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2019

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

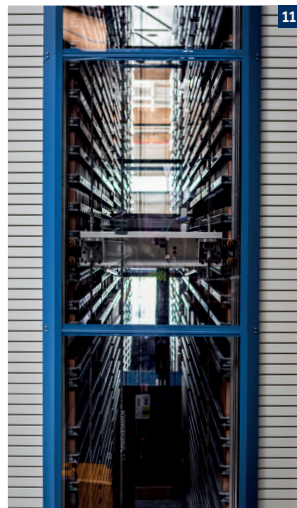
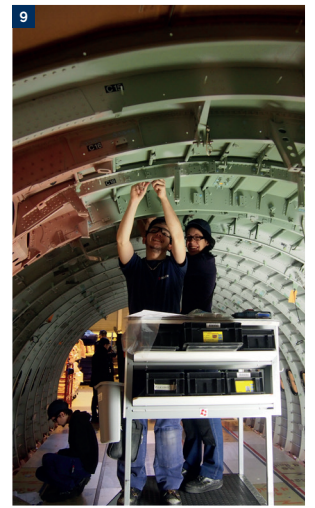
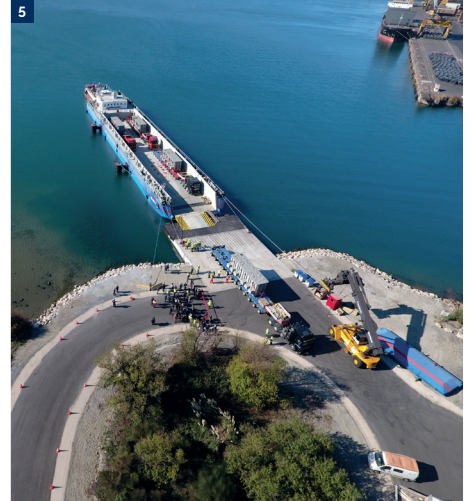
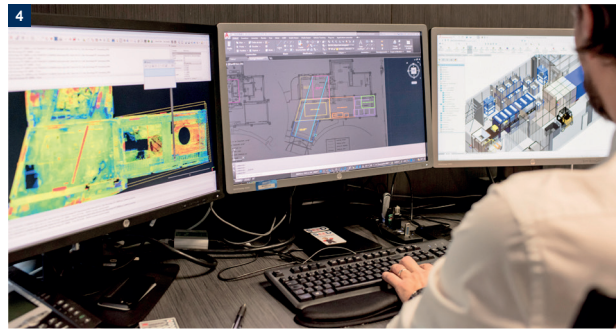
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INCLUDING THE STATEMENT OF
NON-FINANCIAL PERFORMANCE



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DAHER



1. A TBM in Tarbes – 2. Airbus Helicopters H120 Colibri helicopter cockpit manufacture and assembly at Tarbes – 3. The Automatic Fiber Placement machine in Nantes – 4. Design office and Virtual Reality studio – 5. Official opening of the RoRo ferry boarding ramp at Fos-sur-Mer – 6. The Queretaro facility in Mexico – 7. Supersize airfreight for two toroidal field coils from CEA Saclay to Naka in Japan for the JT60 SA Tokamak (mini-ITER) program – 8. Overview of an acoustic drilling robot in Saint-Julien – 9. Integrated logistics metal assembly *in situ* Airbus in Saint-Nazaire – 10. Composite component production in Tarbes – 11. Automatic storage medium *in situ* DAFS at Tremblay – 12. Members of the Queretaro team in Mexico.



JÉRÔME LEPAROUX

SVP GENERAL SECRETARIAT -
GROUP HUMAN RESOURCES DIRECTOR

"An organizational structure fully focused on our sustainable performance"

Dear Stakeholders,

As this report is published, we are all working our way together through an unprecedented global health crisis.

All our energies are focused on protecting the health and safety of our employees and their families, and ensuring the long-term future of our company.

Our shareholders, management and labor force are united in helping each other through this most challenging period, which marks the beginning of far-reaching major changes in our current ecosystems.

Our strength is our business model built around sustainability, governance and innovation, which will enable Daher to uphold its ambition to lead its business sectors best in class in terms of corporate social responsibility by 2022.

The new organizational structure introduced in early 2020 gives Daher everything it needs to achieve this ambition: a Technologies Department built around innovation to prepare for the Group's eco-responsible future, a Finance team ready to succeed in the future challenges involved in reconciling financial performance with positive societal impacts, Operations with its network of ambassadors and committed departments, and the General Secretariat, which brings together all the key functions involved in implementing and rolling out what is an ambitious CSR strategy.

With an organizational structure fully committed to accelerating its corporate transformation, Daher intends to take all its CSR challenges to a new level of maturity to deliver sustainable performance in which everyone is committed and working for the benefit of their stakeholders.

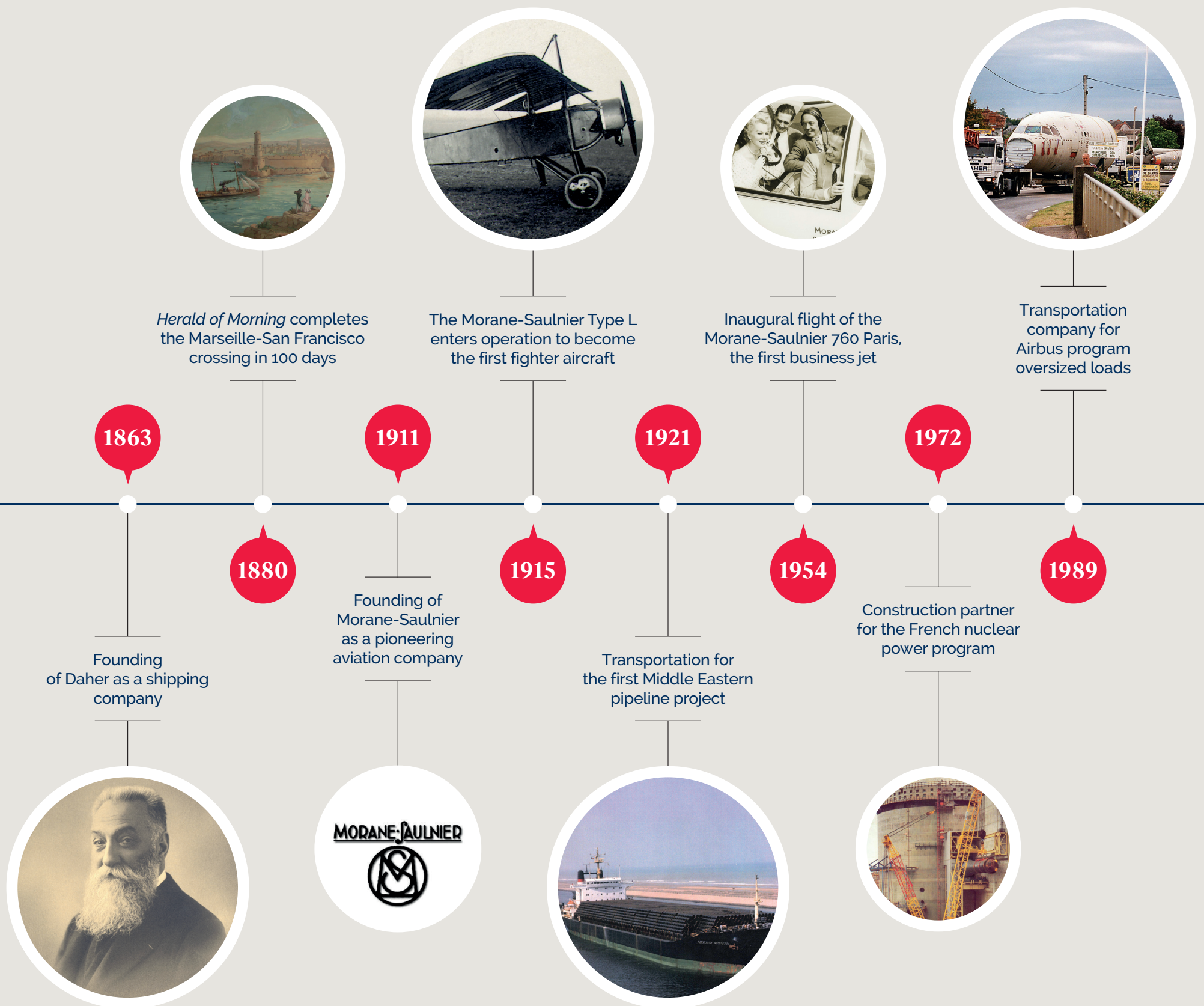
This report was prepared before the health crisis broke. Clearly, the global pandemic doesn't call into question our achievements in 2019, which we see as a strong base going forward. Nevertheless, it does require us and our partners to rethink our challenges and the way we will respond to them in the months and years ahead.

Jérôme Leparoux

HISTORY

Daher pioneered the convergence of manufacturing and service provision

Created as a family firm 156 years ago, Group has embraced durability and sustainable development throughout its history. It was against this background, and long before it was required to do so by law, that Daher decided in 2014 to create a formal structure for its CSR commitment, and published its first CSR report.





Daher joins the Falcon 7X program as designer and manufacturer of the upper fuselage



Signature of the contract to manage all Airbus logistics flows in France



As a major partner of the Airbus H160 helicopter program, Daher designs and manufactures the tail boom and Fenestron



Daher acquires U.S. aircraft manufacturer Quest, and thermoplastic composite welding specialist KVE Composites in the Netherlands

1994

Global logistics management for the Omsk refinery project in Siberia



2001

Signature of the contract to manufacture landing gear doors for the entire Airbus A350 XWB family of airliners



2009

2013

The TBM 930 is launched, and the 800th TBM overall rolls off the assembly lines



2016

2017

Opening of a second production plant in Tanger



2018

2019

A BUSINESS MODEL

THAT CREATES VALUE FOR ALL STAKEHOLDERS

Daher is a French group of companies, whose shareholder base consists mainly of family shareholders. Daher has a direct operating presence in 13 countries, and reported revenue of €1.2 billion in 2019, generated through three strategic areas of business.

Daher generates 80% of revenue from the aerospace sector as a result of applying its expertise in manufacturing and supply chain service provision.

The remaining 20% of revenue is generated from hi-tech industries, with particular emphasis on the automotive, transportation, and energy industries.

ALL OF OUR RESOURCES ARE ASSETS IN THE SENSE OF...

FINANCIAL CAPITAL

Family and state shareholders committed to the long term. Daher enjoys low levels of debt, and has no hesitation in redeploying its assets. Daher secures funding from French and European institutions.

INDUSTRIAL CAPITAL

Logistics and supply chain services are operated within customer facilities (*in-situ*) or owned or leased (*ex-situ*), and as customer service platforms as part of light aircraft maintenance provided in France and abroad.

ECOSYSTEMS

Regular dialog with the Daher ecosystem and stakeholders: shareholders, government regulatory authorities, public authorities (including EASA, OSAC and DGAC), employment catchment areas (local authorities, education systems and official bodies), business partners/customers, suppliers and the wider innovation ecosystem (IRT Jules Verne, IoT Valley, Aerospace Valley, etc.).

NATURAL RESOURCES

Raw materials, energy resources, production-specific purchases and general purchases: together with its suppliers and service providers, Daher consumes those natural resources required to produce its aircraft, equipment and logistics and supply chain services.

INTELLECTUAL CAPITAL AND EXPERTISE

Patents, intellectual property and industrial processes, the Daher and TBM brands, aerospace industry accreditations, qualifications and certifications: Daher is committed to effective protection and development of its expertise and intellectual capital.

HUMAN CAPITAL

Daher relies on the skills and talents of its employees, whose diversity reflects the Group's expertise.

40% debt-to-equity ratio (gearing)

14 production facilities in France and abroad

17 partner startups for proof-of-concept

100,297 MWh in France Energy (gas and electricity) consumption in 2019

400 design office engineers

10,060 average headcount

... A BUSINESS

As a leading aviation industry group, Daher set a series of ambitious targets in 2019 as part of its Succeed Together strategic plan. The Group put in place all the resources required to achieve these targets for the benefit of all its stakeholders and without compromising its history and values.

Challenges & context

The strong growth seen by the aerospace industry in the past 10 years continued in 2019, driving the need for logistics and associated supply chain services. Nevertheless, the industry remains subject to stresses imposed by accelerating production rates, which is putting more pressure on its stakeholders in terms of lead times, quality and innovation. At the same time, these stresses have resulted in a trend towards the consolidation of equipment manufacturers and the re-internalization of some processes previously outsourced by aircraft manufacturers.



LOGISTICS & SUPPLY CHAIN SERVICES

Our commitments to stakeholders

Daher believes that its strategic ambitions are an integral part of the responsible approach to achieving targets and conducting business operations, and will create sustainable value for all its stakeholders.

... BUSINESS MODEL...

Permanently committed to applying a sustainable and long-term business model, Daher continues to build on its strengths to create value that it shares with the six stakeholders: its shareholders, employees, customers, suppliers, and industry and innovation partners.

Our businesses

Daher is an aircraft manufacturer and industrial equipment and services provider operating in three completely compatible businesses as an aircraft manufacturer, an aerospace equipment manufacturer, and a provider of logistics and supply chain services. Daher designs global solutions that respond effectively to the major challenges of its customers and the critical requirements of the 4th industrial revolution.



Our strategy

To meet the challenges, Daher applies a responsible and value-creating strategy for establishing itself as a key global player in its sector, for which purpose it has set itself three priority goals that align with the Succeed Together plan: to boost its added value and profitability, to accelerate its growth in North America, and to become a leading force in the aerospace market.

THE BUSINESS MODEL DEVELOPMENT PROCESS

The Daher business model has been developed as a collaborative process fed by input from many in-house experts. This is also the result of a particular stance that involved basing its foundations on the model used by its dominant business sector – aerospace and defense – thereby prioritizing clarity, at the same time as offering a better understanding of the value creation element. Nuclear business activities are therefore intentionally excluded from this model.

This value chain is based on the capital model recommended by the International Integrated Reporting Council (IIRC). We have selected the types of capital most relevant to our business and our stakeholders: financial, industrial, intellectual and social.

For more information, visit www.integratedreporting.org

... WHICH CREATES VALUE FOR ALL STAKEHOLDERS

€10.9 million 2019 net profit

729 new employees in 2019

25.7% of Daher team members are women

2 key customers in 2019 (revenue above €50 million)

€466 million Group share of purchases

French Civil Aviation Research Council
(Conseil pour la recherche
aéronautique civile)

CORAC | Aéronautique
Environnement
Recherche
3 projects for
Corac

2019 The first Bilan
Carbone® assessment
to cover all three scopes

SHAREHOLDERS

Creating shareholder value is central to the Daher strategy, and operates in a context of long-term family shareholding that favors a value-added approach to its financial and non-financial investments. The policy of active interaction between family shareholders and the Group, its senior executives and employees, is central to the value creation policy.

EMPLOYEES

The responsible values of Daher underpin the conditions essential for its success and ability to drive innovation forwards in a fast-changing competitive environment. The Group's priority is to attract, retain and support its employees, and meet their professional, entrepreneurial and autonomous responsibility expectations.

CUSTOMERS

Leaving its customers free to focus on their core businesses is central to the Daher value creation strategy. With its ability to design, develop and operate innovative solutions, Daher is widely recognized as one of the most highly rated stakeholders in its business sectors, and shares its performance gains with customers.

SUPPLIERS

Daher relies on its suppliers to provide long-term support in addressing production challenges. The Group favors multi-year agreements with preferred partners, builds long-term contractual relationships, and supports all its suppliers, including those which are locally based.

THE INNOVATION ECOSYSTEM AND SECTOR STAKEHOLDERS

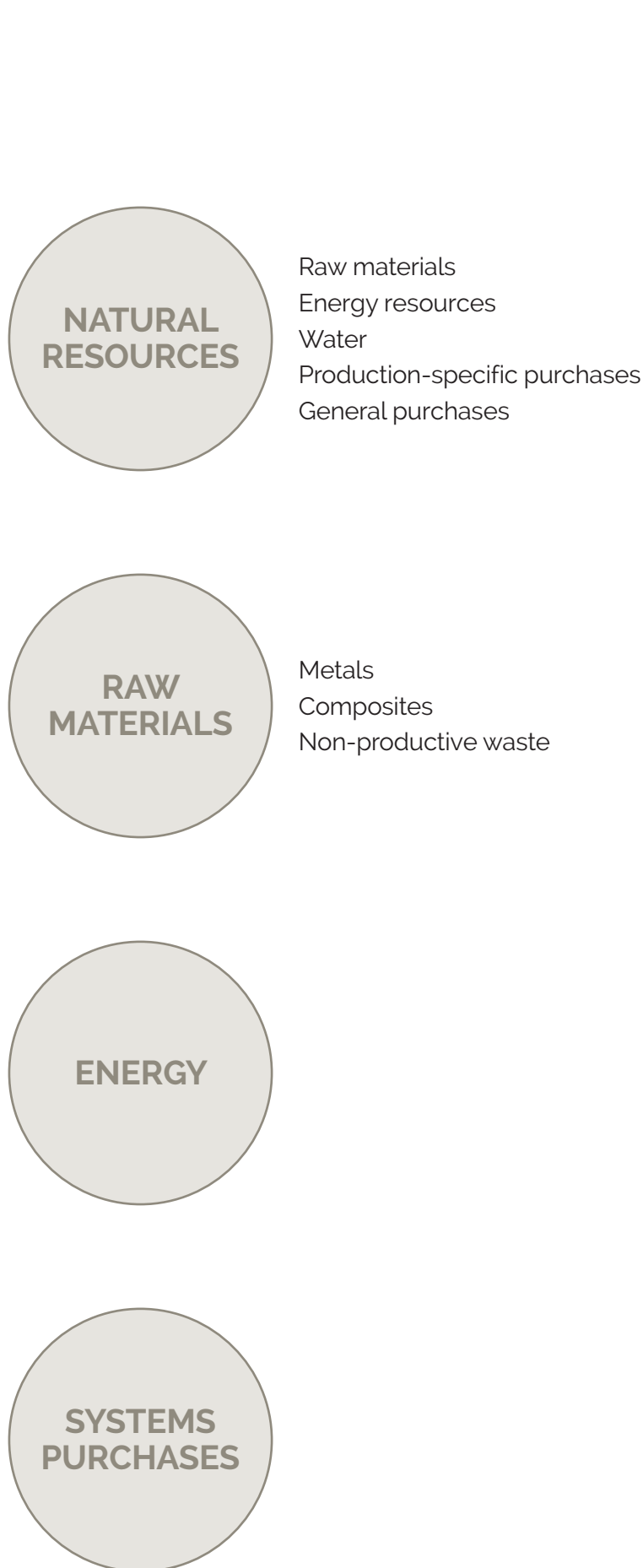
Daher is supported by the work done by its nine engineering centers and DaherLab to drive its ambitions to deliver increasingly innovative solutions to customers. As a company with broad interests, Daher also is actively involved in the life of the aerospace and defense industries.

CIVIL SOCIETY

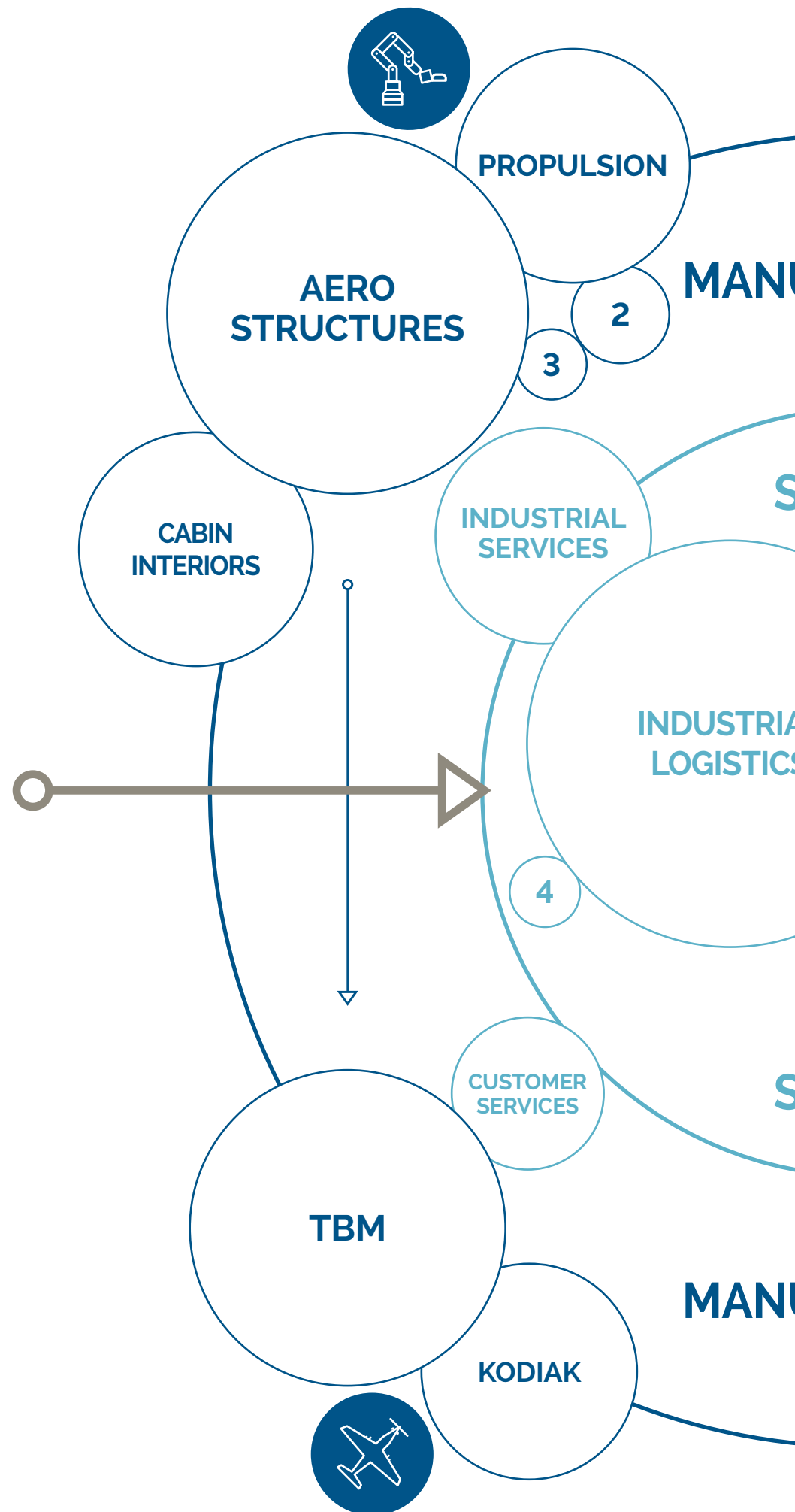
Fully aware of its responsibilities as a manufacturer, Daher has processes in place to measure and reduce the carbon footprint imposed by its business activities. Taking these issues into account in its future corporate purpose, the way Daher conducts its operations, the way it manages customer and supplier relationships and its innovation priorities contribute to ensuring that the company aligns fully with the Paris Climate Agreements.

THE DAHER VALUE CHAIN IN 2019

RESOURCES CONSUMED AS PART OF...

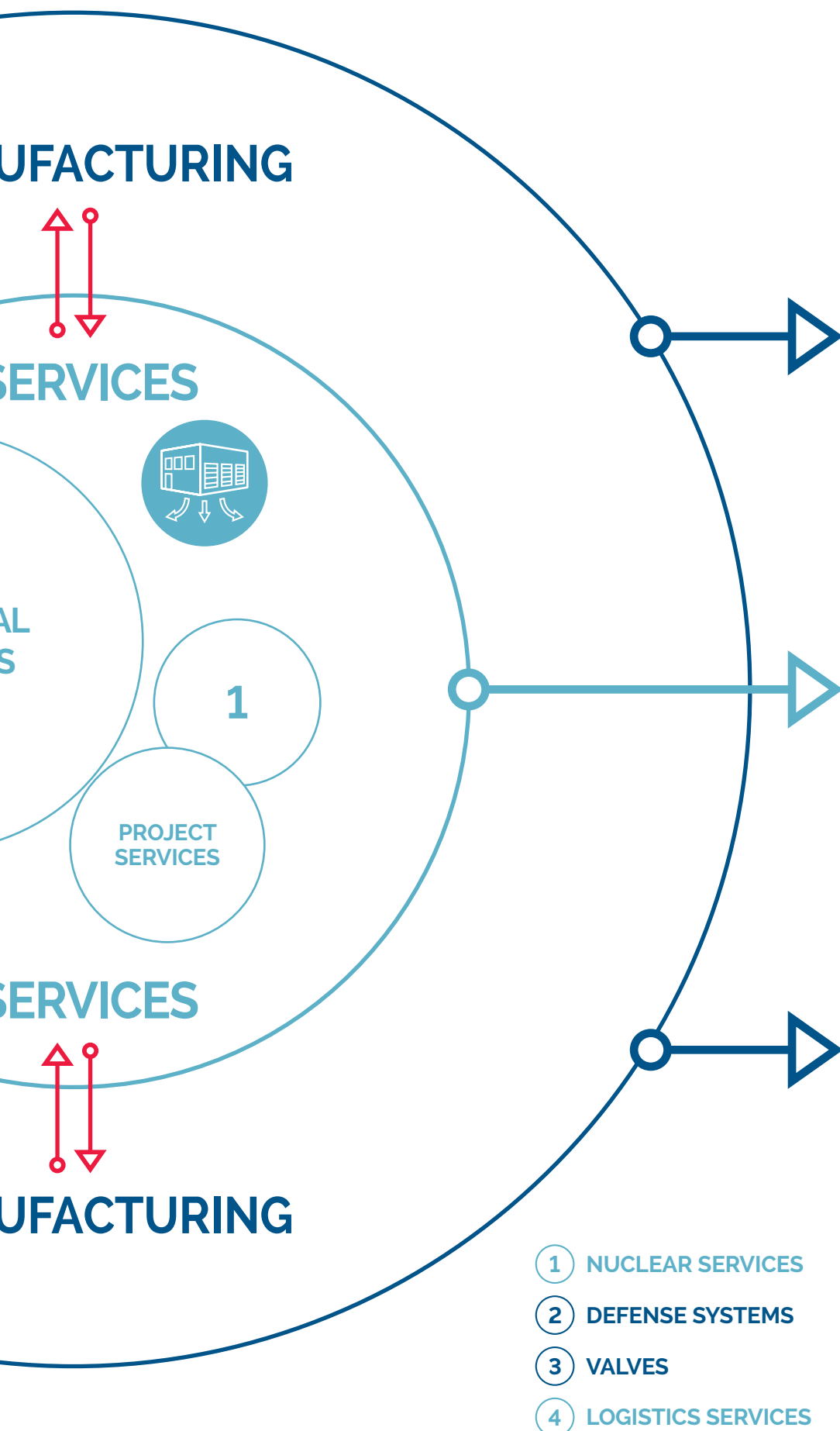


... A STRATEGY TO CONVERGE WITH S...



STRATEGY
MANUFACTURING
SERVICES...

... WHICH GENERATES
A VALUE WHOSE IMPACTS
ARE MEASURED



VALUE ADDED FOR OUR STAKEHOLDERS

Shareholders
Employees
Customers
Suppliers
Innovation ecosystems and
sector stakeholders

—
€404 million
Total payroll

ENVIRONMENTAL IMPACTS

CO₂ and NO_x emissions
Thermoplastics
Production waste
Wastewater discharges

—
15,145 tCO₂e
GHG assessment of Scopes 1 + 2
for eligible French companies

A STRATEGY OF RESPONSIBILITY

INTEGRAL TO OUR 2018-2022 STRATEGIC PLAN

SUCCEED TOGETHER

THE NEW DAHER STRATEGIC PLAN HAS THREE PRIORITY GOALS



TO BOOST THE ADDED VALUE AND PROFITABILITY OF ITS PRODUCTS AND SERVICES

Daher wants to continue its development of complex components, the use of new materials and the provision of hi-tech services.



TO ACCELERATE ITS GROWTH IN NORTH AMERICA

With an increased manufacturing presence and a target of 30% of total revenue by 2022.



TO SET THE DIGITAL BENCHMARK IN THE AEROSPACE MARKET

Pioneering the use of new digital technologies for the benefit of our factories and service offerings.

4 STRATEGIC STRENGTHS

FOR GLOBAL PERFORMANCE

A Group with a family shareholder base, responsible operation and invaluable **human capital**

A supplier that is **one step ahead** in serving its customers

Daher
2018-2022

A **key stakeholder** in its main markets

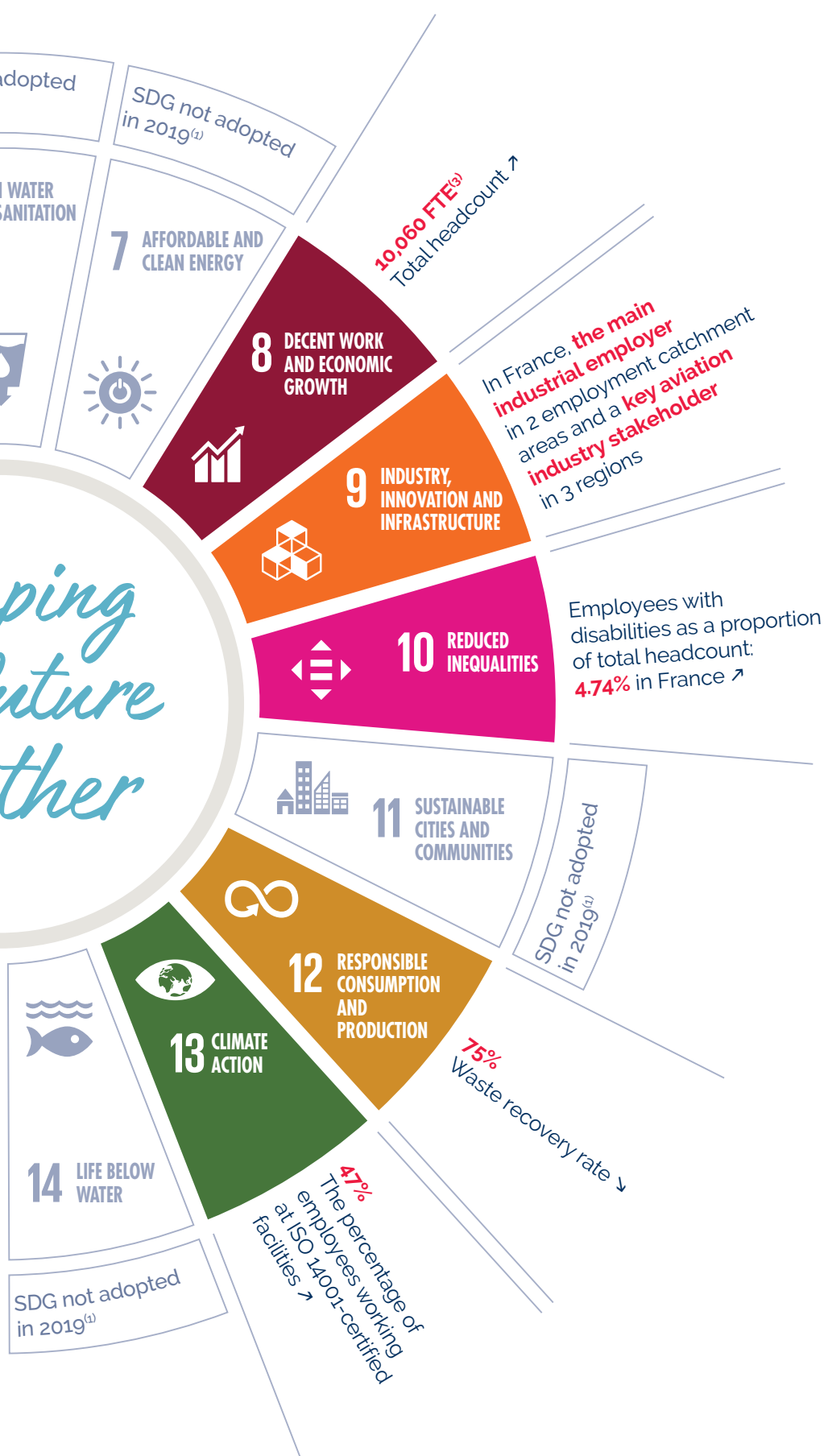
A dependable, customer-focused partner with **long-term commitment**

OUR STRATEGIC
IN ACCORDANCE WITH
SUSTAINABLE DEV



Daher is committed to supporting the United Nations Sustainable Development Goals (SDGs). Introduced in 2017, the Daher approach is designed to measure the progress of its overall economic, social and environmental performance by publishing relevant and annually updated indicators. Details are available on our website at daher.com.

CSR PRIORITIES THE UNITED NATIONS DEVELOPMENT GOALS



(1) Topic not of material relevance in light of the level of maturity already achieved by Daher or the expectations of stakeholders.
 (2) Number of accidents per million hours worked.
 (3) Full Time Equivalent.

Supporting the growth of our Group

Co-constructed in 2017, the Daher CSR strategy is an integral part of the Succeed Together strategic plan for the period 2018-2022. It is designed to establish the Group as a corporate social responsibility leader across all its business sectors by 2022.

Shaping the Future Together has made it possible to formalize the ambitions of Daher in terms of how it achieves its business goals and conducts its operations, and sets out the ambition of contributing to sustainable value creation for the benefit of all Group stakeholders. In 2018, it focused on priority challenges – particularly those related to risk management and stakeholder dialog – by constructing a materiality matrix.

In 2019, the priorities identified by the materiality matrix and completion of a comprehensive "Bilan Carbone" assessment of our activities gave us the information we need to develop the central planks of our strategy, as described in this report.

Using known risks as the basis for identifying priority CSR issues and ensuring the Group's long-term and sustainable future

The Daher vision of sustainable and responsible development is to contribute to the long-term future of the Group, beginning by ensuring that the external positive and negative influences of its business activities are fully and responsibly managed.

The responsible approach therefore requires the ability to control principal risks, whether operational or strategic.

To ensure Daher responds to these challenges efficiently, effectively and over the long-term, the company took the decision in 2017 to combine risk management and sustainable development within the same department.

These risks are, by nature, either financial or non-financial. Daher ensures that it implements one or more policies to effectively cover each of its principal non-financial risks, and complements its system with an action plan and supervisory/management steering indicators. Governance of this process is provided by the CSR Committee with input from the members of the Executive Committee.

NON-FINANCIAL RISKS IDENTIFIED AND ADDRESSED IN 2019



Social movements

Social movement may take the form of employee strikes in our manufacturing and logistics businesses. High-quality social dialog is an essential lever for controlling this risk and often results in the signature of collective agreements with our social partners.



Skills matching

Since the Group operates across a diverse range of industry sectors, it requires an equally broad range of skills, talent and expertise. The demand-led labor market in these sectors requires greater effort to be focused on attracting and retaining key people to ensure the Group's forward development.

Labor Risk

Some Daher logistics contracts require the use of short-term contracts. Skills plans are in place to anticipate rapid and unpredictable adjustments to personnel numbers.

Supplier Due Diligence

Compliance with social and environmental regulations and laws by Group suppliers requires Daher to adhere to a Supplier Code of Ethics and to exercise due diligence.

Threats to employee health and safety

Employee health and safety are central to the Group Corporate Social Responsibility policy, because these crucial issues are material to our manufacturing and logistics activities.

Ethics and compliance

Our Group places the utmost importance on loyal and honest conduct by all its employees – regardless of status and/or seniority – and partners, in strict compliance with all applicable legal measures and internal procedures.



Handling and transportation of harmful products and materials

As a result of its manufacturing and logistics activities, the Group ensures compliance with European rules governing the handling and transportation of hazardous materials and goods.

Sustained decline in the aviation market

Despite having grown continuously for the last decade and having a similar outlook for future years, the aviation market may nevertheless experience occasional declines for geopolitical reasons or longer-term decline as a result of the public losing its appetite for air travel. This rejection of the aircraft as a mode of transportation would reduce the backlog of airline orders for aircraft manufacturers, thereby reducing our volumes of manufacturing and service business.

THE CHALLENGES AND IMPLEMENTATION OF A CORPORATE RESPONSIBILITY STRATEGY

Co-constructed in 2017 and fully consistent with the 2018-2022 Succeed Together strategic plan, the Group's CSR strategy has provided the framework for formalizing the ambitions set by Daher and finding ways in which it will achieve its goals and conduct its business operations to create sustainable value for all stakeholders. It aims to establish the Group as a corporate social responsibility leader within its business sectors by 2022.

The definition of a corporate responsibility policy

It was in 2017 that Daher made a formal commitment to supporting and implementing the human rights, international labor standards, environmental protection and anticorruption initiatives of the United Nations Global Compact.

At the same time, Daher also identified its principal social responsibility challenges by engaging in a broad collaborative approach to the issues involved. A Steering Committee assisted by specialist consultants worked on the basis of ISO 26000 guidelines to identify its most substantial CSR issues.

Consulting with stakeholders to conduct a materiality analysis of CSR challenges

In the fall of 2018, Daher introduced a mechanism to analyze CSR challenges by inviting input from its internal and external stakeholders. The feedback received was then used to conduct an initial materiality analysis. This process enabled Daher to compare its expectations with those of its internal and external stakeholders to gain a better understanding of shared challenges and identify any gaps between individual expectations.

Working together in this way, Daher and its stakeholders were able to identify 7 priority expectations: 4 social challenges (employee health and safety, working conditions and management, social dialog and skills development), 2 governance challenges (business ethics and stakeholder interaction) and 1 corporate issue (responsible purchasing).

THE MATURITY OF OUR CORPORATE STRATEGY WILL ENABLE THE FULL ROLLOUT OF OUR CSR COMMITMENTS IN 2020



Sophie Pardi
Group CSR Manager

We're now at a pivotal point in the CSR rollout at Daher. Since 2017, we've focused on putting together a robust approach to CSR issues to make sure that the issues we're working on are those most relevant to our business sectors and stakeholder expectations, at the same time as building on our fundamentals in terms of compliance and customer service.

For 2020, our goal is to complete the process by accelerating its operational rollout at Group employee level and ensuring its synergy with

corporate strategy. Both goals are ambitious, since they require the activation of very different levers, but realistic on the basis of initial results.

Daher is counting heavily on its network of ambassadors launched in 2019, and on the work now being done to ensure that everything is ready in 2020 to achieve these goals!

OUR GOVERNANCE MODEL INVOLVES SHAREHOLDERS IN A SUSTAINABLE PERFORMANCE



Estelle Roux
Administrator of Compagnie Daher and Deputy Director of the family holding company CoreDaher

As Daher shareholders, we pay close attention to the sustainable performance of the company and what it's doing to ensure its long-term future and its ability to adapt, innovate, resist crises, attract and retain talent, etc.

The commitment of shareholders to a well-structured governance model is another important cornerstone of sustainable performance. It enables Daher family members, whether current or future shareholders, to speak with a single voice and to share the same vision when giving impetus to the company's

major strategic directions. This model is based on full transparency, because our rules – company statutes, internal regulations, charters, etc. – are written, but never set in stone, and are known by everyone.

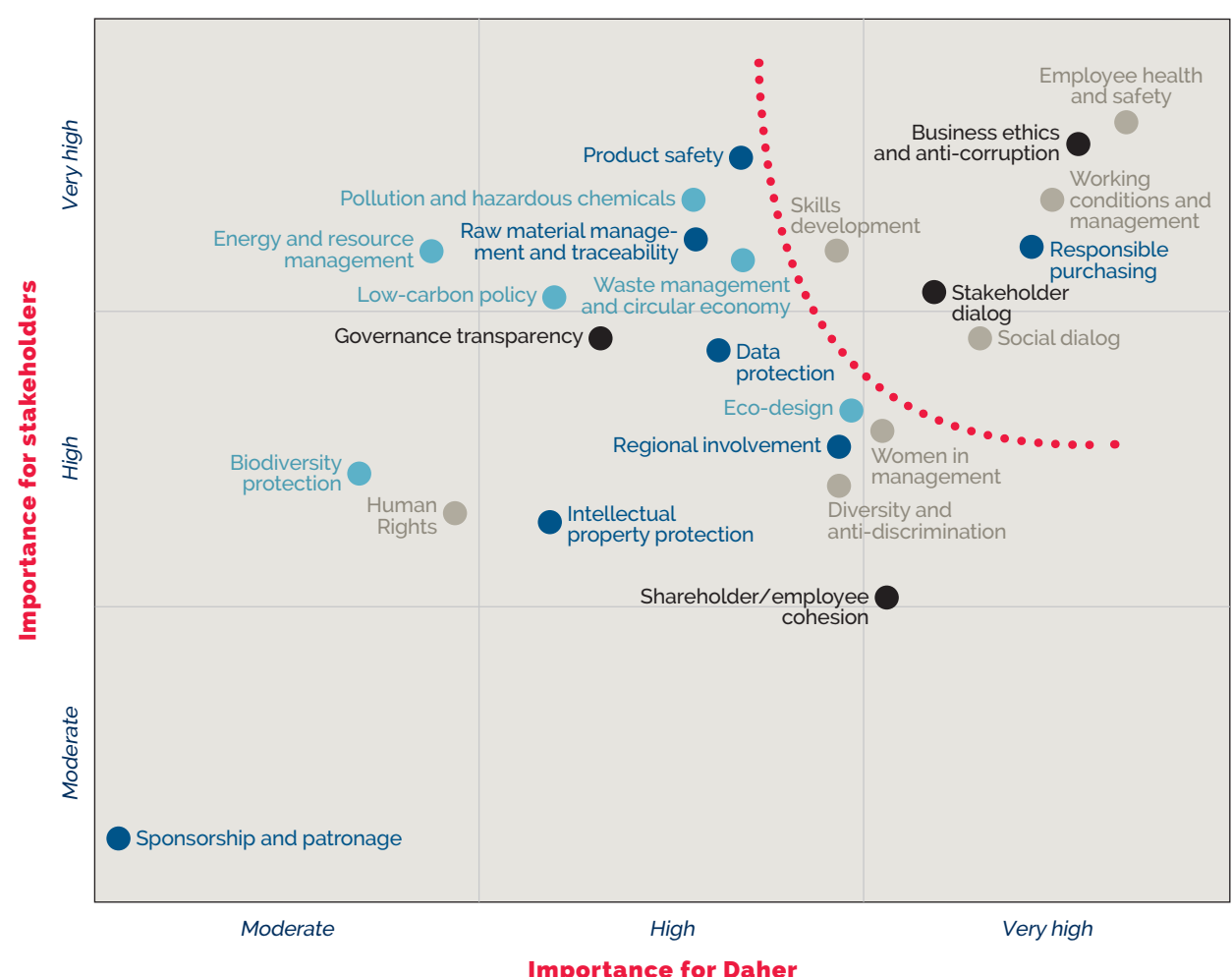
Once validated by the Board of Directors, our strategic plans are also written and communicated to all stakeholders.

DAHER GROUP MATERIALITY MATRIX

The results of this materiality analysis confirm and underline the priorities set out in the CSR strategy and deployed since 2017. They provided new insight into the importance placed on certain challenges by stakeholders, particularly those concerned with environmental issues. In 2019, the Daher executive management team responded to these results by strengthening the environmental commitments contained in the HSE policy and CSR strategy.

The materiality analysis was conducted in conjunction with the specialist consultancy, B&L évolution. It will be conducted on a regular basis to ensure that the management and supervision of CSR strategy are on-target for achieving its ambitions.

- Corporate challenges
- Environmental challenges
- Social challenges
- Governance challenges



Shaping the future together

3 COMMITMENTS AND 12 CHALLENGES TO BECOME A SUSTAINABILITY LEADER OF TOMORROW'S INDUSTRY



Challenges

- ▶ Taking employee and management commitment to a new level
 - Social dialog
 - Occupational quality of life
 - Collaborative working
- ▶ Ensuring diversity and fairness
 - Women in management
 - Disability inclusivity
 - Combating all forms of discrimination
- ▶ Ensuring the long-term future of shareholder governance and the transparency of our family-based model for responsible capitalism
- ▶ Building cohesion between our employees and shareholders



Challenges

- ▶ Improving the employability of our people
- ▶ Increasing dialog with stakeholders in our host countries and regions
- ▶ Strengthening our responsible purchasing policy
- ▶ Integrating CSR into our business lines, products and services as a source of added value for our customers



Challenges

- ▶ Improving employee safety
- ▶ Minimizing our environmental impacts
 - Preventing pollution related to our business activities
 - Optimizing energy and resource management
 - Rolling out a low-carbon policy for our business lines and processes
- ▶ Respecting business ethics and combating corruption in all its forms
- ▶ Ensuring the safety and security of our products, services and data

Corporate Social Responsibility (CSR) at the heart of overall Group management

The formalization of Daher's CSR ambitions led on to the 2017 introduction of a Group-wide CSR management system accompanied by a characteristically ambitious and committed governance model.

Managed by the Compagnie Daher Board of Directors Governance Committee, the CSR strategy is supervised and guided by a CSR committee, and coordinated by a network of CSR ambassadors at site and regional level. These ambassadors have responsibility for making CSR issues and good practices a daily reality with the support of the Transformation, Risk and Sustainable Development Department.

The definition of global performance indicators

CSR indicators: setting the baseline for performance measurement

In 2018, the priority for the CSR Committee was to identify and catalog the most relevant indicators for each challenge within its specific area of responsibility. This fundamental work enabled CSR Committee members to clarify and adopt a coherent overall approach, and bring the teams closer together around key CSR challenges. The CSR Committee then tested the relevance of 36 indicators, and decided ultimately on publishing approximately 20 of them. Targets for these indicators were set during 2019 through the period to 2022, thereby enabling medium-term oversight of improvements.

Many of these indicators did not exist in 2017, so their introduction was an essential first step in measuring their performance. At this stage, the calculation methods for all CSR indicators were consolidated, and the resulting data shared in an IT system implemented in France and all those countries covered by the non-financial reporting directive in 2018 (France, Germany, Morocco and the United Kingdom).

In 2019, it was possible to measure Group performance against these targets on an almost like-for-like basis.

■ A CSR COMMITTEE to supervise responsible value creation

With a membership composed of operational staff selected for their involvement and/or expertise in each of the three strategic areas (ONE DAHER, TOGETHER or DAHER WAY) and representatives of family shareholders, the mission of this committee is to supervise the dynamic rollout of CSR policy within the Group, and to pass on, support and share Daher's CSR ambitions.

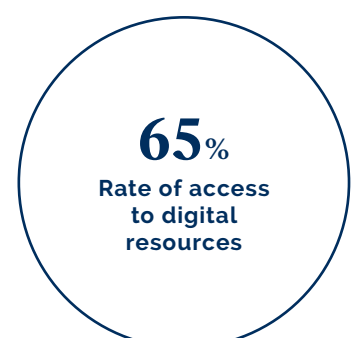
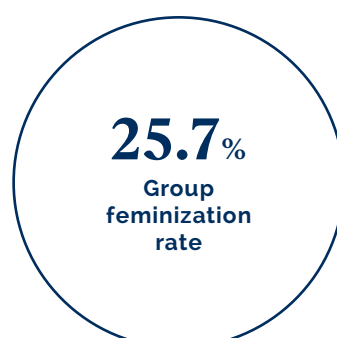
■ A COORDINATING ROLE for the Transformation, Risks & Sustainable Development Department

Daher has taken the innovative step of entrusting Group-level CSR policy coordination to the Transformation, Risks & Sustainable Development Department. This department also has responsibility for internal audit and compliance. Its true strength lies in the ability to centralize information about the risks identified in coordination with the Group Executive Management team, and provide other departments with recognized expertise in anticipating and controlling those risks. This cross-functional coordination and process control role is an important factor in ensuring that the Group CSR strategy is implemented and applied in accordance with the highest standards.

■ A NETWORK OF AMBASSADORS to make CSR part of daily life for all employees

Making responsibility an integral part of day-to-day performance demands a dynamic commitment to working as closely as possible with every business line. The network of CSR ambassadors was expanded in France and Morocco during 2019. Identified and selected for their ability to unite and influence Daher teams, our CSR ambassadors have responsibility for coordinating their own CSR roadmaps with support from their management teams.

SELECTED KEY INDICATORS FOR 2019



HIGHLIGHTS

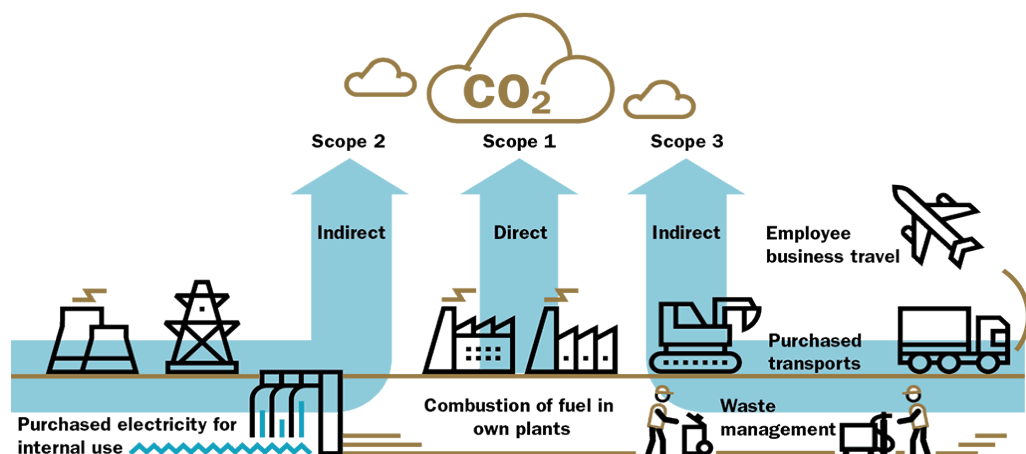
OF 2019



A NETWORK OF AMBASSADORS

Launched at the beginning of 2019, the network of CSR ambassadors had grown to include around 30 employees by the fall. Identified by their managers as having the personal qualities needed to convey the CSR convictions of Daher and bring people together to concentrate all the energies required for action, they are based in all our major employment catchment areas in France and Morocco. They work in all the main functional departments of Daher: HR, HSE, Quality, Innovation, IT, Sales, Purchasing, etc.

Our Ambassadors work with their operational departments and their support teams to roll out the Group CSR strategy at local level by preparing annual roadmaps and implementing tangible and visible initiatives for all employees. Ambassadors collect and disseminate all CSR-relevant information and act as the go-to point of contact for CSR issues within their own local area.

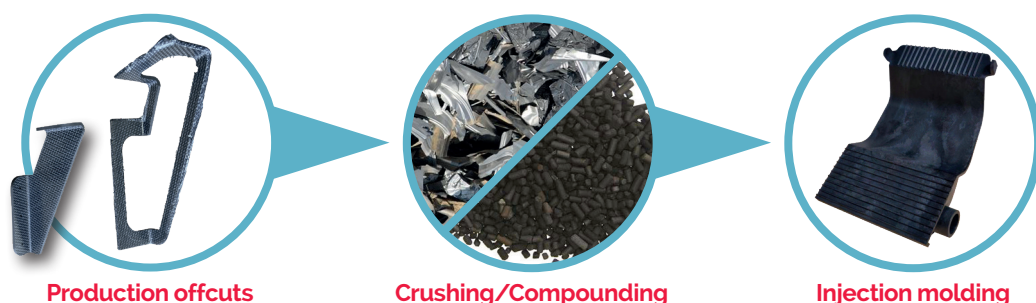


"Bilan Carbone" assessment

Daher has conducted a carbon footprint assessment of all its activities, regardless of whether they fall inside or outside the legally required scope of operations. Carbon accounting is a voluntary scheme designed to identify significant sources of carbon emissions as the basis for setting reduction targets and developing new initiatives. The inclusion of emissions at every link in the company value chain heightens the relevance of carbon reporting as part of corporate strategy.

Thermoplastic composites

As a European leader in thermoplastics, Daher is determined to become a sustainable front runner in the industry of the future and to confirm its unique expertise in manufacturing and logistics. Daher set out its vision of a responsible management plan for thermoplastic composites at the 2019 GIFAS plenary assembly. This plan will underpin a structured and integrated sector that involves every French aviation industry company.



EcoPulse

As part of their innovation strategies, Daher, Airbus and Safran are working collaboratively on the design and development of the wing-mounted EcoPulse™ distributed hybrid propulsion demonstrator with a scheduled maiden flight date of 2022. Based on Daher's TBM platform, this project initiated by CORAC (the French Civil Aviation Research Council) with support from DGAC (the French Civil Aviation Authority) will develop technologies that boost the environmental efficiency of aircraft and meet the new needs of air travel.



FONDAHER

Since its creation in 2017, this 'Family and Corporate' foundation has pursued its key mission of facilitating long-term access to job through training opportunities focused on excellence. Its Board of Directors includes family shareholders and employees. It supports three major projects that align with its mission, and focuses particularly on our employment catchment areas. Every year, it launches a call for projects from employees and family members involved in non-profit organizations.

Future Generations Council

The Future Generations Council is a new form of public and citizen consultation forum led by *Usbek & Rica* – the French magazine that explores the future – and its historical partner EDF. It brings together companies, politicians, civil society representatives and readers. Its aim is to work together on addressing complex social issues and discuss the transformations that each actor has to embrace. Daher has been a partner company since the first edition with some employees and family members.



D4her, 'D for Her'

D4her is the name of the working group launched in February 2019. This gender-balanced group, that is led by a female manager, brings together twin sponsors. Convinced that greater gender diversity within the company equates to improved performance and employee appeal, the Group's goal is to ensure that women have the same 25% level of representation in management as in the rest of the company by 2022. The D4her working group focuses on three priorities: measurement, awareness raising and support.

SYLVAIN PRÉVOT

CHAIRMAN OF THE GÉNÉRATIONS DAHER FAMILY ASSOCIATION

“As a key factor for attracting the new generations, CSR allows the company to take a proactive approach in order to prepare for the future.”



In a family-owned business, cohesion and continuity are absolutely central issues. To unite around a shared plan to bring the rising generations onboard, we have to provide meaning and direction. Rolling out an ambitious CSR policy gives the company the opportunity to prepare effectively for the future. Its young shareholders are increasingly aware of the impact our activities have on the environment and ecosystems. CSR is also a guarantee of permanence, since in the medium and long terms, only those companies capable of making such a commitment and successfully transforming themselves to get ahead of their competitors in tomorrow's markets will survive.

Increasingly singled out for its CO₂ emissions, the aviation industry no longer has any choice but to reinvent itself in ways that permanently reduce its environmental impact. Green issues are the major challenge for the coming decade, and Daher intends to play a leading role in this transformation. In recent years, the majority of its R&D projects have focused on precisely these issues. So the TBM, which is, after all, symbolic of a form of aviation pleasure for the privileged few and as such is open to criticism, has become an essential innovation platform used to test new eco-friendly technologies that can ultimately be deployed on larger scale. This is particularly true of its use as the platform for the EcoPulse distributed hybrid propulsion demonstrator under development with Airbus and Safran, which is scheduled to make its first flight in 2022. But the TBM is also testing other technologies, such as the thermoplastics used to produce components that are lighter and stronger than their metal predecessors, cost less, and will help aviation to resolve the dual constraints of competitiveness and reduced environmental impact.

Air travel has a major role to play in tomorrow's world, because it encourages and facilitates meetings and interactions between people of different nationalities and cultures, both of which are essential for a more responsible form of human development.

We must encourage and support the transformation of our industry by accepting our responsibilities. That implies committing ourselves to a more sustainable aviation by providing the impetus which drives transformation. This is a key issue in sustaining and intensifying the interest of the rising generations of shareholders so that they can understand, engage and decide on how our skills are perpetuated going forward.

CSR is central to all these challenges and will inevitably condition our shared success.

Sylvain Prévot

Since 2018, Sylvain Prévot has chaired the Générations Daher association with the primary goal of ensuring family cohesion. He is also a member of the CoreDaher holding company Supervisory Board and the Governance Committee.

THE EMPLOYEE PERSPECTIVE

“Workplace wellness is our priority. It’s a key factor in commitment and therefore in performance and efficiency.”

Laurent Besombes

As Vice-President Southern Europe (Logistics & Industrial Services Operations), Laurent Besombes actively promotes the integration of CSR into every aspect of company organization and management.

How do you see CSR?

Laurent Besombes: I see it as a function in its own right, rather than a ‘nice to have’ add-on! And that’s what we’ve started to put in place by integrating CSR into the overall management of our region, setting goals and preparing a roadmap, indicators and routines that are now well established. But it’s a rather special function, which requires you to find the right people with a feel for the issues involved, but who also have the ability to think outside the box in ways that benefit individuals, society and the environment... and give them the time to do so. I wanted workplace wellness to be our top CSR priority. Building relationships, adopting more circular management methods, developing a sense of community alongside self-sufficiency... all of these are extremely important factors in making people feel good about working at Daher, creating team spirit and shaping an environment that encourages commitment and performance, and builds employee loyalty. In 2019, we succeeded in structuring our approach and getting things moving in the right direction. We now want to go further with implementation and dedicate more time to those who volunteer to make it happen.

Can you tell us what you’ve achieved so far, and what you hope to achieve in the future?

L. B.: Friendly events like ‘dress-down Fridays’ and inter-service challenges, a mobility plan to minimize our environmental impact, awareness information around eco-actions, household and company waste management (Waste Attack), biodiversity (vine planting and grape harvesting by employees and their families), employee involvement in activities to mark International Women’s Day and World Cancer Day, a monthly CSR newsletter... and more. We’re working with other AeroConstellation business park companies to introduce shared services, such as catering, a sports club, a day nursery, outdoor sports facilities, a local veg box scheme and food trucks... A broad range of things that meet the needs people have outside their purely working lives.

For 2020/2021, we’re planning to host a Family Day to showcase the initiatives of our Ambassadors, as well as a Safety Day to help keep employee awareness of crucial safety issues as high on the agenda as it should be.



“This set of extremely innovative technologies means that Daher can now engage with a genuine policy of eco-responsibility.”

Stéphanie Portet

Materials Engineer Stéphanie Portet has been conducting R&D projects on new materials and manufacturing processes for more than 10 years.

How does R&D fit into the Daher CSR commitment?

Stéphanie Portet: The biggest challenge facing aviation over the next decade is succeeding in the environmental challenge. All our R&D projects are focused precisely on that.

Reducing aircraft weight to cut fuel consumption and CO₂ emissions is a major issue for manufacturers. Daher invested at a very early stage in thermoplastics – materials that are lighter than their metal alternatives, but with equivalent mechanical properties – and is now well ahead of the curve. Our research continues to focus on producing larger and more complex components, but that’s not all. An R&D project we launched in 2018 has demonstrated that thermoplastic production waste can be used to create a material with applications in many fields.

Why is Daher involved in recovering and reprocessing thermoplastics?

S. P.: The thermoplastic component production process generates around 8 metric tons of offcuts every year,

which imposes a high environmental impact if it’s sent to landfill, because it takes more than 500 years to break down. We’re working on demonstrating that it can be recycled and repurposed in the aviation industry through demonstrators that show how these materials can be used for components such as TBM rudder pedals, for example.

We’re now consulting with partners about setting up a recovery and repurposing sector to structure and share the entire process, from research through all the phases of collection, sorting and storage, crushing and compounding to recovery of the resulting material and identification of use cases in the aviation industry or even in other industries.

Our challenge going forward will be to secure qualification of a high-performance material and develop other technologies, such as additive manufacture and overmolding.

This set of extremely innovative technologies means that Daher can now engage with a genuine policy of eco-responsibility that really brings people together inside the company, and holds out excellent business prospects if we judge by the interest and requests of our customers and partners.





“Team diversity gives companies a lever for transformation and performance.”

Julie Azuelos

Julie Azuelos is Site Manager for the ITER nuclear fusion research program at Cadarache. She is also D4her⁽¹⁾ Project Leader

How did D4her come about originally?

Julie Azuelos: Since the 2016 signature of the Group agreement on workplace equal opportunities and diversity, it has been possible to use an industry benchmark to identify priority areas for progress, including the percentage of women in positions of responsibility. The employee consultation exercise run by the company in March 2018 confirmed the level of interest in this issue, and led on to the introduction of the dedicated D4her program launched in March 2019.

What is its main goal?

J. A.: The central issue is how to guarantee a greater level of gender diversity at all levels of a company working in a very male-dominated industry? Women account for 26% of the Group labor force in France, which is equivalent to, or even slightly higher than, the average for the sectors we operate in. But they are extremely underrepresented in decision-making positions. Mixed-gender teams give companies a lever for transformation and performance. It has also been shown that introducing greater diversity into governance and management structures has a positive knock-on effect on the results of the company as a whole. It's on that basis that we made the choice to focus primarily on

the issue of bringing more women into management, with the ambition to help the Group achieve its target of women accounting for 25% of management team members by 2022.

What initial successes have you achieved?

J. A.: We've put in place a roadmap for facilitating access for women to management positions by focusing on four key areas of work: detailed monitoring of the relevant indicators, awareness raising with particular emphasis on cognitive bias, identifying and supporting highly talented women, and hiring. Our successes in 2019 also included an awareness-raising roundtable discussion with our Executive Management at the Paris Air Show, running a Leadership for Women pilot training and sharing our experience of these issues with more mature organizations.

The D4her ambition for 2020 is to extend the rollout of those initiatives by hosting local roundtable sessions as forums for discussion and mutual support (sorority), by ramping up communication campaigns to promote collective awareness, setting monitored quantitative targets for the presence of women in succession plans, and developing targeted support programs.

(1) Daher for Her



“Working together, working better, working differently: that's what guides our thinking on innovation.”

Gabriel Raffour

Gabriel Raffour heads up the DaherLab open innovation hub. He is also a Daher CSR Ambassador.

How are Open Innovation and CSR linked within the company?

Gabriel Raffour: At Daher, Open Innovation and CSR overlap in terms of our main social, environmental and economic goals. Working together, working better and working differently: that's what guides our thinking. Run in collaboration with local managers, schools, startups and SMEs in our employment catchment areas, our open innovation policy contributes to creating dynamic local economies. Internally, it encourages the expression of ideas from those on the frontline of our business by involving all employees through participative initiatives like PoC Together and Design Thinking workshops to develop our innovation spirit and culture. This is important because new technologies are often perceived as a threat to jobs, when their main purpose is to make tough tasks easier, thus enabling people to focus more time on tasks that add greater value. There is a lot of explaining and listening needed to de-demonize and demonstrate the potential of technologies like Artificial Intelligence or Blockchain, which already generates a lot of value for Daher. Robotic Process Automation – or RPA – automates

business processes to save time on repetitive tasks, at the same time eliminating paperwork and reducing the time people spend in front of their screens. So, it provides multiple advantages!

What are your priorities right now?

G. R.: In today's world, positioning ourselves effectively in green technologies like bio-packaging, thermoplastics and hybrid aircraft – all of which are real game changers for every part of our industry – gives us a clear competitive edge. These technologies are where economic benefits meet environmental benefits. So that's the direction we're working in to design products and services that are innately ethical and eco-responsible: *ethical by design, green by design*. But we can't do it alone: every link in the value chain has to work with all the others. This is the core purpose of open innovation as we understand it. The rising generations want jobs that are meaningful, and it's our job to drive change in that direction. Ever since its creation, Daher has never stopped reinventing itself. In today's world, it's by working closely with vibrant local ecosystems that we will continue doing so.

BOOSTING COHESION BETWEEN EMPLOYEES AND SHAREHOLDERS

OUR CONVICTIONS

Because Daher has grown as a result of the commitment and shared values of its shareholders and executive management team, and because Daher has grown out of a long-term vision, Daher is convinced of the importance of boosting cohesion between its employees and shareholders in preparing responsibly for the future.

— Taking employee and management commitment to a new level...

... through social dialog

In France, 2019 was marked by employee representative elections and the introduction of the new CSEs. This new configuration of employee representative bodies has resulted in the signature of two amendments to the Group Agreement.

A total of 20 agreements were signed in 2019, including 9 Group-level agreements specific to France:

- work involved specifically in introducing the new CSEs
- integration of the new 3PL+ activities in Aquitaine
- finalizing the substitution agreement involving 1,500 employees
- annual agreements on compensation policy and profit-sharing / performance bonus targets
- renewal of the social dialog and trade union rights agreement

The agreement negotiation and signature process is preceded by a preliminary phase in which issues are shared with employee representative bodies at Social Studies committee meetings to promote a clearer and shared understanding.

These preliminary discussions and the interpretation of Group agreements to produce regional or local agreements are two particular areas that reflect the dynamic nature and maturity of our social dialog model.

In 2020, Daher intends to introduce a regular social barometer survey to measure the effectiveness of its social dialog and pick up weak signals that can then provide input for this process of dialog.

... to improve occupational quality of life

In 2019, the initiatives introduced to prevent absenteeism risk factors continued in France, underpinning the Group's profit-sharing and performance bonus agreement and the Prevention of Psychosocial Risk Factors agreement.

EXAMPLES OF INITIATIVES IMPLEMENTED IN FRANCE

- standardized definition of tutors in Western France (Nantes - Saint-Nazaire)
- work on multiskilled versatility (Tarnos)
- definition of workstation cleaning time and the obligation to change clothes when handling certain chemicals (Malville)
- supporting managers to improve the way re-integration interviews are conducted (Toulouse Airlog)
- preparation of a charter to govern the conduct of meetings (Tarbes and Saint-Vallier)
- harmonization of practices with Tarnos (Bordes)
- guidance for working groups whose members represent plant-related functions and hosted cross-disciplinary functions to improve the shared environment (Nantes)
- psychosocial risk training for managers (Tarbes)

The occupational quality of life methodology designed in 2017/2018 (on the basis of that adopted by ANACT, the French National Agency for the Improvement of Working Conditions) to analyze these factors was consolidated in 2019.

It is structured into three phases:

- mobilizing the prevention team and raising awareness among its members
- conducting analyses with employee input
- feedback and preparation of the improvement plan

These steps make it possible to identify causes specific to the region, and involve the local prevention group in identifying initiatives that will deliver practical improvements.

This methodology has proved its value:

- it creates a discussion space in which employees can talk about the work they do
- it factualizes the perception of work by identifying those things that are working well and those that are working less well
- it empowers everyone involved to take action legitimately at their own level

The challenge going forward will be to keep up the impetus created by these prevention groups and analyze the issues that contribute to collective performance and occupational quality of life.

In 2020, we will continue to implement Psychosocial Risk Mapping and further strengthen our basic systems: Health/Social/Prevention, the re-induction meetings and occupational medical consultations. We will continue work on structuring our network of healthcare professionals, and we will equip our medical and HSE teams with a shared occupational health and safety software package.

... by developing collaborative working

One of the three priorities of the Succeed Together strategy is digitalization. In this context, the Group has been working for several years to involve employees more closely in increasingly interactive and collaborative working methods.

Since 2018, a number of digital platforms have been introduced to facilitate employee input, including one called 'Proof of Concept Together' to gather innovation suggestions from employees. In 2019, its scope was extended to include the entire Group (France and our foreign subsidiaries), attracting 45 contributions. In 2019, we standardized the way we interact by introducing a collaborative working system that has since been used on several occasions.

In 2018, the Group also launched the Mikado program to review and redesign the employee experience and digitalize the HR function, followed at the start of 2020 by a new HR system to harmonize our practices and operating methods across the Group (including in our foreign subsidiaries) to support employee development and boost internal mobility.

In parallel with Mikado, we have developed the 'Daher en Short' series of 3-minute YouTube-style mini-videos to promote our expertise, highlight our talents and encourage internal mobility. They currently cover eight career options across our operating locations (a further eight new editions are planned for 2020). We have also introduced a Welcome app to offer our new hires a personal and facilitating employee experience during their first months with us.

As part of accelerating our digital transformation, the Group will create an Employee & Digital Experience Department in 2020.



Shopfloor team meeting at Hub Ouest in Saint-Nazaire.

— Ensuring diversity and fairness

... by bringing more women into management roles

"The Group commitment to gender equality is delivered through D4her"

With women accounting for 25% of Group employees, Daher is consistent with the average for its benchmark sectors. However, the representation of women in top management positions is just 16%, with none at all on the Executive Committee. This fact and the strongly held belief that greater diversity within the company equates to improved performance and employee



Challenges

- ▶ Taking employee and management commitment to a new level
 - Social dialog
 - Occupational quality of life
 - Collaborative working
- ▶ Ensuring diversity and fairness
 - Women in management
 - Disability inclusivity
 - Combating all forms of discrimination
- ▶ Ensuring the long-term future of shareholder governance and the transparency of our family-based model for responsible capitalism
- ▶ Building cohesion between our employees and shareholders

— Boosting cohesion between employees and shareholders

A common 'crew'

To ensure the long-term future of our family-owned corporate model and bring together a strong 'crew' whose members share the same values and are equally committed to the long-term development of the company, we have developed close links between employees and family shareholders.

A working group whose members include family members, shareholders and company representatives was set up at the beginning of 2019 to work on developing the corporate purpose of Daher in alignment with the values of the family and the company, its operational activities and the aspirations of the new generation.

Within this framework, two inspiration books have been designed and produced in collaboration with *Usbek & Rica* magazine.

Collaborative work identifying the values of Daher as a family business – our founding and aspirational values – has begun in the form of workshops:

- from the company: more than 300 representatives in 14 workshop sessions held in 7 locations
- from the family: 105 representatives in 3 workshops and 61 contributions via an online forum

A summary of this work was presented to the Mirror Committee by the members of the Daher corporate purpose working group of six family shareholders, five employees and one independent director.

The ultimate aim is to arrive at a concise summary of values in which employees and shareholders can meet.

Many more opportunities for employees and family shareholders to meet

Significantly increasing the number of opportunities for meetings has been one of our key goals since 2018. The 16 shared events of the year included:

- attendance of shareholders and employees
- attendance of family shareholder representatives at the Daher Discovery Day events held as part of new manager induction
- themed shareholder information dinners which, in 2019, brought more than 60 family shareholders together to discuss operational issues.

FONDAHER... a shared foundation

The FONDAHER family foundation was set up in 2012, and came together with the Daher company in 2018 to become a Family and Corporate foundation, whose key role will be to facilitate long-term access to jobs through training opportunities structured around the quest for excellence.

The Foundation Board of Directors includes two company employees, one of whom is the Foundation treasurer, and three family directors, who include the Chairman and secretary.

The Foundation provides support for three major projects under the terms of multi-year agreements, with particular emphasis on our regional roots in employment catchment areas. Acta Vista will soon extend the reach of its heritage renovation projects from Marseille to include the Centre region of France, IECD is seeking a new project in Morocco, and Le Lab is providing support for an intake of young entrepreneurs in Nantes.

2019 saw the second call for project submissions from employees and family members involved with non-profit organizations. 33 submissions were received, of which 15 projects were selected by the Board of Directors.

- identification and support of highly talented women
- hiring

The first practical initiatives were introduced in 2019: a round table session hosted at the Paris Air Show, awareness raising for all Executive Committee members, experience sharing with other organizations further advanced on this issue, and a pilot of the Leadership for Women training program.

The D4her ambition for 2020 is to extend the rollout of those actions introduced in 2019: the duplication of round table sessions, communication to promote collective awareness, quantified targets and targeted support programs.

... through the inclusion of disabilities and diversity

Daher has been fulfilling its obligation to employ staff with disabilities in France since 2017. In France, employees with disabilities account for 4.76% of the Daher headcount. Daher companies also use subcontracting and partner with temporary employment agencies to help bring disabled employees into the world of work and ensure their continuity of employment.

To take this key issue even further, Daher has joined forces with AGEFIPH (the French public sector agency that promotes employment for people with disabilities) to conduct an in-depth analysis to identify potential areas for improvement as the basis for integrating people with disabilities more fully and successfully into our teams. The results of this survey highlighted four key areas of work: the hiring of employees with disabilities, ensuring the long-term future of their jobs, internal and external communication, and the need to make purchases from the adapted and protected employment sector. A policy will be brought forward in 2020.

— Ensuring the long-term future of our shareholder governance and the transparency of our family-based model for responsible capitalism

Robust governance as a source of value creation for the company

Our robust and innovative governance model is an essential precondition to ensuring the long-term future of the company. It is a very real source of value, and something that sets us distinctively apart from others.

The Daher family has been the majority shareholder ever since the company was established in 1863.

To ensure a high level of cohesion between Daher family members (around 600 in 2019) and help them to perpetuate the family culture and values, the Générations Daher family association was formed in 1994, and family shareholders came together to form CoreDaher (formerly Sogemarco-Daher), the holding company that leads the Daher Group.

At the end of 2019, CoreDaher held more than 87% of Compagnie Daher share capital, alongside reference partner Bpifrance (12.5% of share capital) since 2019, which shares the same long-term industrial vision as the Daher family.

Preparing the next generation of family shareholders

To ensure the long-term future of our governance model, we train and prepare the shareholders of the future to be shareholders committed to the long haul, with the ability to appreciate the key challenges facing the company.

In 2019, 563 representatives of the Daher family received 66 hours of training on their roles and responsibilities as shareholders, and the activities of the company.

appeal have encouraged the Governance Committee to make gender equality a priority challenge going forward.

The D4her working group was launched in February 2019 with members of both genders, twin sponsors and a woman manager as its leader. Daher's ultimate goal is to reach the point where women have the same level of representation in management as in the rest of the company – 25% – by 2022. The 15 members of D4her have put in place a roadmap to promote conditions that facilitate the access of women to management positions, including:

- detailed monitoring of the relevant indicators
- awareness raising with particular emphasis on cognitive bias

PARTNERING WITH OUR STAKEHOLDERS

OUR CONVICTIONS

Since Daher creates value in its ecosystems as a result of its positioning as a partner and integrator, as well as through innovation, and because the complexity of the industrial challenges to which Daher responds demands collective intelligence, the Group is convinced of the importance of acting as an integrator partner of its stakeholders in order to respond effectively to shared CSR issues.

— Improving the employability of our people

Skills development

Upskilling employees and ensuring that their qualifications align with the expectations of Daher customers has been a constant focus for the Human Resources Department for many years. So the Group has put in place a skills management policy designed specifically to meet the challenges of its operating markets.

Daher employee talent and knowledge management structured around two key issues:

Implementation of a robust training plan

For several years, Daher has devoted more than 4% of its payroll to employee training and skills development. This structure helps the Group to remain competitive, continue delivering high-quality service and develop the skills of its employees in the short, medium and long terms.

The Group training plan has been constructed around Daher's strategic priorities for 2022, as set out in its Succeed Together strategic plan. A significant proportion of the budget allocated to this plan addresses the immediate needs of employees with implementation of the mandatory training essential for all jobs where specific qualifications are now required.

As in 2019, the priorities for employee training in 2020 are:

- training programs on financial performance, with particular emphasis on contract management;
- support for communication and efficiency in multicultural environments (American or European);
- the development and accessibility of online training;
- upgrading of management capabilities;
- development of our technical expertise and in-service training.

SOME PRACTICAL OUTCOMES

- Five-year research chair – Research into the Design and Certification of Innovative Architectures for Light Aircraft – created by Daher at ISAE-SUPAERO (Toulouse). Focus of research: environmental impact reduction, understanding societal mobility needs and the certification of these new architectures in response to the major challenges of today and tomorrow.
- CSR Charters: as an ambassador for CSR, Daher is committed to promoting and raising awareness around these issues within its employment catchment areas.
- FONDAHER, the 'Family and Company' Corporate Foundation: Daher supports multi-year projects based in its employment catchment areas (in Marseille with the non-profit Acta Vista⁽¹⁾, whose work will soon be extended into the Loir-et-Cher region), and with Le Lab⁽²⁾ in Nantes, which is backed by Apprentis d'Auteuil.

(1) Acta Vista provides employment integration and skills training projects on heritage restoration projects for the long-term unemployed.
(2) Le Lab is a two-year entrepreneurship support scheme for young people with few or no qualifications.

Some Daher employee training programs are delivered in collaboration with local partners. So, for example, metalworking training courses have been introduced at Tarbes in partnership with Adecco, Pôle Emploi and Greta.

In 2019, around 5,000 employees in France (60% of the total labor force) received training, with training provision averaging 14 hours per person. In the United Kingdom and Mexico, more than 90% of employees received training in 2019.

Introduction of Strategic Workforce Planning

Strategic Workforce Planning is a more long-term talent and knowledge management system designed to align with the challenges faced by the Group and its customers. Based on an initial diagnostic analysis of each employment catchment area, it sets out to identify any qualitative and/or quantitative discrepancy between the skills needed and the resources available in the labor market. Strategic Workforce Planning is making a significant contribution to integrating Daher more fully into its operating regions, and in many cases provides key support for social dialog thanks to its ability to coordinate a process of continual career monitoring and analysis. One of the outcomes in 2018 was the launch of a skills mapping system.

In 2019, all Group job profiles were described and formalized in a database of more than 450 job descriptions grouped by job family. Thanks to the combined collaborative efforts of our Human Resources departments, managers and employees, every one of our employees is now associated with one of these job descriptions. The database covers France, Morocco, England and the USA, which together account for 94% of our labor force.

It is also the foundation on which our Strategic Workforce Plan (SWP) will be rolled out in future years.

— Increasing dialog with stakeholders in our host countries and regions

Graduate schools and employment catchment areas

Daher is the leading manufacturing industry employer in the two employment catchment areas of Tarbes (in the Hautes-Pyrénées region of France) and Montrichard/Saint-Julien (Loir et Cher). In three other employment catchment areas – Toulouse, Marseille and Nantes/Saint-Nazaire – Daher is a significant employer within what are highly dynamic aerospace ecosystems.

The importance of our status as an employer in these catchment areas gives us the opportunity to enter into regional partnerships.

— Strengthening our responsible purchasing policy

Daher relies on its suppliers to provide long-term support in addressing its production challenges. The Group particularly favors multi-year agreements with preferred partners, and builds long-term contractual relationships with them. The Group also supports all its suppliers, including local suppliers.

2019 was the final year of the ambitious aerospace Industrial Performance program led by the French Aerospace Industries Association (GIFAS), the non-profit organization SPACE, and the Regions France (via the Chambers of Commerce & Industry). As a prime contractor, Daher acted as a cluster leader helping



TBM Final Assembly Line in Tarbes.

a panel of aviation industry SMEs based in the same region to identify and take action on areas for improvement, produce action plans and implement a wide range of changes, and ultimately assess the long-term outlook for the resources implemented. So over the last three years, Daher has provided support for seven SMEs out of the 300 participating in the program.

Working towards a responsible purchasing strategy

Daher is also continuing its efforts to integrate corporate social responsibility principles into its purchasing processes



Challenges

- ▶ Improving the employability of our people
- ▶ Increasing dialog with stakeholders in our host countries and regions
- ▶ Strengthening our responsible purchasing policy
- ▶ Integrating CSR into our business lines, products and services as a source of added value for our customers

— Due diligence plan

Daher has prepared and implemented a due diligence plan in compliance with the legal provisions set out in Articles L. 225-102-4 and L. 225-102-5 of the French Commercial Code. The compliance plan applies to all Group companies, as well as its subcontractors, suppliers and customers.

The Plan meets the following Sapin II law requirements:

A risk map

Daher has identified four categories of supplier, and introduced a separate level of control to be applied upstream to each when selecting suppliers and downstream when monitoring suppliers.

The categories of supplier within the scope of the due diligence plan are based on the risks inherent to the associated purchase product category, risks related to the supplier's operating country (or countries), and risks related to the relationship between the Daher Group and its suppliers (in terms of revenue, volume, dependency, etc.).

To identify risks as accurately as possible, the Group uses the following two digital solutions:

- a screening application to ensure full compliance with national, European and international embargo regulations and to combat corruption and insider influence;
- a digital platform for gathering documents from potential and existing suppliers as the basis for combating corruption and identifying risks ('e-confirmation').

Continuous assessment procedures

Daher has Group-wide procedures in place that enable the exercise of robust and formalized governance through a series of internal control procedures.

Environmental assessments

In light of the challenges posed by climate change, and the need for employees to work in a healthy, safe environment, environmental protection is a non-negotiable issue for Daher. Management system maturity is regularly assessed, with particular emphasis on its environmental aspects in accordance with the standards set out in our SeeD operational excellence program.

Supplier assessments

The financial health of each supplier is analyzed regularly to measure the level of its dependency on the Group. All suppliers are required to sign the Ethics Charter. All regulatory documents and any other specified documents are also collected as part of enabling the Group to demonstrate due diligence.

Taking appropriate actions to mitigate risks and/or prevent serious violations

Introduction of the Code of Ethics and Good Conduct

Daher is committed to extending and updating the Code of Ethics introduced by the Group in 2015 to create a Code of Ethics and Good Conduct for all employees, partners, suppliers and stakeholders. This Code of Ethics and Good Conduct has been introduced in 2019, accompanied by training modules designed to help employees adopt good practices in practical real-life situations.

Screening application training sessions

Representatives will be appointed and trained in how to use the screening application. The employees using this resource will be fully informed of the rules and precautions governing its use.

Information from the Legal Department

The Legal Department prepares and publishes information on current legal issues and focuses on key points with implication for partner relationships.

A whistleblowing mechanism to collect and evaluate alerts to the existence or occurrence of risks

An internal whistleblowing system was introduced in 2019. This system gives all employees the opportunity to flag up any breach of the Code of Ethics and Good Conduct.

A structure for monitoring the measures implemented and assessing their impact

Progress with introducing the Code of Ethics and Good Conduct, due diligence and other resources throughout the Group is monitored by the Risk Committee. The Purchasing Steering Committee is a corporate body that identifies suppliers at risk, decides on the actions to be taken and reports back to the Risk Committee.

— Integrating CSR into our business lines, products and services as a source of added value for our customers

Daher is committed to making a full contribution to the overall performance of its customers to ensure the delivery of high-quality products and services, and use its CSR performance to exceed operational commitments.

For its corporate BtoB customers, Daher has introduced a customer satisfaction analysis based on continuous improvement and systems for gathering feedback and improving operational performance. Daher also plays a special role through its provision of on-site logistics services to customers, and more specifically by contributing to their performance in terms of diversity and inclusion.

In its BtoC business as the manufacturer of TBM aircraft, Daher has implemented an internal organizational structure built around customer satisfaction to maintain permanent business contact with each customer individually. 2019 was also the year in which Daher acquired Kodiak Aircraft Company, whose aircraft was designed specifically for humanitarian missions. During the year, Dimor Aerospace, a customer operating three Kodiak 100 aircraft, contributed to relief efforts in the Bahamas to bring in freight following the destruction caused by Hurricane Dorian.

The CSR Committee has met several times per year since 2017. Its members represent those departments involved in developing corporate social responsibility initiatives and providing leadership for action plan implementation. In parallel, a network of CSR ambassadors is in place covering all the Group's operating facilities and major business sectors to enable local issues to be properly addressed.

In 2018, Daher also conducted a materiality analysis of its internal and external stakeholders. The results of this analysis made it possible for the sustainable development issues identified as priorities for its stakeholders to be included in the discussions of the Executive Committee to guide its decisions on future strategic options. An initial roadmap (ISD) was prepared in 2019 addressing all the challenges identified in our CSR strategy; the roadmap will be rolled out in 2020. At the same time, we submitted the first customer contract bid to include a comparison based on the carbon footprints of two alternative logistics schemes. Both types of approach – internal and external – will be more widely introduced in 2020.

to ensure full compliance with regulatory requirements and alignment its own CSR ambitions. Daher operates a Supplier Code of Ethics and Responsible Purchasing Charter, and now includes standard CSR-related clauses in all new contracts. These contractual obligations create a strong commitment to ethical and responsible behavior that is shared by the parties and underlines the Daher determination to integrate the issues of CSR fully into its purchasing strategy. In 2019, Daher provided responsible purchasing training to all its buyers, and consulted widely to identify priorities to be implemented from 2020 onwards as part of structuring an initial responsible purchasing strategy.

MANAGING OUR OPERATIONS RESPONSIBLY NOW AND IN THE FUTURE

OUR CONVICTIONS

Because CSR demands a global overview of performance, and because Daher takes its responsibilities to present and future generations seriously, Daher is convinced of the importance of finding solutions to manufacture more responsibly today, and engage with the development and innovation needed to move towards more sustainable products and services in the future.

— Improving employee safety

The Group health, safety, security and environment policy was renewed in 2019. This policy spans all our areas of work and breaks them down into key points. In its wording, the highest level of management reiterates its commitment and calls for the commitment of everyone in the Group to achieving the laudable goals of zero accidents and zero pollution.

The SeeD Safety roadmap defines the Group's priorities for HSE Culture, Risk Management, Regulatory Compliance and HSE Event Management, and for the initiatives monitored: monthly ahead of the Executive Committee meeting, at each meeting of the Group Risk Committee and adapted for HSE and CSR Committee meetings. Each region adapts the roadmap to create its own version, and contextualizes it with specific goals.

The 2019 results confirm a continuing downward trend in the accident rate, despite the occurrence of serious events, such as a moving component falling during a maintenance operation, objects falling during lifting operations and a finger becoming crushed in a power bending machine.

During the year, the roadmap was redesigned to reflect significant events and changes in the Group's operating environment. Its focus is now on implementing practical actions to make situations with the potential to cause high-severity accidents safer:

- falls from height during aircraft fit-out operations;
- maintenance operations through energy source lock out/tag out procedures.

Other situations can be addressed through the 'QSE Warrior' whistleblowing scheme run by the Group Quality Department.

Work in 2020 will focus on:

- mapping situations with the potential to cause high-severity accidents and making them safer;

- managing internal communication of serious events;
- preventing occupational exhaustion.

Compliance priorities will be updated to ensure continuity with the current roadmap:

- a compliance review of equipment and machinery;
- the revision of delegated authorities following changes to the organizational structure.

— Minimizing our environmental impacts

Preventing pollution related to our business activities

In light of the disastrous event involving specialty chemicals company Lubrizol and those living around its facility, Daher and its insurance broker have proactively analyzed the strengths and weaknesses of the document setting out the methods for responding to similar accidents and protecting personnel, property and the environment at the only Seveso-classified facility it operates in Poigny. In addition to reviewing the documentation, the capability of implementing the methods and crisis management procedure it contains were verified at the plant. For 2020, we are planning an exercise around implementing the internal operational plan with support from the Group crisis management unit.

Optimizing energy and resource management

In 2019, Daher conducted a series of regulatory energy audits with the intention of using the results to boost technical understanding and identify ways of optimizing energy and resource management. Energy usage was sampled on eight facilities operated by Daher Aerospace and Daher Technologies. A report setting out these usage patterns and opportunities for optimization was produced at the end of the

SOME OF OUR ACHIEVEMENTS SO FAR

- SeeD Safety is being rolled out on the new Onnaing platform, backed up by initial measurement of its level of maturity
- Digital HSE Notices for any new substance introduced into workshops (DOI)
- The design and official opening of the Mont'Daher School in Montrichard, which brings together all the QSE induction training resources required by new employees in a single dedicated space (Dojo). It includes, for example, a respiratory protection mask fitting and adjustment workshop
- No more manual handling of MSUs on 3PL+ activities
- The design of a Dojo Kit to offer sites with no induction facility experimentation scenarios built around accident prevention, from correct working postures to addiction, distraction and event management
- Refurbishment of areas such as locker rooms (Tarbes)
- Analysis, standardization and development of manufacturing resources and the conditions governing the use of substances regulated by the REACH regulation (Tarbes, Malville and Saint-Nazaire)
- Safety Week events in France and Morocco during November to raise maximum awareness of risks and pass on the fundamental principles of occupational safety with the slogan 'Safety is everyone's responsibility!'
- Reconstruction of occupational accidents (falls from height) in Morocco to create a role-play around the accident investigation



The e-Cargo Bike at Marignane.



Challenges

- ▶ Improving employee safety
- ▶ Minimizing our environmental impacts
 - Preventing pollution related to our business activities
 - Optimizing energy and resource management
 - Rolling out a low-carbon policy for our business lines and processes
- ▶ Respecting business ethics and combating corruption in all its forms
- ▶ Ensuring the safety and security of our products, services and data

year. Focusing on improving our knowledge of usage patterns during 2020 will form the basis of a joint energy roadmap generated on the basis of carbon assessments and energy audits. We also plan to develop sector monitoring analysis for energy and climate issues and determine how it can be interpreted and applied internally.

In ensuring continuity in the ways in which environmental considerations are incorporated into our business activities, the emphasis will be on bringing forward contractual appendices on environmental issues that will set out Daher's expectations of its transportation company, waste management and subcontractor partners.

Rolling out a low-carbon policy for our business lines and processes

In 2019, Daher incorporated into its Health, Safety, Security and Environment policy the need to set demanding goals for reducing carbon emissions and the impact of our activities on climate, based on the Group's carbon assessment and energy audit. The carbon assessment conducted by Daher in 2019 highlighted the preponderance of Scope 3 emissions; the indirect emissions generated by Daher as a result of the purchases it makes (6%) and the end use of the products it sells (93%). Daher must therefore introduce measures that address not only direct emissions (which are low in terms of the carbon assessment, but have a high and direct impact as a result of our actions), but also indirect emissions (which are much more significant, but have a longer term impact and are dependent on third parties).

- Reduce direct emissions, with particular focus on site energy efficiency, corporate mobility plans and employee travel.
- Reduce emissions generated by our purchases, as part of our responsible purchasing strategy.
- Reduce the impact imposed by the use made of the products and services we sell: TBM energy efficiency, a system for measuring the carbon impact of our aerostructures and logistic systems, and preparation of a formal Climate Strategy whose forward path is compatible with the goals of the Paris Climate Agreement.

These working priorities have already been implemented, and it was possible to analyze a number of projects during 2019. At the 2019 Paris Air Show, Daher officially confirmed its contribution alongside Airbus and Safran to the EcoPulse distributed hybrid propulsion aircraft demonstrator project to develop the technological building blocks for more fuel-efficient cargo aircraft. Daher is also a member of a GIFAS Working Group studying disruptive scenarios for reducing the impact of aviation on climate change. The Group has also positioned itself as a unifying central hub for the recycling of thermoplastic composites by recovering production waste as part of its commitment to the circular economy.

Respecting business ethics and combating corruption and insider influence

Ethics... a major commitment

In 2015, the Group introduced a compliance program that included a Code of Ethics, an associated whistleblowing mechanism and a special procedure for the United States to ensure compliance with the obligations imposed by the Foreign Corrupt Practices Act.

At the same time, the French legislator decided to align French law with international practice and tighten up the rules in place to prevent and punish business ethics compliance failures. It also set up the French Anti-Corruption Agency to monitor the implementation of the new regulations. The Group therefore had to modify its program to ensure strict compliance with the new Sapin II and Corporate Due Diligence laws.

It was against this background that the Daher policy evolved further in 2018, transforming the Code of Ethics into a Code of Ethics and Good Conduct. So this framework document draws together all Group best practices and sets out detailed procedures for the full range of topics, including export controls, intermediaries, confidentiality and intellectual property. Practical examples of ethical behavior and good business conduct are included to help Group employees gain a clearer understanding of the situations where risks can arise. The document covers all the mandatory aspects of the Sapin II law, and the obligations imposed under the Due Diligence legislation. It has been annexed to the Group's internal rules.

Other initiatives were also implemented during 2018 to map compliance risks, tighten up status assessment procedures for customers, Tier 1 suppliers and intermediaries, ensure the security of accounting controls, introduce training and a disciplinary system and, lastly, provide employees with an in-house whistleblowing system.

A more powerful whistleblowing system

The Code of Ethics and Good Conduct provides guaranteed confidentiality to all employees flagging up potential issues using a system available in all subsidiary companies.

So 2018 saw the introduction of a whistleblowing system to give everyone the opportunity to exercise their right to flag up issues in three types of situation:

- breaches of business ethics (corruption, money laundering, etc.);
- violations of employee rights (harassment, obstruction, etc.);
- violations of human rights, fundamental freedoms and the health and safety of individuals and the environment.

This process is supervised by an external service provider which guarantees the confidentiality of information submitted and enables all alerts to be tracked. The Daher Compliance Officer then receives the alerts and assesses the case by calling a meeting of an ad-hoc committee whose members are the Compliance Officer, the Risk Director, the Group HR Director and the Chief Financial Officer. This Committee is responsible for all decisions relating to alerts and for responding to the whistleblower accordingly. It submits quarterly reports to the Risk Committee.

Effective application of the Code of Ethics and Good Conduct is monitored by the Group's Compliance Officer and by a delegated representative in each operating country.

Ensuring the safety of our products and services, and the security of our data

As a business operating in hi-tech sectors, product and service safety are priorities for Daher, as is data security. The Group is therefore committed to implementing the resources required to provide its stakeholders with a guarantee of total security, and has made this commitment one of the principles of the General Commitment Policy of Management.

Since 2018, Daher updated its Quality organization so that it now reports directly to the Chief Executive Officer, and has provided it with the resources and independence required to reduce quality failures, which has had an immediate impact on the safety of products and services delivered.

Lastly, following the 2018 introduction of the European General Data Protection Regulation (GDPR), Daher has completely revised its information systems security policy and appointed a Data Protection Officer. In this way, the Group is determined to remain at the forefront of customer, company and personal data protection.

CSR INDICATORS

SCOPE OF THE STATEMENT OF NON-FINANCIAL PERFORMANCE

	2019	2018	% change 2018-2019
AVERAGE HEADCOUNT			
France	8,577	8,466	+1.3%
Germany	348 ⁽¹⁾	48	N/A
Morocco	502	457	+10%
United Kingdom	131	135	-3%
Mexico	104		
Scope of the Statement of Non-Financial Performance	9,662	9,106	+6%
Group scope of consolidation	10,060	9,764	+3%
% of scope covered	96%	93%	+3 pts
CONTRACT TYPES*			
Permanent	7,122	6,675	+6.7%
Fixed-term + Temporary	2,442	2,431	0%
% of Fixed-term + Interim	25.5%	26.7%	-4.5 pts
HEADCOUNT BY SOCIO-PROFESSIONAL CATEGORY EXCLUDING TEMPORARY STAFF			
Management	1,511	1,460	+3.5%
Non-management	5,612	5,462	+2.7%
PROPORTION OF WOMEN			
Group	25.7%	25.7%	0 pt
France	26.0%	25.9%	0 pt
Germany	32.2%	32.5%	-1 pt
Morocco	20.7%	23.1%	-10 pts
United Kingdom	17.9%	18.0%	-1 pt
Mexico	27.9%		N/A
Women as a percentage of all managers	26.5%	25.5%	+4 pts
Women as a percentage of all non-managers	25.6%	25.8%	-1 pt
HEADCOUNT BY AGE			
Under 25	6%	5%	+20 pts
25-34	24%	24%	0 pt
35-44	30%	30%	0 pt
45-54	26%	27%	-4 pts
Over 55	15%	14%	+7 pts
HIRES AND DEPARTURES			
Hires under permanent contracts	729	1,311	-44%
Departures under permanent contracts	653	786	-17%
of which as a result of layoffs	95	115	-17%
ABSENTEEISM*			
France	3.5%	3.5%	0 pt
Germany	6.4%	4%	+60 pts
Morocco	1.2%	0.8%	+50 pts
United Kingdom	2.1%	4%	-47 pts
OCCUPATIONAL ACCIDENT FREQUENCY RATE*			
France	16.9	17.4	-3%
Germany	9.47 ⁽¹⁾	21.8	N/A
Morocco	3.28	0	-
United Kingdom	8.39	4.2	+99%
Mexico	5.28	0	-
DISABILITY			
Employees with disabilities as a % of all employees in France	4.74%	4.60%	+3 pts
TRAINING: TRAINING HOURS PER PERSON			
France	14	12	+17%
Germany	10	15	-33%
Morocco	5	20	-75%
United Kingdom	5	4	+25%
Mexico	21		N/A
TRAINING: PROPORTION OF EMPLOYEES RECEIVING TRAINING DURING THE YEAR*			
France	74%	78%	-5 pts
Germany	40%	100%	-60 pts
Morocco	100%	56%	+70 pts
United Kingdom	97%	100%	-3 pts
Mexico	96%		N/A
Work/study rate in France	2.6%	2.3%	+13 pts
DAHER FAMILY			
Number of training hours received by family members	563	63	+800%
Number of joint projects funded by FONDAHER	20	15	+33%
Number of meetings or events involving members of the Daher family and company representatives	27	25	+8%
COLLABORATIVE WORKING			
Rate of access to digital resources	65%	63%	+5 pts
Employees involved in improvement idea schemes	15%	14%	+7 pts
ENVIRONMENT*			
Energy (gas and electricity) consumption per person in kWh/person	11,693	13,758	-15%
Percentage of waste recovered	75%	86%	-13 pts
Percentage of employees covered by ISO 14001 certification	47%	42%	+5 pts
ETHICS AND ANTI-CORRUPTION*			
Percentage of managers trained in ethics and anti-corruption	16%		N/A

⁽¹⁾ Inclusion of Donauwörth in the Statement of Non-Financial Performance.

* Quantified data for non-financial risks identified in 2019.

N/A: not applicable, either as a result of a change in consolidation scope or due to the absence of data for 2018.

METHODOLOGY

— Scope

The scope of the Group Non-Financial Performance Statement is as follows:

- In France:
 - Daher s.a Company
 - Daher Aerospace s.a
 - Daher Nuclear Technologies s.a.s
 - Daher Technologies s.a
 - Daher Valves s.a.s
- In the United Kingdom:
 - Daher Aerospace Ltd (Derby)
- In Morocco:
 - Daher Aerospace Maroc s.a.r.l. (Tangier)
- In Germany:
 - Daher Nuclear Technologies GmbH (Hanau)
 - Daher Projects GmbH (Hanau)
 - Daher Aerospace GmbH (Donauwörth)
- In Mexico: Daher Aerospace SA de CV

The scope of the Group Non-Financial Performance Statement includes 97% of the average total headcount at the end of December 2019. Inclusion in/exclusion from the scope of the Statement of Non-Financial Performance:

- In France, all companies employing staff are included, with the exception of Logistics Operations. In practical terms, this company had an average of 55 FTE employees at the end of December 2019, and the Group standard reporting requirements are not applied to this entity. There was no change in scope between 2018 and 2019.
- Excluding France, companies employing fewer than 100 FTE have been excluded from the Statement of Non-Financial Performance reporting scope. The main changes in scope between 2018 and 2019 relate to the integration of Donauwörth in Germany following the takeover of its business activities, and the integration of Daher Aerospace SA de CV in Mexico, which exceeds the 100 FTE limit.

The scope of the Group Non-Financial Performance Statement includes 11 ICPE-classified facilities.

— Relevance of indicators/Indicators not adopted

Some of the 8 most significant non-financial risks are covered by policies, action plans and key performance indicators. Daher has defined policies, action plans and key performance indicators to cover the following risks: Skills Matching, Labor Risks, Social Movements, Threats to Employee Health & Safety, Handling and Transportation of Harmful Products & Materials, and Ethics and Compliance. Policies have been developed and initiatives implemented to cover the following risks: Supplier Due Diligence. The associated key performance indicators are currently under development. Daher has yet to formalize its policy for addressing the risk posed

by a sustainable decline in the aviation market. The formalization process has begun and key performance indicators are under development.

Additional information has been included voluntarily in order to present a more precise overview of Daher CSR strategy implementation.

Only those areas of information not relevant to the business activities of the Group have been omitted from this report: combating food waste, combating food poverty, the commitment to promoting animal welfare and responsible, equitable and sustainable food.

— Period

The reporting period covered by these corporate responsibility data is the 2019 calendar year. Where indicators were included in the 2018 CSR report, they are presented relative to the corresponding 2019 data. There are two exceptions: the indicators for Energy and the Percentage of employees with disabilities in France.

The Energy indicator, which measures energy consumption (gas + electricity) over the 12-month period from November to October, because data for the final two months of the year are not available at the time this document is prepared. For this purpose, the 2018 data have been revalued to cover a period comparable to that shown for 2019.

The indicator for the Percentage of employees with disabilities in France shows the consolidated data for 2018, since the 2019 consolidation was made after the data were provided to the Independent Third Party.

— Consolidation and control

A single CSR data collection and management system called Toovalu was implemented in France, Germany, Great Britain, Morocco and Mexico during 2019. Its purpose is to enable the sharing of indicator definitions and to consolidate data at Group level. Data is contributed by members of the Human Resources and Health, Safety & Environment teams. The data is consolidated by the Transformation, Risks & Sustainable Development Department.

The occupational accident frequency rate is based on data for accidents that result in days off work. Occupational accidents are recorded as and when they are entered into the ATOnLine system or on the Scorecards used by International subsidiaries, and consolidated monthly. The number of events is adjusted on the basis of CPAM classifications/refusals or internal decisions (non-occupational accidents are not included). The current year ends on January 31 of the following year. The scope used for calculating the occupational accident frequency rate in France excludes Compagnie Daher, which employs 11 FTE, because it is not included in the accident reporting systems.

GLOSSARY

■ Absenteeism rate

In France: the total number of hours of absence due to illness, excluding long-term absence/contractual hours.
Outside France: hours of absence due to illness/contractual hours.

■ CSR

Corporate Social Responsibility.

■ Full-Time Equivalent (FTE) headcount

The month-end headcount, excluding staff on long-term absence, pro-rata the contractual working hours for part-time employees. The contracts of employment concerned are permanent, fixed-term, work/study and temporary contracts.

■ GDPR

The EU General Data Protection Regulation.

■ Hazardous waste

Industrial waste that poses a health and/or environmental risk at the time it is produced, and which requires appropriate treatment as required under national legislation.

■ Hours of training

Hours expressed as: number of people trained x hours of training.

■ HSE

Health, Safety & Environment.

■ ICPE

Installation Classée pour la Protection de l'Environnement. A French classification used to identify facilities with the potential to pose environmental risks.

■ Non-hazardous waste

All forms of solid or liquid waste, excluding effluent.

■ Occupational accident frequency rate

Number of lost-time accidents x 1,000,000/total number of hours worked.

■ Work/study rate

Number of work-study trainees with IFM end-of-contract payment /employee FTEs.

INDEPENDENT THIRD PARTY REPORT

ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL PERFORMANCE INCLUDED IN THE MANAGEMENT REPORT

To the shareholders,

In our capacity as independent third party members of the Mazars network, the Statutory Auditors of Compagnie Daher, and accredited under number 3-1058 by the French National Accreditation Body COFRAC Inspection (the scope of accreditation is available on the Cofrac website: www.cofrac.fr), we hereby present our report on the consolidated statement of non-financial performance (hereinafter referred to as the 'Statement') provided as part of the management report prepared for the year ended December 31, 2019, as required by the legal and regulatory provisions set out in Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

— Responsibility of the company

The Board of Directors is responsible for preparing a Statement in compliance with the relevant legal and regulatory provisions, which includes a presentation of the business model, a description of the main non-financial risks, an explanation of the policies implemented in respect of these risks, and the outcomes of these policies, including key performance indicators.

The Statement has been prepared by applying the company's own procedures (hereinafter referred to as the 'Reporting Framework'), the material elements of which are set out in the Statement, which is available on request from the company's registered office.

— Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11-3 of the French Commercial Code and the Code of Ethics governing our profession. In addition, we have set up a quality control system that includes documented policies and procedures designed to ensure compliance with all applicable legal and regulatory texts, the rules of business ethics and professional standards.

— Independent Third Party Responsibility

On the basis of our work, it is our responsibility to formulate a reasoned opinion providing limited assurance regarding:

- the compliance of the Statement with the provisions set out in Article R. 225-105 of the French Commercial Code;
 - the fairness of the information presented in accordance with the third paragraph of Articles R. 225-105 I and II of the French Commercial Code, namely the outcomes of policies, including key performance indicators, and actions implemented in respect of the main risks, hereinafter referred to as the 'Information'.
- Nonetheless, it is not our role to provide an opinion regarding the compliance of the company with other applicable legal and regulatory provisions, in particular the due diligence plan, anticorruption and tax evasion legislation, or the compliance of products and services with applicable regulations.

— Nature and scope of the work

Our work, as described below, was carried out in accordance with the provisions set out in Articles A. 225-1 and subsequent of the French Commercial Code, in accordance with the professional standards set by the Compagnie Nationale des Commissaires aux Comptes relating to this type of work, and in accordance with the ISAE 3000 international standard⁽¹⁾:

- We have reviewed the activities of all the entities included in the scope of consolidation, and the main risks.
- We have assessed the appropriateness of the Reporting Framework in terms of its relevance, completeness, reliability, neutrality and understandability, taking account of the relevant industry standards, where relevant.
- We have verified that the Statement covers each category of information required by paragraph III of Article L.225-102-1 in terms of social and environmental considerations.
- We have verified that the Statement provides the information required in section II of Article R. 225-105 where such information is relevant to the main risks, and includes, where applicable, an explanation of the reasons for the absence of information required in paragraph 2 of section III of Article L. 225-102-1.
- We have verified that the Statement presents the business model and describes the main risks relating to the business activities of all the entities included in the scope of consolidation, including, where relevant and proportionate, the risks created by their business relationships, products, services, policies, actions and results, including those key performance indicators that relate to the main risks.
- We consulted documentary sources and conducted interviews in order to:
 - assess the process used to select and validate the main risks as well as the consistency of the results, including the key performance indicators adopted in relation to the main risks, and
 - corroborate the qualitative information (actions and results) provided in Annex 1 that we considered most important. For some risks (Due Diligence – Suppliers, Ethics and Compliance, Sustained Decline in the Aviation Market and Handling and Transportation of Harmful Products & Materials), our work was conducted at the consolidating entity level, whereas for other risks, our work was conducted at both the consolidating entity level and among a selection of entities⁽²⁾.
- We have verified that the Statement covers the scope consolidated, namely all entities included within the scope of consolidation in accordance with Article L. 233-16 within the limits specified in the Declaration.
- We have reviewed the internal control and risk management procedures implemented by the entity concerned and have appraised the completeness and accuracy of the related information.
- For those key performance indicators and other quantitative results presented in Annex 1 that we considered most important, we have applied:
 - analytical procedures to verify correct consolidation of the data collected and the consistency of their change over time;
 - detailed sampling-based tests consisting of verifying correct application of definitions and procedures, and reconciling the data with supporting documents. This work was carried out with a selection of contributing entities⁽²⁾ and covered between 89% and 100% of the consolidated data for these tests.
- We have assessed the overall consistency of the Statement with our knowledge of all those entities included in the scope of consolidation.

We believe that the work we have conducted in exercising our professional judgment enables us to formulate a conclusion providing limited assurance; a higher level of assurance would have required a more extensive review.

— People and resources

Our work involved the skills of 4 people and was conducted between October 2019 and February 2020 over a total period of 4 weeks. We conducted approximately ten interviews with the individuals responsible for preparing the Statement, the majority of whom represent the Marketing and Communication, CSR, Risk Management, General Purchasing and Service, HSE and HR departments.

— Conclusion

On the basis of our work, we have not identified any material misstatement that would cause us to call into question the fact that the Statement of Non-Financial Performance complies with the applicable regulatory provisions and that the Information, taken as a whole, has been fairly presented in accordance with the Reporting Framework.

Remarks

Without prejudice to the conclusion expressed above, and in accordance with the provisions of Article A. 225-3 of the French Commercial Code, we would make the following remarks:

- To cover the risk relating to Sustained Decline in the Aviation Market, priority areas for further work were identified in 2019 following the completion of a carbon assessment. Nevertheless, that policy has yet to be formalized, and the associated key performance indicators are currently under development.
- The key performance indicators for those risks related to the 'supplier due diligence' and 'social movements' are currently under development.
- The published data relating to the Labor Risk and the risk posed by the Number of People Leaving the Company are not expressed in the form of a key performance indicator (due to the absence of a labor intensity vs. labor force ratio or percentage change).

Paris La Défense, February 26, 2020
Independent third party

MAZARS SAS

Gaël LAMANT
Partner

Edwige REY
CSR & Sustainable
Development Partner

(1) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.

(2) Compagnie Daher s.a, Daher Aerospace s.a, Daher Nuclear Technologies s.a.s, Daher Technologies s.a, Daher Valves s.a.s.



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SHAPING INDUSTRIAL INTELLIGENCE