of today and tomorrow;
- make the museum the essential meeting place for maritime stakeholders, a research space, a crossroads for scientific exchanges, vectors of France's international influence.

In the same vein, and through the ISS municipal tax, Naval Group BR supports the Oswaldo Cruz Foundation and is committed to a science initiation museum project.

b. *Hermione La Fayette* association



Naval Group has undertaken to support the program of the *Hermione* association to promote military shipbuilding and promote the values of commitment, passion, transmission, unique know-how and interpersonal skills.

This partnership allowed Naval Group employees to conduct reconnaissance actions (blue worker specialists, technical specialists, particularly invested trainers, tutors, etc.) and discover the frigate and experience the *Hermione* adventure on board.

Through this strong link created with the *Hermione* association, Naval Group developed the notions of cohesion, synergies and solidarity between people, essential for designing, building and maintaining ships.

Through this partnership, Naval Group and the *Hermione La Fayette* association have been able to promote their shared values of passion for the sea, the excellence of French maritime know-how and its transmission to the younger generations

X. GRI table

Audited indicator	In relation to Standard GRI indicators	2018	
		UES Naval Group [Naval Group SA and Sirehna]	Group Naval Group [UES Naval Group + subsidiaries ≥ 50%]
	SOCIAL DATA		
X	Total number of registered employees	14,670	15,163
	By socio-professional category		
X	OE	3,271	3,409
X	Technicians, supervisors	4,755	4,869
X	Engineers and executives	6,644	6,885
X	Male employees	11,762	12,114
X	Number of women	2,908	3,049
	By age group		
X	Under 25 years	897	905
X	25-29 years	1,271	1,346
X	30-34 years	1,763	1,885
X	35-39 years	2,201	2,295
X	40-44 years	2,059	2,125
X	45-49 years	2,318	2,355
X	50-54 years	2,289	2,329
X	55-59 years	1,466	1,495
X	60 years and more	406	428
X	Percentage of women amongst total employees	19.82	20.11
	Number of expatriates	172	172
	Number of employees with non-French nationality	27	341
	Percentage of women in executive management	11.33	11.11
	Average age	41.89	41.85
		694	
	Number of disabled workers (TH)	[Naval Group SA]	694
		6.02	
	Employment rate [in %]	[Naval Group SA]	6.02
	Recruitment of TH with permanent contract	20	20
	Absenteeism rate [in %]	4.32% Naval Group SA	
X	Number of training hours	346,269	
X	Average number of training hours per person	23.6	
	Percentage of payroll relating to continuous professional training	4.1	

2019		2020		Standard GRI Reference	ISO 26000	SDGs ⁽¹⁾
UES Naval Group (Naval Group SA and Sirehna)	Group Naval Group (UES Naval Group + subsidiaries ≥50%)	UES Naval Group (Naval Group SA and Sirehna)	Group Naval Group (UES Naval Group + subsidiaries ≥50%)			
15,773	16,389	16,307	17,015	102		9
3,296	3,534	3,322	3,655	102-8		9
5,327	5,457	5,442	5,567	102-8		9
7,150	7,398	7,543	7,793	102-8		9
12,582	13,010	12,980	13,465	102-8		
3,191	3,379	3,327	3,550	102-8		5
1,083	1,107	1,122	1,143	102-8		9
1,469	1,548	1,541	1,629	102-8		9
2,006	2,145	2,154	2,297	102-8		9
2,235	2,357	2,189	2,335	102-8		9
2,295	2,376	2,524	2,624	102-8		9
2,296	2,350	2,238	2,318	102-8		9
2,389	2,438	2,397	2,446	102-8		9
1,505	1,543	1,572	1,623	102-8		9
495	525	570	600	102-8		9
20.23	20.62	20.4	20.86	102-8	6.3.7	5
149	150	133	134	102-8		
44	475	66	578	102-8	6.4.3	9
12.11	11.65	12.57	11.46	102-8	6.3.7	5
41.52	41.44	41.46	41.39	102-8		5
732	732	749		405-1	6.3.7	
5.84%	5.84%	End of May [new calculation of DOETH]		405-1	6.3.7	9
18	18	15		405-1	6.3.7	
4.33% Naval Group SA		4.83% Naval Group SA		403-2		
404,236		236,52		404-1	6.4.7	9
34.2		14.5		404-1	6.4.7	9
4.50%		Awaiting MSB 2020		404-1	6.4.7	9

Audited indicator	In relation to Standard GRI indicators	2018	
		UES Naval Group [Naval Group SA and Sirehna]	Group Naval Group [UES Naval Group + subsidiaries ≥ 50%]
	TOTAL RECRUITMENT OVER THE YEAR		
X	Men	1,480	1,604
X	Women	431	473
X	Assembly	1,911	2,066
X	Number of permanent contract hires	1,407	1,544
X	Number of fixed-term contracts that received a permanent contract	57	59
	Number of fixed-term contract hires [including direct transfer from work-study or internship → fixed-term contracts]	136	160
	Number of fixed-term and work-study hires, CIFRE [Convention Industrielle de Formation pour la Recherche – Industrial Research Training Agreement]	367	368
	Number of recruitments under fixed-term contracts [including work-study and CIFRE PhD contracts]	503	528
	Including % fixed-term contracts [including work-study contracts]	26.30%	25.60%
	Of which % fixed-term contracts [excluding work-study contracts]	7.10%	7.70%
	Including % women under fixed-term and permanent contracts	22.00%	22.40%
	Of which % disabled persons [permanent contract + fixed-term contract]	0.40%	0.40%
	Including % seniors [aged 50 and over] on permanent contracts	6.10%	6.70%
	Including % employees under 25 [including work-study contracts]	29.80%	27.80%
	Of which % employees below 25 [excluding work-study contracts]	16.30%	15.10%
	No. of work-study contracts, end of period	589	590
	DEPARTURES		
X	Total number of departures	1,186	1,417
X	including layoffs [interrupted test period] or lack of physical fitness or for personal reasons	48	48
X	Turnover	8.10%	9.30%
	HYGIENE SAFETY AND WORKING ENVIRONMENT		
	Frequency rate of workplace accidents		
X	FR = Number of occupational accidents with lost time x 1,000,000/Number of hours worked	5.4	
	Occupational accident severity rate		
X	SR = Number of days lost due to accidents in the year x 1,000/Number of hours worked	0.17	
	Number of cases of occupational illnesses	39	

[1] Sustainable development objective.

2019		2020		Standard GRI Reference	ISO 26000	SDGs ⁽¹⁾
UES Naval Group (Naval Group SA and Sirehna)	Group Naval Group (UES Naval Group + subsidiaries ≥50%)	UES Naval Group (Naval Group SA and Sirehna)	Group Naval Group (UES Naval Group + subsidiaries ≥50%)			
1,748	1,929	1,304	1,466	401-1		
518	611	395	467	401-1		
2,266	2,540	1,699	1,933	401-1		9
1,642	1,865	1,111	1,268	401-1		9
59	59	44	49	401-1	6.4.4	9
123	171	168	241	401-1	6.4.4	9
512	513	420	423	401-1		9
635	684	588	665	401-1		9
28.02%	26.93%	34.61%	34.40%	401-1		9
5.43%	6.73%	9.89%	12.47%	401-1		9
23.46%	24.75%	22.91%	24.12%	401-1	6.3.7	9
0.84%	0.75%	1.17%		401-1	6.3.7	9
7.19%	8.36%	7.47%	8.91%	401-1	6.3.7	9
32.35%	29.76%	37.96%	34.20%	401-1		9
17.79%	16.55%	22.05%	19.55%	401-1		9
703	704	715	718	401-1		9
1,164	1,317	1,166	1,302	401-1		9
24	25	59	64	401-1		
7.38%	8.04%	7.15%	7.65%	401-1		9
5.9		5.2		403-2	6.4.6	
0.13		0.14		403-2	6.4.6	
				403-2	6.4.6	

Audited indicator	In relation to Standard GRI indicators	2017	2018
		UES Naval Group [Naval Group SA and Sirehna]	[Naval Group SA and Sirehna]
	ENVIRONMENTAL DATA (EXCLUDING SIREHNA)		
	ENERGY CONSUMPTION		
X	Electricity consumption <i>(in MWh)</i>	107,730	124,468
X	Fossil energy consumption (natural gas, light fuel oil) <i>(in MWh)</i>	104,075	95,867
	WATER CONSUMPTION		
	Water consumption (industrial, drinking, etc.) <i>(in m³)</i>	1,988,694	1,988,694
	WASTE		
X	Non-hazardous waste generation <i>(in t)</i>	3,709	3,657
X	Hazardous waste generation <i>(in t)</i>	1,875	1,800
	Ferrous metals	3,299	3,200
	AIR EMISSIONS		
X	Direct CO ₂ emissions <i>(in t)</i>	17,832	18,498

2019	2020			
UES Naval Group (Naval Group SA and Sirehna)	UES Naval Group (Naval Group SA and Sirehna)	Reference GRI Standards	ISO 26000	SDGs supported by Naval Group
129,696	125,800	302-1	6.5.4	13
90,114	73,197	302-1	6.5.4	14
1,800,000	1,750,000	303-1	6.5.4	13
3,442	2,500	306-2	6.5.3	
1,936	1,562	306-2	6.5.3	
3,300	2,900			
18,498	17,047	305-1	6.5.3	13

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