

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

2020

INCLUDING THE STATEMENT OF
NON-FINANCIAL PERFORMANCE



 DAHER

Editorial



Didier Kayat,
Chief Executive Officer

“We have been successful in adapting quickly in response to the crisis, and are now ready to deliver the transformation that will help us bounce back even stronger.”

2020 was a brutal year for all of us; a year of anxieties and questions. And the aerospace industry has been one of the hardest hit sectors of the economy, both financially and in terms of employment. The virtual shutdown of air travel has plunged all stakeholders into a serious and totally unexpected situation, leaving us no alternative than to confront the uncertainties of the future.

Daher has been able to draw on its intrinsic resources – most importantly **the agility, solidarity and commitment of its people** – to respond effectively with rapid implementation of a package of unprecedented and often painful measures to weather the storm. The crisis unit we activated in mid-February allowed us to deal with the escalating situation on a day-to-day basis and take the necessary decisions quickly. The first was to curb the spread of the virus and ensure the health and safety of all our employees: the strict hygiene protocol rolled out on all our sites and updated as we learned more about how the virus spread allowed us to ensure operational continuity and serve our customers safely and responsibly throughout the chaotic world of 2020. Our business model – aircraft manufacturer/aerospace equipment & systems/logistics & services – has also protected us during the crisis, thanks to the strength of our services and aircraft manufacturing businesses. Lastly, the support of our shareholders (the Daher family and Bpifrance) has been fundamental in our resilience.

The flagship landmark of the 1,000th TBM rolling off the production line during the year also underlined our operational adaptability. The opening of seven sites in Germany and Austria to handle industrial logistics for one of Europe’s leading rail operators is another example of that adaptability, as are our continued on-time deliveries of the largest components for the ITER construction site, despite extremely challenging circumstances. Other highlights include the R&D successes achieved in the final quarter – the demonstrators of critical structural components in thermoplastics delivered to Airbus and Rolls-Royce and feasibility approval for the EcoPulse™ hybrid aircraft demonstrator created by Daher, Airbus and Safran... which clearly position Daher at the forefront of efforts to evolve tomorrow’s eco-responsible aircraft industry.

But even these very valuable successes are not enough to counterbalance the vulnerable financial situation we now find ourselves in as a result of the significant cut-backs in production rates made by our main aerospace industry customers. As early as May, we were among the very first companies to launch a restructuring plan to ensure the survival of our business and resolve its structural issues, which included overcapacity of production resources. High-quality social dialog with trade unions and the sense of responsibility shown by everyone involved have allowed us to minimize the impact of this unprecedented crisis on jobs.

With the arrival of vaccines and the resumption of air traffic in Asia, we are beginning to see light at the end of the tunnel. But there is no doubt that this crisis has revealed the structural weaknesses that were already there in the French aerospace industry. With its capability as an aircraft manufacturer, its resilient business model, its technological leadership and its historical agility, Daher has all the essential strengths that will determine leadership in tomorrow’s aerospace industry. The ambition we set out in our Succeed Together strategic plan remains unchanged, and has even been strengthened by this crisis. And we will, once again, adjust our priorities to bounce back even stronger.



Lise Nobre,

Chair of the Governance
Committee

“We hold many of the cards we need to establish Daher as a leader in tomorrow’s more efficient, more responsible aerospace industry.”

February 2020 was the first anniversary of the Governance Committee’s remit to provide oversight of the Corporate Social Responsibility (CSR) and business ethics policy. At the same time, the world, the aviation industry and Daher were entering one of the most profound crises in contemporary history. But I am equally convinced that it will also prove to have been the start of a new and exciting chapter.

While it is true that financial performance was severely impacted in 2020, the company’s non-financial performance played its full role in protecting and creating value for all stakeholders.

Finding itself in the eye of a violent storm, Daher has responded courageously and with real conviction over the past year to save its business without compromising the values that have guided the Group throughout its history. The courage to recognize the severity of the situation very quickly, and face up to reality despite the need to make painful decisions, the worst of which was having to make massive cost cuts as revenue tumbled, with the knock-on effect of having to say goodbye to many of our employees. And the conviction that this could – and should – be done without leaving anyone at a disadvantage. The considerable efforts made by all stakeholders to find solutions for minimizing compulsory redundancies, and the commitment and solidarity shown by everyone have not only been unanimously praised by outsiders and the authorities, but have also delivered positive results we can be very proud of.

Daher responded to this serious health risk by making the safety of its people its most important priority. The momentum created around this issue in 2020 must intensify in 2021 and remain at that level going forward. In addition to the Covid-19 risk, the Group has also prepared a plan to improve its accident performance, and the Committee will be closely monitoring progress towards the targets set. The sudden impact of the COVID-19 crisis on air transportation, and therefore on the entire aerospace industry, is accelerating the pace of the transformational changes that all industry stakeholders must make to address not only economic, but also employment, societal and environmental challenges.

2021 will be a year of essential transition to address the challenges that lie ahead, and gives Daher the opportunity to set the industry benchmark for non-financial performance.

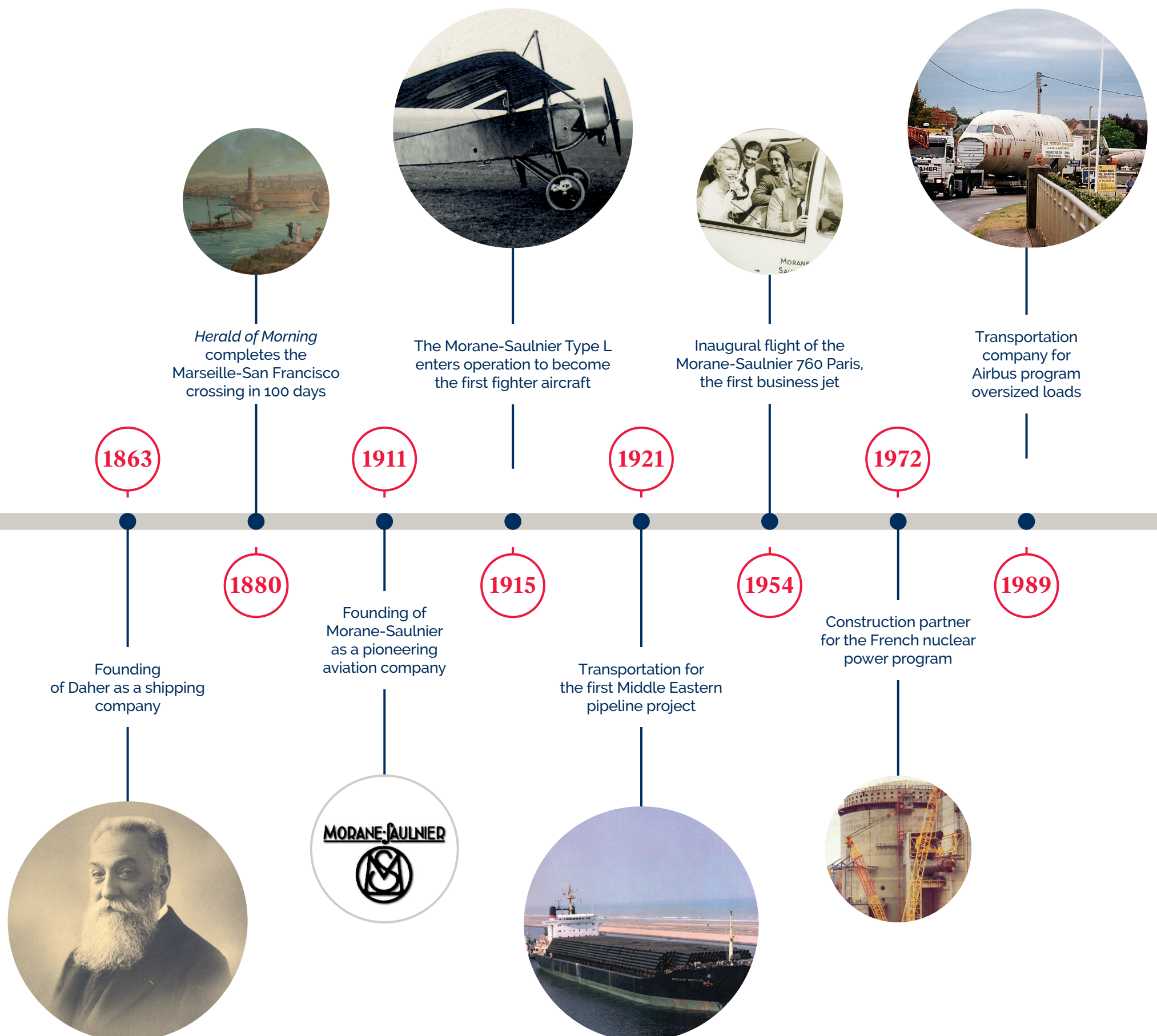
This is precisely the kind of challenge that Daher has succeeded in meeting ever since 1863, and in response to which the company must embrace bold solutions for the benefit of its customers and all its stakeholders. We must therefore leverage innovation to create a low-carbon model for sustainable and responsible aviation, and develop new and more efficient models and manufacturing processes. It will be essential to work closely and collaboratively with our customers, suppliers, operating regions and employees to ensure that everyone benefits from the evolutionary changes at work in the company. It will be equally vital to retain employees, give them opportunities for advancement, and maintain and strengthen cohesion between teams, shareholders and every part of Daher.

We hold many of the cards we need to establish Daher as a leader in tomorrow’s more efficient, more responsible aerospace industry. Our proven capability to meet industry challenges, our business and governance models, and our guiding principle of responsible, patient and successful capitalism that is also agile and responsive, are the fundamentals of the resilience we so amply demonstrated throughout the 2020 crisis. We will now be able to put them to work in achieving our motivational and mobilizing collective ambition.

History

Daher pioneered the convergence of manufacturing and the provision of services

Daher has been forged by logistical challenges and has, throughout its history, made a proactive contribution to successive industrial revolutions by developing a breadth of expertise that spans shipping, handling, transportation and logistics. Today, it designs and operates logistics services for the aerospace and advanced technology industries. In terms of manufacturing, its involvement dates back to 1911 and the pioneering aircraft producer, Morane-Saulnier. Daher's current range of TBM and Kodiak single-engine turboprop aircraft makes it the world's oldest aircraft manufacturer still in operation.





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

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

Delivery of the 1,000th TBM



2020

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 €1.1 billion in 2020, 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...

...a business

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.

32.1% Debt-to-Equity ratio (gearing)

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.

14 production facilities 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.).

20 partner startups for proofs-of-concept

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.

97,245 MWh in France Energy (gas and electricity) consumption in 2020

Intellectual capital and expertise

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

350 design office engineers

Human capital

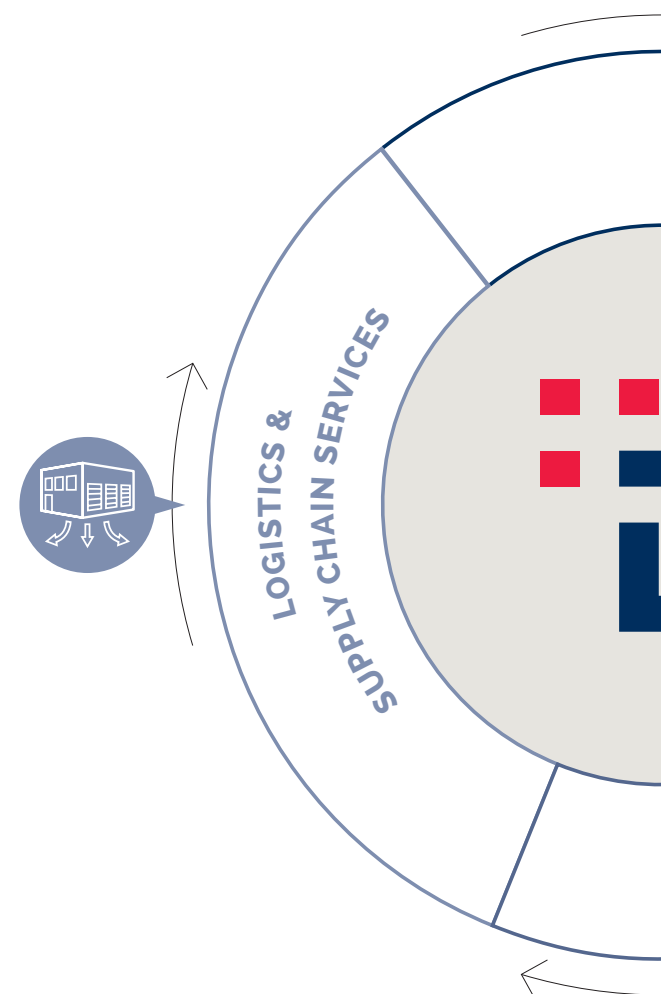
Daher relies on the skills and talents of its employees, whose diversity reflects the Group's expertise.

9,483 average headcount

As a leading aviation industry group, Daher set a series of ambitious targets in 2018 as part of its Succeed Together 5-year 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

In 2020, the coronavirus crisis brought the aerospace industry growth to an abrupt halt. As a result, demand for aerostructures and integrated logistics services will stagnate until production rates recover over the period to 2025. Segment consolidation and the re-internalization of some activities by major customers are already underway, at the same time as financial fragility and the technology-driven transformational changes demanded by the development of greener aircraft are transforming the supply chain.



Our commitments to stakeholders

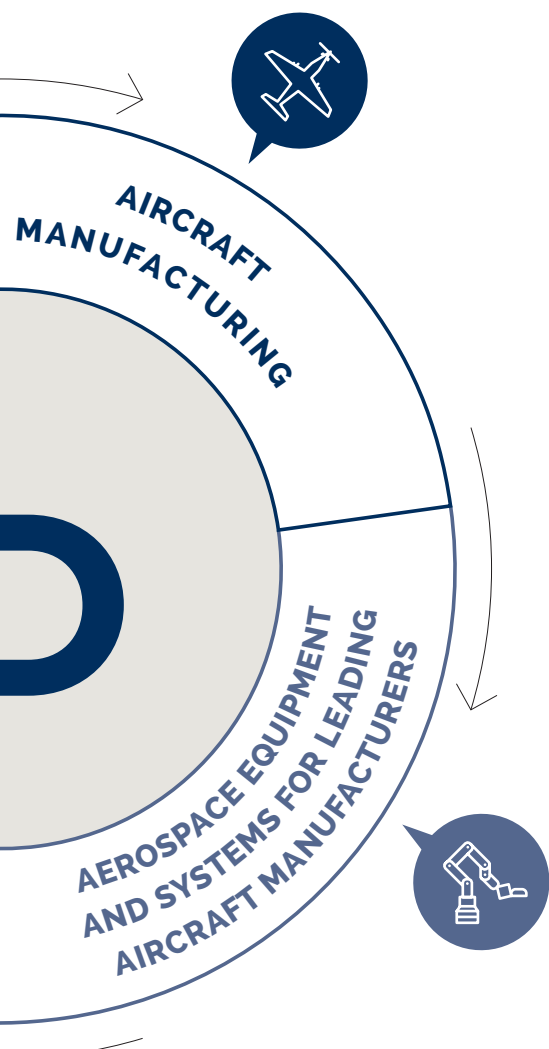
Daher believes that its strategic ambitions are an integral part of the responsible approach to achieving targets and conducting business operations, and will create sustainable value for all its stakeholders.

s 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 five 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

87.07% Family shareholding at December 31, 2020

26% of Daher team members are women

3 key customers in 2020 (revenue above €50 million)

€389.5 million Group share of purchases in 2020

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

CORAC | Aéronautique
Environnement
Recherche

12 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 engineering centers and its R&D and open innovation centers to drive its ambition 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.

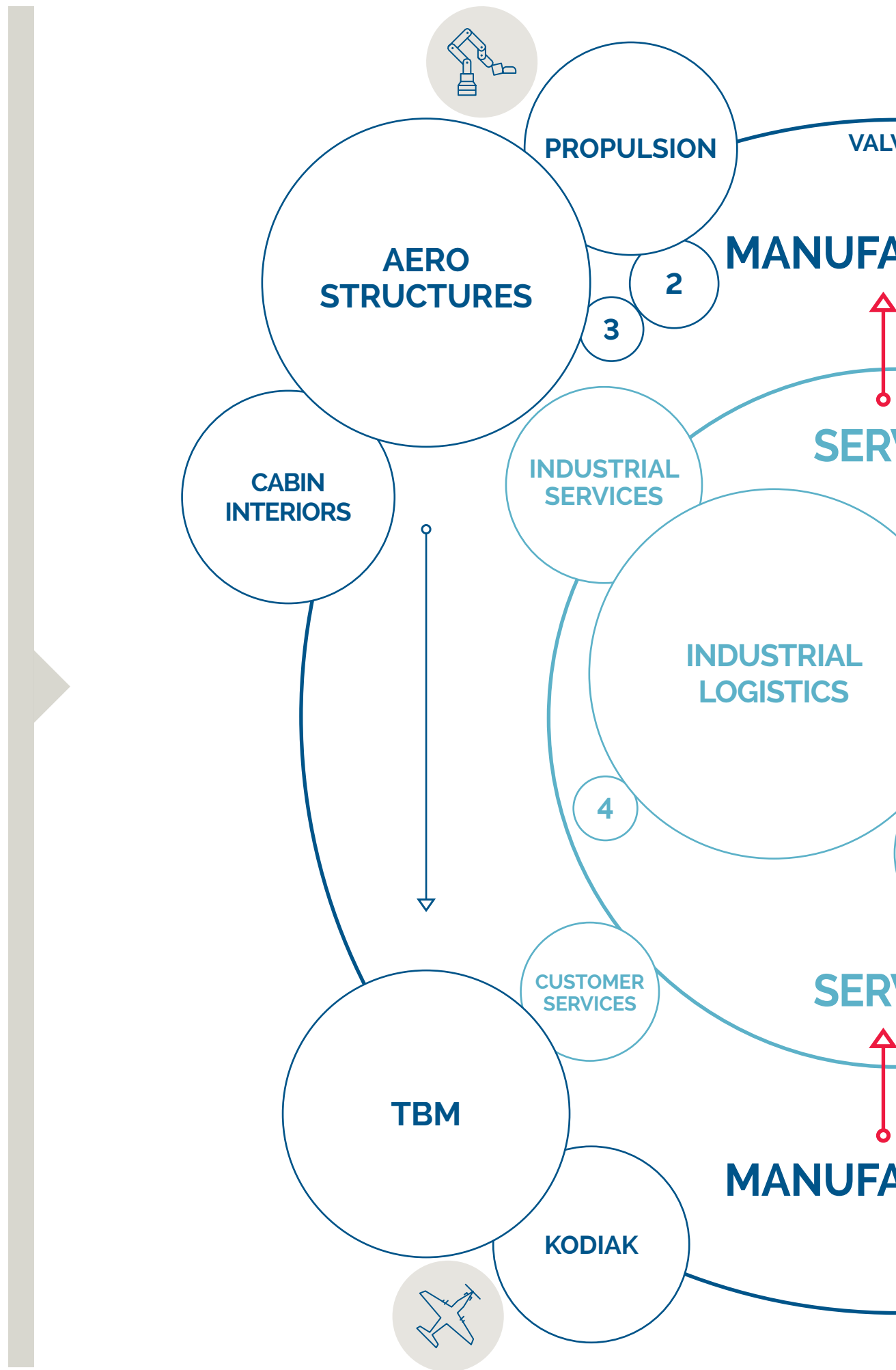
Civil society

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.

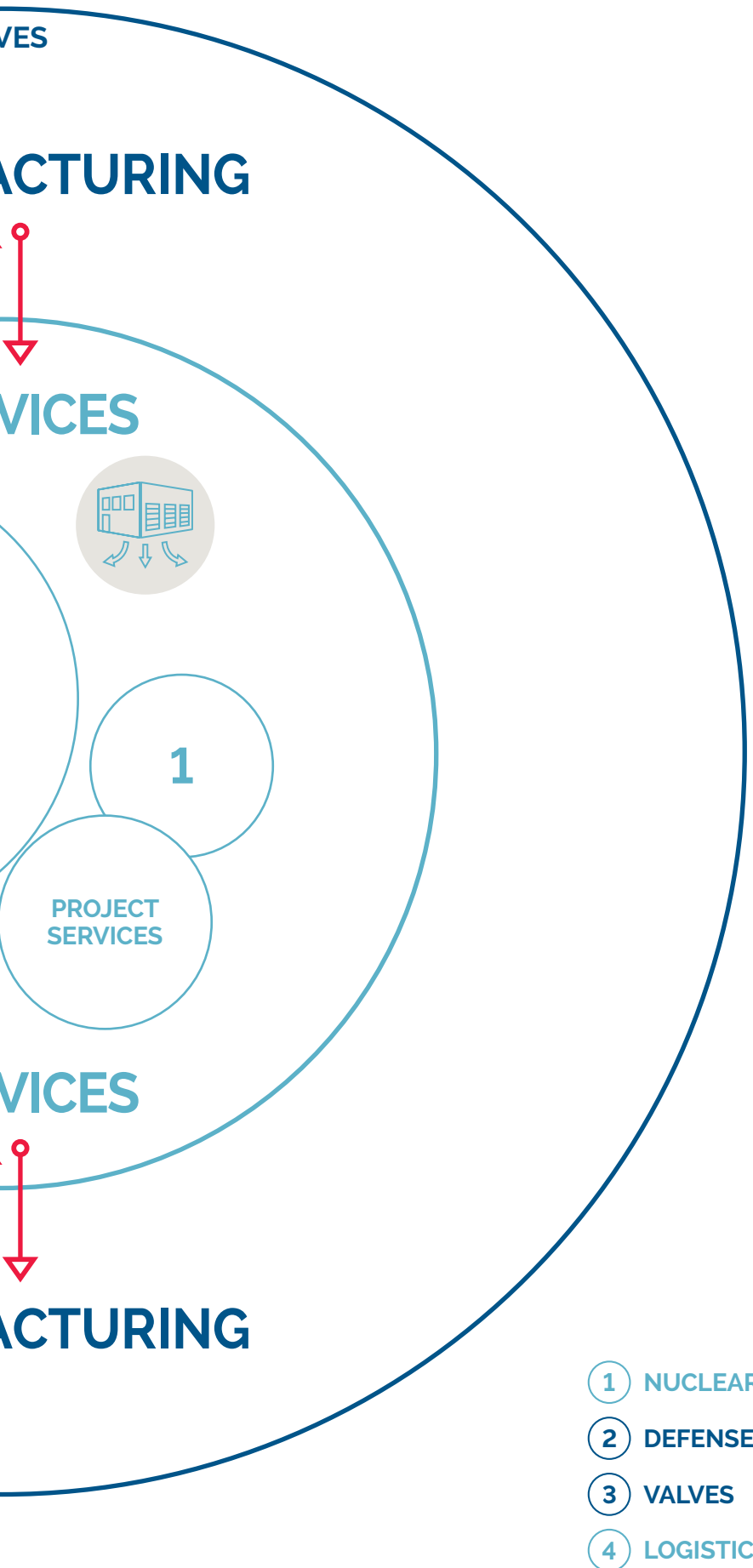
The Daher value chain in 2020

Resources consumed as part of...

... a strategy
ma
w



... to converge
manufacturing
with services...



- ① NUCLEAR SERVICES
- ② DEFENSE SYSTEMS
- ③ VALVES
- ④ LOGISTICS SERVICES

... which generates
value whose impacts
are measured

VALUE ADDED FOR OUR STAKEHOLDERS

- Shareholders
- Employees
- Customers
- Suppliers
- Innovation ecosystems and sector stakeholders
-

€389.5 million
total payroll

ENVIRONMENTAL IMPACTS

- CO₂ and NO_x emissions
- Thermoplastics
- Production waste
- Wastewater discharges
-

14,064 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 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 20% 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

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

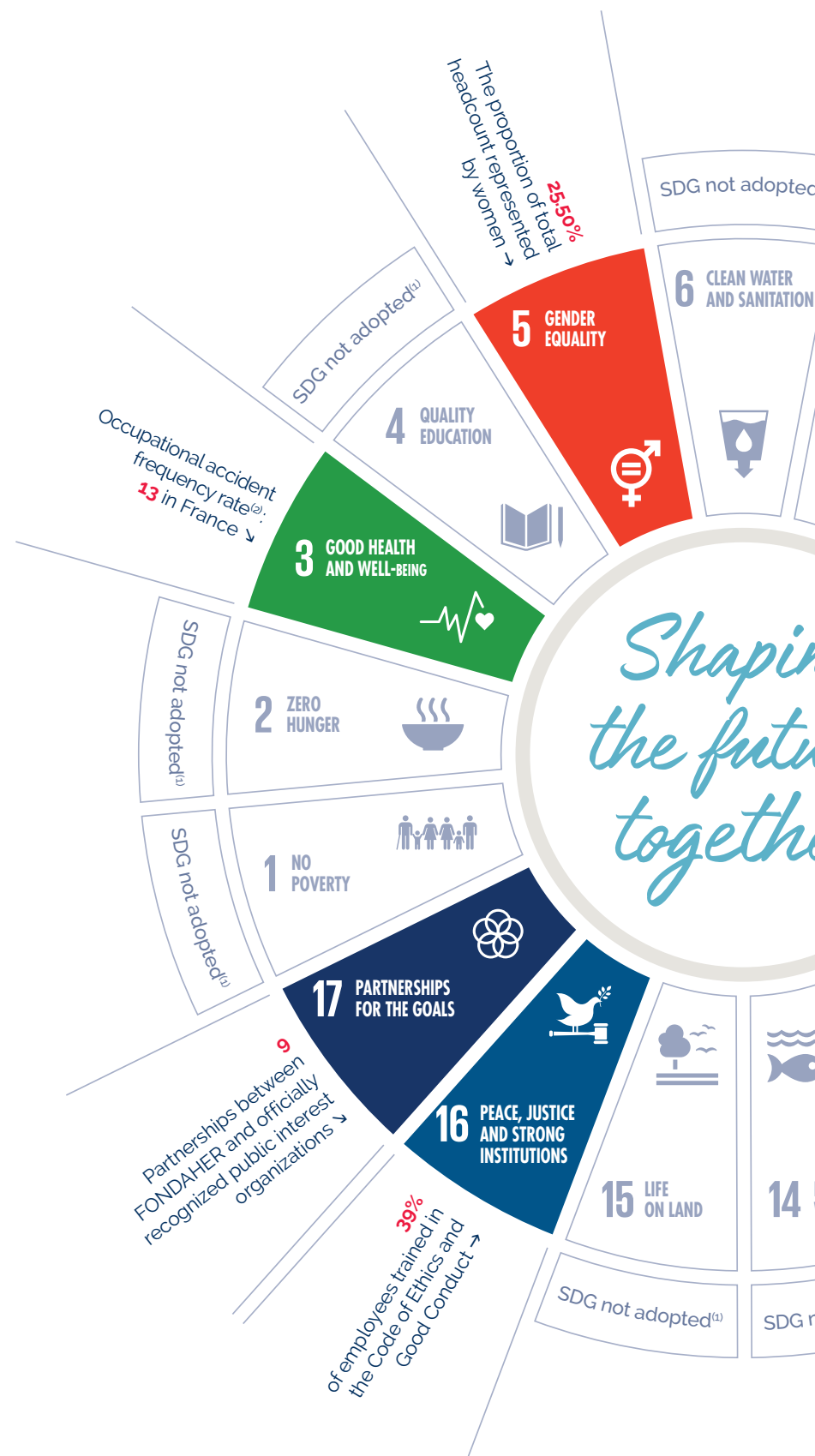
A supplier that is **one step ahead** in serving its customers



A **key stakeholder** in its main markets

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

Our strategic CSR p Based on the United sustainable developo



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.

Priorities and 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.

MAKING DAHER MORE RESILIENT

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, this strategy 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.

Throughout the unprecedented year of 2020, our CSR strategy made a difference across every part of the Group, making a valuable contribution to helping us through the health crisis and its economic and social consequences, which have significantly impacted our business sectors and employees.

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 corporate audit and sustainable development within the same department. Daher believes that such innovative CSR governance is an immediate source of value creation, and facilitates more effective coordination between risks and the policies implemented to control them. The Risks, Corporate Audit and Sustainable Development Department (RADD) works to ensure that the actions we take are consistent with our principles:

working closely with internal and external stakeholders, the RADD contributes to protecting the company and suggesting strategic and operational transformations consistent with its values for the benefit of the Daher family, shareholders and employees, and ensuring the resilience of the Group and its ability to plan its long-term future.

The full risk management system is described in the "Risks" section of this report, which explains and illustrates the robustness of its model in detail. 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.

The following pages describe these targets and indicators.

Non-financial risks identified and addressed in 2020



■ 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.

■ Loss of Human Capital/Demotivation

A job protection plan can result in the disengagement of employees, leading to a consequential fall in productivity and an increase in the number of compulsory redundancies. The implementation of new organizational structures following the introduction of the job protection plan is key to the successful restructuring of the Group.

■ Job protection plan

Further significant reductions in workloads would result in job cuts, and the inevitable introduction of a new job protection plan. The challenge is therefore to do everything possible to protect the jobs of current employees, in addition to the sales and operational initiatives implemented to maintain market share and avoid a further fall in business activity with the potential to have a knock-on effect on employment.

■ Skills matching and expertise

Since the Group operates across a diverse range of industry sectors, it requires an equally broad range of skills, talent and expertise. The absence of those skills would remove our ability to design and deliver our contractual commitments.

■ 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. 2020 was very significantly impacted by the Covid-19 health crisis. The challenge for the Group was to protect its people by implementing health measures designed to avoid the spread of the coronavirus within the company.

■ Environmental impact

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. The Group strives to contain and reduce the environmental footprint imposed by its business activities. Its commitment to protecting the environment is integral to Group general policy. The Daher environmental policy guarantees full regulatory compliance, monitoring of environmental indicators, and the achievement of continuous improvement based on clearly defined priorities.

■ The societal and environmental acceptability of our business activities

This risk may be rooted in the potential for public rejection of air travel and the industrial manufacturing model as a result of their combined carbon footprints. This could take the form of extremely high taxes on greenhouse gas emissions which would significantly affect the cost structure of our industrial and/ or logistics facilities and products.

■ Damage to the Group as a result of internal/external fraud

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. Unethical actions (corruption, insider influence, etc.) may result in financial and/or legal sanctions being applied to the Group and/or its corporate officers, as well as a loss of contracts.



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 INTRODUCTION 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 anti-corruption 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. Brought together in an ambitious CSR strategy, these issues are directly addressed in the company's five-year strategic plan (2017-2022).

THE DAHER STATEMENT OF NON-FINANCIAL PERFORMANCE

The formal Daher Non-Financial Performance Statement contained in this document explains the links between the principal challenges of the CSR strategy, the non-financial risks identified, the policies implemented, and the monitoring indicators adopted and audited by the independent third-party organization. In 2019, to ensure continuity with these initial steps towards enhanced corporate responsibility, Daher has formed a network of ambassadors to facilitate the operational rollout of CSR across all its activities and operating regions. The system is now in place to measure the maturity of the various challenges as the basis for their accurate prioritization in the various business roadmaps.

In the following paragraphs, the 2020 Statement of Non-Financial Performance presents how the strategy implemented by Daher to overcome the health crisis and its economic and social consequences has addressed each challenge.



Jérôme Leparoux,
SVP General Secretariat

AN ORGANIZATIONAL STRUCTURE TO POWER OUR SUSTAINABLE PERFORMANCE

Throughout its 150-year history, Daher has survived many crises. But its family business DNA has always allowed Daher to remain resilient, true to its core values and faithful to its spirit of responsibility. This spirit remains undimmed, allowing us to continue delivering on our CSR commitments, which were actually renewed during all the pandemic-driven turmoil of 2020. The commitment to continue working to maximize the "One Daher" vision of employee cohesion through an open and demanding process of social dialog to implement the unprecedented restructuring plan made necessary by Covid-19. The commitment to continue being a true partner to our stakeholders through the core value we express as "Together" by accelerating implementation of our responsible procurement policy to support our suppliers through the crisis, and by working even more closely with our customers. The commitment to manage our operations by applying the "Daher Way" of no compromise on our key priority of ensuring the health and safety of our people against the background of an unprecedented health emergency. Without compromising on any of these commitments, we were also able to progress the structure of our CSR policy during 2020, with our efforts being rewarded at the end of the year with a 7-point increase in our Ecovadis rating. These achievements highlight how our CSR policy embodies the unifying values and resilience of Daher. It will continue to be a great strength and asset for the future.

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 detailing the environmental commitments contained in the EHS policy and CSR strategy. In 2020, awareness of its responsibility prompted Daher to strengthen its commitment to the environment.

The materiality analysis was conducted in conjunction with the specialist consultancy B&L Evolution. It will be conducted on a regular basis in 2021 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

■ 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.

■ 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 GOVERNANCE COMMITTEE

to oversee deployment of the strategy

The four director members of this committee supervise the Corporate Social Responsibility (CSR) policy and corporate compliance with business ethics standards. It oversees implementation of the CSR policy, is informed of key CSR-related risks, and ensures compliance with the support of the CSR Committee.

■ A COORDINATING ROLE

for The Risk, Audit & Sustainable Development Department

Daher has taken the innovative step of entrusting Group-level CSR policy coordination to the Risk, Audit & Sustainable Development Department of the General Secretariat. This department also has responsibility for internal compliance. The strength of this department lies in its ability to centralize information about those financial, non-financial, operational and/or strategic risks identified in coordination with the Group Executive Management team, and provide other departments with recognized expertise in anticipating and controlling these 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.

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.

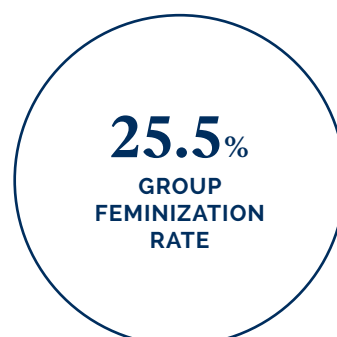
Managed by the Compagnie Daher Board of Directors Governance Committee, the CSR strategy is supervised and guided by a CSR committee, and coordinated by a network of CSR ambassadors at site and regional level. These ambassadors have responsibility for making CSR issues and good practices a daily reality 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 2020, 10 key performance indicators were adopted with ILO agreement as being appropriate for measuring the extra-financial risks identified. A further 15 indicators are also monitored simultaneously by the relevant stakeholders to provide a more representative overview of performance across Daher's three key CSR priorities.

SELECTED KEY INDICATORS FOR 2020



How our CSR strategy responded to the 2020 health crisis and its economic and social consequences

Throughout the unprecedented year of 2020, the Daher CSR strategy made a difference across every part of the Group, and contributed significantly to helping us through the health crisis and its economic and social consequences that have significantly impacted our business sectors and employees.

The responsible trust-based process of social dialog in 2020 made it possible for us to survive the crisis, at the same time as supporting every employee.



2020 was a year of intense social dialog at Daher as all parties sought to ensure business continuity, at the same time keeping employees safe against Covid-19, and address the need to implement plans to protect jobs at Daher Aerospace and Daher Technologies in France.

Daher responded very quickly, adapting its resources to meet the needs of its markets over the next three years, at the same time as seeking to minimize the number of compulsory redundancies without a recovery solution.

The example set by Daher was recognized by Agnès Pannier-Runacher, Secretary of State for Economy, Finance and the Recovery, in an article published in *Usine Nouvelle* on November 20, 2020: "The outcome of negotiations over this job protection plan underlines the benefits of a syndicate of aligned trade unions. Where these exist, good practices tend to emerge out of high-quality social dialog between management and employee representatives. The unions have engaged in an exacting process of social dialog focused exclusively on finding the right solution for every employee."

The rollout of our Responsible Procurement Policy continued despite the crisis, with the ultimate aim of protecting and engaging our upstream Supply Chain as a source of added value for our customers.



Despite the multiple crises of 2020, the Group Procurement Department decided against postponing the rollout of the Responsible Procurement Policy, because it believed that the time was right for consolidating supplier relationships and moving towards a more sustainable Procurement model incorporating more CSR requirements.

On September 21, 2020, Daher signed up for the French Responsible Supplier Relations Charter labeling scheme with the *Médiation des Entreprises* corporate mediation service, with the aim of securing certification by 2022.

From the very start of the crisis, we focused on guaranteeing the health and safety of our people, ensuring our own business continuity and continuing to deliver consistent service to our customers.



Throughout the health crisis, Daher has been fully committed to ensuring the health and safety of its people by applying all government regulations and instructions on audit sites, and introducing measures to prevent psychosocial risks, including a Psychological Support Unit, compliance with the provisions contained in Book 4 of the French social security code (occupational accidents and illnesses) and the social barometer.

On December 11, 2020, Airbus awarded Daher the SQIP "Best Improver Award" for its provision of industrial services activities, once again recognizing and rewarding the high quality of this partnership. The SQIP (Supply Chain and Quality Improvement Program) brings together all the leading aerostructure suppliers as members of a supply chain and quality improvement program led by Airbus.



56/100
78th percentile

2020 EcoVadis rating
A CSR performance level higher than 78% of other aerospace companies, reflecting a rise of 7 points over 2019.

On November 20, 2020, Daher was awarded a silver medal by EcoVadis, one of the leading CSR assessment and rating organizations. An international standard based on a

methodology that applies 21 CSR criteria, the EcoVadis rating is awarded to companies that have a successful and sustainable CSR strategy in place.



The responsible trust-based process of social dialog in 2020 made it possible for us to survive the crisis, at the same time as supporting every employee.

“The negotiations and constructive work completed in preparing our restructuring plan have considerably reduced the impact of the crisis on jobs, and made it possible to chart our route to the future in a way that satisfies everyone involved.”

The multiform health, economic and social crisis we are now experiencing considerably increases the risk of team fragmentation within the company. How will it be possible to maintain employee cohesion when teams are scattered or isolated as a result of teleworking? How will it be possible to maintain employee cohesion when our business is organizationally disrupted and disorganized by the collapse in orders and/or health safety constraints? How will it be possible to maintain employee cohesion when managers are faced with an uncertain future?

At Daher, we have opted for a sustained social dialog that allows us to share a single analysis of the situation with all employee unions and representatives, and work together on finding solutions to deal with it... and to give us all a clear view of future opportunities.

The process is the same as that for crisis management: understand the facts, find ways to deal with the present and prepare for the future... Although 2020 was an unprecedentedly brutal year for all our teams, these trying months have nevertheless demonstrated the power of responsible social dialog underpinned by mutual trust between management and unions, as they work together to succeed in the crucial challenge of ensuring the survival of the company.

The negotiations and constructive work completed in preparing our restructuring plan have considerably reduced the impact of the crisis on jobs – 208 compulsory redundancies, rather than the 1,200+ job cuts initially envisaged – and allowed us to chart our route to the future in a way that satisfies everyone involved.

We have had simultaneously to cope with the emergency, at the same time as coming together to look beyond the crisis in ways that maintain faith with the values and long-term

vision of Daher. In parallel with the discussions around the job protection plan, management and social partners worked on negotiating a framework agreement covering the long-term management of employment and careers.

The end result of those negotiations was the signature of an agreement by all trade unions at the end of the year. This agreement will underpin all our employee development programs going forward, including annual appraisals, the skills development plan, the succession plan, the expertise channel and the fast tracking of highly talented individuals. It essentially provides career path and employability development security. It also introduces incentives designed to meet the needs of the business (e.g. skills shortages).

So we have learned from the crisis, and one of the most important lessons is that we need to be better prepared for the future. The agreement over the long-term management of employment and careers provides a practical and realistic framework that will allow us to forecast employment needs and adapt to market realities over time by developing the skills of our people to meet our own needs, at the same time as maintaining their employability. In conjunction with regular analysis of employment trends and with the agreement of our social partners, it will also allow us to activate a range of levers, from mobility and training to the management of specific career categories, that will help Daher to meet the inevitable challenges that lie ahead.

This level of cohesion in employee relations will be a crucial strength in ensuring the long-term future of our businesses. So by embracing social dialog responsibly and for the long term, we are giving ourselves the best chance of succeeding together.



Juliane Guyon,
Group VP Human Resources



Raphaël Chabrier,
Group VP Employee Relations



Despite the crisis, we have been able to continue the rollout of our responsible procurement policy, which has been designed to protect and engage our upstream supply chain as a source of added value for our customers.



Paul Marie Dubreuil,
Group VP Procurement

“By putting responsible procurement targets at the heart of its procurement strategy, Daher is reasserting the strategic importance it places on sustainability challenges, at the same time as reflecting and fulfilling the expectations of its stakeholders.”

Almost half of Daher annual revenue is spent on procurement. That makes it an essential lever for improving our margins and therefore our profitability, but it also has a key role to play in protecting and extending our competitive edge.

The introduction of a responsible procurement policy is both fully in line with the company's wider commitment to social responsibility, and a unifying project that acts as a strong vector for raising awareness and changing practices internally within the company, and externally at every link in our value chain.

In practical terms, responsible procurement embodies the principle of a balance between the partners in fulfilling requirements and meeting criteria that simultaneously promote economic development, social progress and the best interests of the environment. So working with our partners to address these environmental, social and ethical issues not only brings us on board with the requirements and expectations of our customers, but also provides a practical way of raising the profile of the responsibility, solidarity and sustainability commitments that have characterized Daher for decades.

A responsible procurement policy delivers multiple benefits beginning with our image and appeal for partners and customers. By being recognized as a company that takes action on these issues, we will be able to offer our customers a responsible supply chain – which is something our major customers are increasingly demanding – at the same time as extending our competitive advantage. In terms of efficiency, developing a genuinely responsible procurement policy also means improving our procurement performance as measured by product life

cycle and total cost, and engaging with a process of continual improvement in our long-term partner relationships.

This policy could have taken a back seat given the extremely challenging context created by the Covid crisis. But we have taken the opposite approach of making it stronger still. On the one hand, for reasons of responsibility towards our suppliers – especially the most vulnerable of them – by ensuring that we pay them on time. On the other hand, for strategic reasons of supplier chain consolidation by working with partners that will help us through the crisis and prepare for the economic recovery. This Covid crisis has turned priorities upside down: the race for production capacity has been replaced by quality and safety priorities, and the French government's aerospace industry recovery plan places great emphasis on the ecological transformation and social and ethical issues.

Committed by conviction to transitioning to a more sustainable procurement model, Daher is now accelerating its efforts to provide leadership for every link in its supply chain. By putting responsible procurement targets at the heart of its procurement strategy, the Group is reasserting the strategic importance it places on sustainability challenges, at the same time as reflecting and fulfilling the expectations of its stakeholders. The procurement function interfaces with all other company functions and its corporate environment to play a key role in disseminating more responsible practices, particularly to the sales and marketing community, whose members must now highlight and promote all the initiatives that represent real added value for our customers and partners.



Sophie Pardi,
CSR Manager



From the very start of the crisis, we focused on **guaranteeing the health and safety of our people,** ensuring our own business continuity and continuing to deliver consistent service to our customers.

“We have successfully adapted personally and collectively to contain the effects of the crisis on our company, and retain – even strengthen – customer trust across every aspect of our business.”

Nicolas Chabbert,

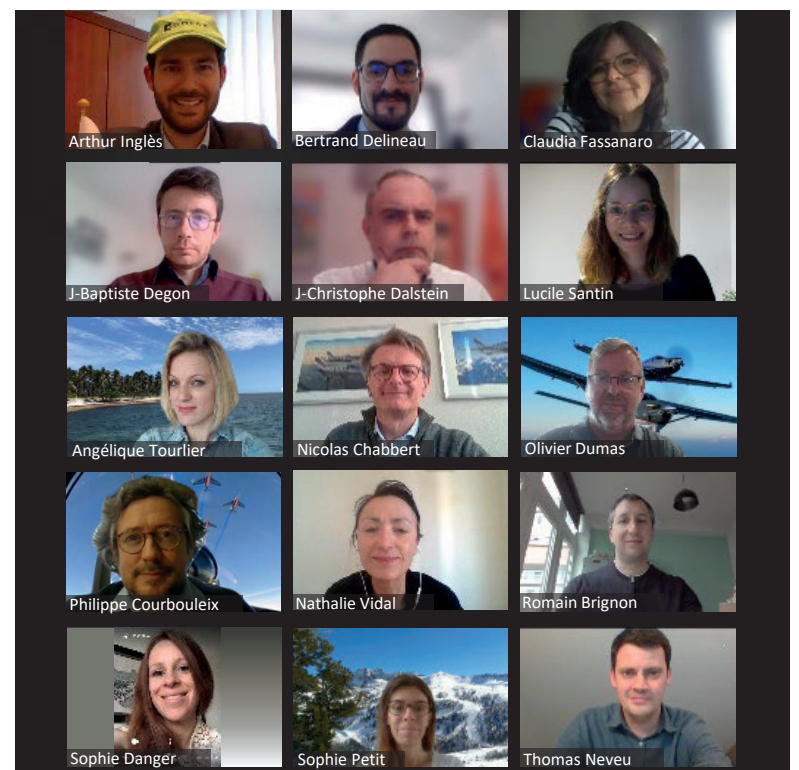
Executive Committee member and sponsor of the Covid-19 crisis unit

The Covid-19 crisis caught the world entirely off guard. It was at the start of March that warning signals around the spread of the coronavirus started to flash red. At that point, the Executive Management team took the decision to activate a crisis unit tasked with preparing and proposing a Covid-19 Action Plan as a matter of urgency. The members of the unit came from a broad range of backgrounds – HR, HSE, ISD, operations, communications, etc. – and had to learn very quickly how to work together and, in most cases, remotely. At that stage, our goal was to identify events or sequences of events that could potentially destabilize the company, and envisage mechanisms we could use to manage scenarios that were far from ‘business as usual’. The resulting coordination spanned the Group, and involved all shopfloor representatives, operating countries and production plants.

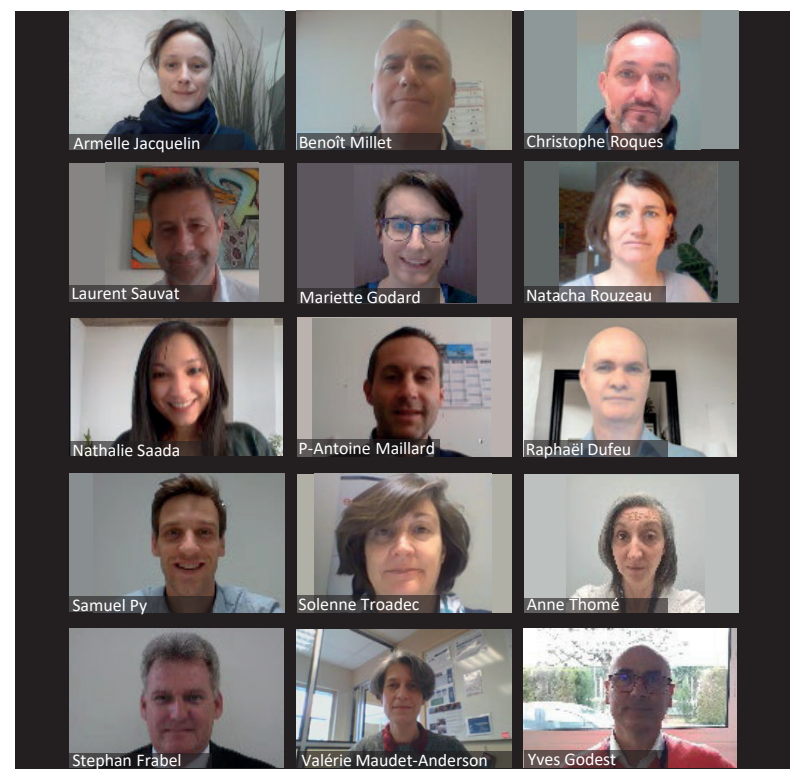
Nevertheless, time was against us. All our sites in France began to empty following the government announcements of March 16. The crisis unit worked proactively to inform and guide Executive Committee decisions by continuously providing its members with information about the evolving health situation, the ways in which the virus is spread, and the recommended protocols which were changing day by day, if not hour by hour... We basically learned by doing. In every case, we sought out the best-possible compromise based on government recommendations and the experiences of other companies and countries. Our permanent concern was to ensure business continuity and guarantee the health and safety of all our people, at the same time as addressing the features and realities specific to operations, regions and countries. This pragmatic approach is what allowed us to facilitate the widespread introduction and adoption of these new and restrictive measures.

We successfully adapted personally and collectively to contain the effects of the crisis on our company, and retain – even strengthen – customer trust across every aspect of our business. In Aerostructures, we continued making on-time deliveries to our customers thanks to a massive collective effort. In Logistics and Services, our employees adapted on a daily basis to all requests with the constant aim of ensuring continuity of service delivery. In our Aircraft business, we provided aircraft to fly medical personnel in cooperation with Aviation Sans Frontières in France, and airfreighted respirators from Sandpoint to San Francisco in USA. We also successfully delivered all ordered aircraft on time, despite a production stoppage of nearly six weeks.

The crisis has definitely made us stronger. It has demonstrated the strength of collective action, and the crisis unit is a perfect illustration of that. By listening and seizing initiative in an atmosphere of mutual respect and trust, people who had never met before were able to take decisive and effective action. This intense period of collaborative working broke down many artificial barriers; an experience from which we are now learning valuable lessons. I want to take this opportunity of thanking everyone for the commitment they have shown. Crises are, by definition, always sudden and surprising in terms of their magnitude. No one is ever really prepared for them, but the way we have responded has given us the opportunity to consolidate our crisis response system so that we can respond resiliently to other types of risk. The bottom line is that we will always opt to act with determination and anticipation, rather than ‘wait and see’ before we respond.



The multi-expertise Covid-19 crisis unit has been in place since February 2020.



Covid-19 coordinators worked at shop floor level, and were closely involved in the supply and distribution of Covid-19 PPE.

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

The Daher Social Dialog policy is set out formally in the Group Social Dialog Agreement signed in October 2019 by the Daher senior management and the union representatives for the Group's French companies. The purpose of the agreement is to formalize the social partners' mutual commitment to social dialog, and demonstrate the need to put in place all resources required to strengthen and oversee this social dialog.

A social calendar is prepared every year to address specific topics chosen by the parties. This involves every part of the employee relations structure – General Management, the Social Relations Department, the trade unions, their coordinators and locally elected representatives and line managers – in defining and implementing these consultation processes.

In 2020, social dialog at Daher was heavily involved in managing business continuity, keeping employees safe from Covid-19, and addressing the need to implement job protection plans for Daher Aerospace and Daher Technologies in France.

Daher responded very quickly, adapting its resources to meet the needs of its markets over the next three years, at the same time as seeking to minimize the number of compulsory redundancies without recovery solutions.

So Daher implemented a series of measures, beginning as soon as the health crisis broke:

- Expanding the role of union coordinators and creating a national coordination body to manage relationships with the social partners. These coordinators define, organize and lead their delegations for each union. All 2020 negotiations involved the national coordination body.
- Crisis Coordination Committee (3C) meetings provided an almost daily discussion forum for coordinators and members of the General Management team. Such regular meetings ensured that everyone shared the same understanding of the situation and how Daher was responding. They also acted as a liaison forum reporting information directly to the Executive Committee.
- The employment protection project for Daher Aerospace and Daher Technologies was prepared in the context of a constructive process of detailed and responsible social dialog, leading to the signature by all trade unions of a

Method Agreement and its amendments, an Agreement on Long Term Partial Employment (LTPE) and an Agreement on the social measures of the PSE.

- Introduction of a social barometer survey to give employees a voice, and conducted collaboratively with employee representatives.

All these outcomes were made possible thanks to the Group's long tradition of constructive social dialog.

■ A profit-sharing scheme for the period 2020-2022

As part of continuing to help and support all employees, the management team and trade unions took the decision to extend their responsible and constructive dialog process alongside the ongoing process of developing the job protection plans. As a result, an agreement on a three-year profit-sharing scheme was reached on the basis of a majority vote held at the end of August 2020. The scheme is built around the principles of solidarity and resource pooling to set a series of shared goals.

Additional profit-sharing payments are made on the basis of two performance criteria, and a third, non-financial, performance criterion, will be introduced for 2021.

Profit-sharing allows everyone to benefit and share the results of their efforts and operational achievements. The signature of this three-year agreement opens up interesting opportunities for the future, and confirms the importance of profit-sharing within the Group's social contract.

Lastly, the plan to introduce the "Redefining the Social Future of the Daher Group" initiative has not been abandoned, but has been adapted to current circumstances.

So for 2021, the two main areas of focus will be monitoring the rollout of job protection plans and moving forward with the measures and actions introduced as part of those plans. The strong underlying framework of our social dialog process remains in place to form the basis for addressing future social issues, with particular focus on occupational quality of life.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend
Social movements	Social Dialog Agreement	Number of agreements signed compared with the number of negotiations initiated	8/9	20/20	-	→
Other indicator						
Number of days of cessation of activity			2,038	3,526	-	↘

... to improve occupational quality of life

In the years since 2017, Daher has designed, consolidated and deployed an occupational quality of life method (based on the ANACT⁽¹⁾ method) to prevent absenteeism and psychosocial risk factors as part of promoting conditions under which employee commitment and motivation can flourish.

In 2020, all this experience was applied at the beginning of the health crisis, and extended during the process of implementing Social Security Code Book 4 requirements as part of the

job protection plans. Approved by the Board, this executive summary sets out the expertise Daher chose to focus on during the information/consultation and implementation phases of the job protection plan.

The bottom line is that all our existing systems have been described and updated – and new systems developed – in cooperation with the bodies of the central CSSCT⁽²⁾ and operations teams.



Cabin installation on the A350 FAL in Toulouse.

(1) ANACT: Agence Nationale pour l'Amélioration des Conditions de Travail National (French National Agency for the Improvement of Working Conditions).
 (2) Commission Santé Sécurité et Conditions de Travail (Health, Safety & Working Conditions Committee).



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

On completion of the first – information/consultation – phase, the initial results of initiatives implemented fall into four categories:

- Alignment of all employee relations bodies around the goal to "protect human capital and support collective change" and "company expertise" through a clear vision of the issues and prevention initiatives identified.
- Compliance with the schedule and action plans as a result

of transparent dialog around the issues of human resources and company safeguarding.

- The employee relations environment, which had previously reacted on the basis of emotions and on a scale commensurate with the events experienced, combined with the emergence of occupational quality of life issues highlighted in employee responses to the social barometer survey.
- The improvement in communication quality.

INITIATIVES TO IMPROVE OCCUPATIONAL QUALITY OF LIFE

- A process to co-construct tools and cross-functionality between operations, central services functions and geographic regions.
- Targeted support aligned with project stages and delivered via a communication plan, coordination of multi-expertise routines (HR, HSE, Health, Social, Psych) and training for those involved delivered via the "Relational agility at a time of transformational change" module (more than 150 people trained).
- A measurement tool: the social barometer employee survey.

In 2021, Daher will enter the job protection plan implementation phase and is already building on its existing systems and the foundations laid in 2020 to continue:

- Engaging in dialog with all employee relations bodies and, more broadly, all employees.
- Supporting collective dialog around issues of restructuring, transfers, workload impacts and work/life balance.

- The co-construction of a Group-level roadmap for occupational quality of life.

The effectiveness of all these initiatives is not reflected in the absenteeism figures for 2020, which show an increase of one percentage point over 2019. This increase clearly correlates with the 2020 health context and the associated increase in sick leave.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend	2021 Goal
Loss of human capital/demotivation	Health, Safety and Environment Policy	Social Barometer response rate	45%	-	-	-	75%
Other indicator							
Absenteeism (France)			4.5%	3.5%	3.5%	↗	-

... 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.

■ Teleworking and how to make it happen

2020 will be remembered as the year in which teleworking – which was not particularly widespread in the company – became mainstream. The information services teams have therefore succeeded in a massive challenge by enabling

more than 1,600 employees to continue working remotely right from the start of the first lockdown by providing them not only with hardware, but also with systems access and technical support. The introduction of newsletters and an intranet toolbox are two of the measures that helped achieve this transition at pace. This successful management of what was a major change has allowed us to significantly accelerate our digital plan and collaborative working practices.

Other indicator	2020	2019	2018	Trend	2022 Goal
Rate of access to digital resources (Statement of Non-Financial Performance reporting scope)	90%	65%	63%	↗	100%

ENSURING DIVERSITY AND FAIRNESS

... by bringing more women into management roles

A healthy company-wide gender balance not only attracts employees, but it also has positive effects on performance and finance. This belief and the fact that women are under represented in the company – especially in management – led Daher to launch its "D4her" program in February 2019. Its goal is to improve the representation of women at every level in the Group, beginning with management, so that we can reach the point where women have the same level of representation in top management as in the rest of the company – 26% – by the end of 2022.

The initial stages implemented since the 2019 launch have been to secure the support of the Executive Committee and raise awareness of this issue, with particular focus on behavioral biases. The first initiatives implemented in 2020 on the basis of the initial roadmap targeted the provision of coaching support for women managers, and the formation of a partnership with the Laboratoire de l'Égalité (Equality Laboratory) to receive feedback from programs conducted in other business environments. Initiatives to raise the profile of this issue among employees were suspended during the 2020 health crisis, but will continue in 2021.

Boosting cohesion between employees and shareholders (continued)

D4her has therefore revised its roadmap, but not its ambitions and focus. In 2020, D4her cut back on communication and events, preferring to focus its efforts on measuring and monitoring a series of more closely targeted indicators. D4her has taken on a new role in which it provides oversight and alerts management whenever it observes a deviation in these indicators.

The working group has also developed two new indicators: the first tracks the rate at which the representation of women is increasing in the workforce, while the second surveys the 100, 200 and 500 highest paid executives twice per year. To go further still, additional data are used to track routes by which individuals enter these pay brackets (through external hiring or promotion) to measure our Group's ability to develop its own female talent.

Other indicator	2020	2019	2018	Trend	2022 Goal
Women as a percentage of Group headcount	26%	26%	26%	→	-
- women as a percentage of all managers	26%	27%	26%	→	-
- women as a percentage of all executive managers	18%	18%	10%	→	26%
- women as a percentage of all 'talented' managers	23%	23%	25%	→	-

... through the inclusion of disabilities and by combating discrimination

Daher has been fulfilling its obligation to employ staff with disabilities in France since 2017. In France, employees with disabilities account for 6.9% of the Daher headcount. To achieve its goal and become involved more closely in the communities around its sites, these individual facilities subcontract their work to disability-friendly companies (EAs) and/or ESATs (assisted employment centers). Procurement teams have also been provided with a fact sheet to facilitate and extend this practice. Daher also partners with temporary employment agencies to help bring disabled employees into the world of work and ensure their continuity of employment.

Other indicator	2020	2019	2018	Trend
Employees with disabilities as a percentage of all employees	6.9%	4.7%	4.6%	↗

ENSURING THE LONG-TERM FUTURE OF OUR SHAREHOLDER GOVERNANCE AND THE TRANSPARENCY OF OUR FAMILY-BASED MODEL FOR RESPONSIBLE CAPITALISM

Robust and transparent governance

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

The Générations Daher family association was formed in 1994 to ensure a high level of cohesion between Daher family members (around 600 in 2020) and help them to perpetuate the family culture and values. It was also in 1994 that the family shareholders came together to form CoreDaher (formerly Sogemarco-Daher), the holding company that leads the Daher Group.

All the operating rules – family charter, shareholder agreements, internal regulations, etc. – are formalized in documentation. Nevertheless, they are never set in stone, but are sufficiently flexible to be reconsidered and adapted in response to changes in the challenges faced by the company and its shareholding family.

This governance model allows Daher family members, whether current or future shareholders, to speak with a single voice and share the same vision in setting the major strategic directions for the company. This shared vision is implemented practically through the *Vivre Ensemble* (Living Together) and *Entreprendre Ensemble* (Entrepreneurship Together) strategic plans introduced in 2018 alongside the Succeed Together corporate strategic plan.

At the end of 2020, CoreDaher held a 87.07% equity share in Compagnie Daher alongside Bpifrance, a key partner that holds a 12.5% stake and has supported the company since 2009 and shares the same long-term vision of manufacturing as the Daher Family.

Governance that has shown resilience during the Covid-19 crisis

Our governance model has demonstrated its robust structure and adaptability during the Covid-19 crisis. The Board of Directors of the Générations Daher family association, the

The D4her group also uses another essential measurement tool called the Gender Equality Index. The same calculation methodology applies to all companies, and the mandatory requirement to publish an updated index value annually provides us with a tool we can use to measure how our results are trending over time, and to compare ourselves with other companies in our business sectors.

In 2020, the Daher index showed a positive trend, producing ratings of 88 points for Daher Aerospace and 87 for Daher Technologies.

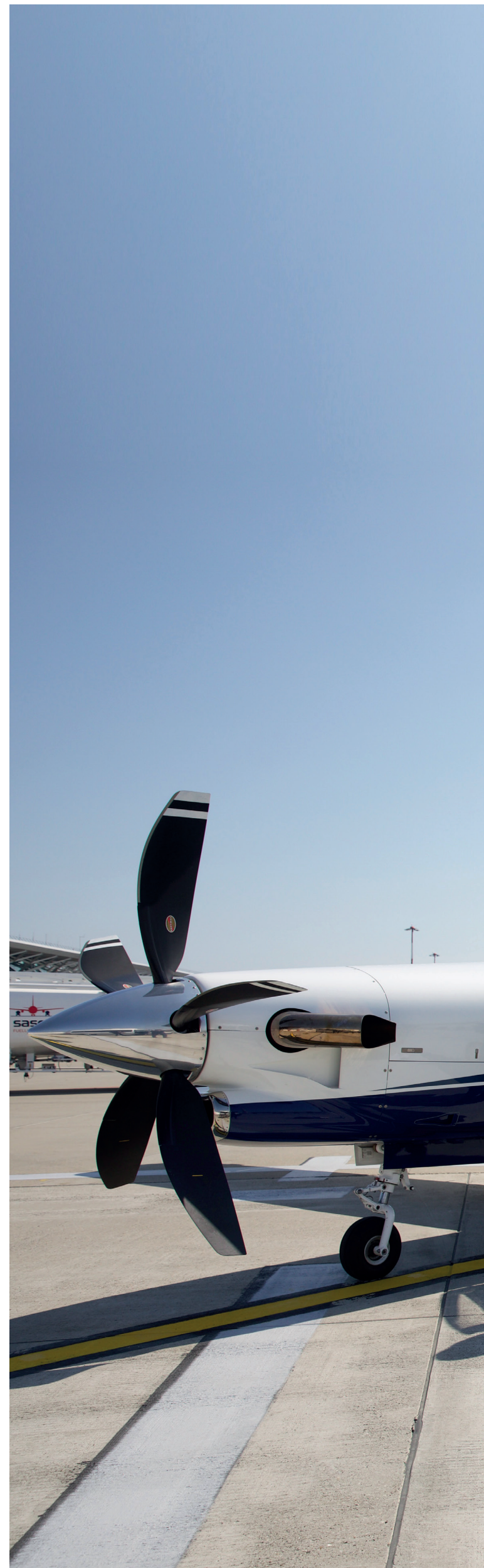
Since this index was first published in 2019, Daher has improved its performance by 15 points at Daher Aerospace and 16 points at Daher Technologies.

The circumstances of 2020 prevented us from implementing key areas of previously completed work, but the rollout of the new HR information system and the essential selection criteria built into the job protection plan have fed into a major campaign to update employee personal data. The results of this update will help boost inclusion within the company and its business lines.

Against a background of very significant headcount reduction, the Procurement Department has focused closely on minimizing the economic impact for our EA/ESAT business partners.

Group Supervisory Board and the general partners of the CoreDaher holding company have worked continuously since the beginning of the crisis to ensure (i) the ability of CoreDaher to resist the negative economic effects and (ii) the stability and cohesion of the family shareholding group (350 people/600 members of the Daher family) in its ability to support the company and its managers through the crisis.

- The Board of Directors of the Générations Daher family association met 12 times in 2020 (as well as meeting weekly during the first lockdown, although videoconferencing meetings were not formally minuted).
- The Supervisory Board and general partners met 4 times between March and July.
- The Crisis Committee (an extended Governance Committee) was formed and met weekly from the beginning of the crisis until June. The Committee mission was to gain a full understanding of the crisis, its nature, its economic impact on the company and its repercussions for CoreDaher, follow-up on decisions made and support the management team.
- Implementation of a crisis communication system to keep family shareholders fully informed on the crisis as it developed (weekly updates between March and June (monthly thereafter) and implementation of quarterly information updates for all 350 family shareholders).
- The Company Shareholders' Meeting was held as a videoconference with advance postal voting (more than 90 shareholders attended the meeting virtually on July 18, representing 81.31% of CoreDaher equity capital).
- Introduction by CoreDaher of Q&As to prepare all family shareholders ahead of the Shareholders' Meeting, and allow individual shareholders to submit their postal votes in full possession of the facts. The shareholders voted to waive their dividends (with a 96.45% majority of the voting rights of those shareholders present or represented).



Covid-19: Daher supported Aviation Without Borders by providing TBM aircraft and pilots to



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

The resilience shown by the family governance model provides a very significant level of stability for the management team and the long-term future of the company.

Work to prepare tomorrow's shareholders continued through the crisis

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 and take up possible positions as board members.

The pre-crisis initiatives implemented to prepare the next generation of family shareholders continued in 2020, adapted as necessary to respect social distancing by using new information tools. The DAHER application, newsletters, videoconferencing and social media all proved their

effectiveness where face-to-face meetings were no longer possible:

- The DAHER app was launched by the Générations Daher association in December 2019. Since then, it has been downloaded by more than 200 existing and future shareholding members of the Daher family. In 2020, more than 50 news updates were posted on this app, generating more than 4,500 viewings.
- 16 information releases issued since the beginning of the crisis.
- 1 x 20 min. information video released in May 2020.
- 12 newsletters published in 2020.
- 3 information meetings: February 25 (49 people face-to-face), July 18 (90+ people attending the CoreDaher Shareholders' Meeting by videoconference) and December 16 (88 people by videoconference).

Other indicator	2020	2019	2018	Trend
Number of training hours received by family members	582	563	63	→

BOOSTING COHESION BETWEEN EMPLOYEES AND SHAREHOLDERS

To ensure the long-term future of our family-owned corporate model, we have forged a close relationship between our employees and our shareholders (the 600+ members of the Daher Family who are existing or future shareholders) to generate a strong sense of belonging around shared values and future vision.

However, the health crisis meant that opportunities for employees and family shareholders to meet were extremely limited in 2020.

A working group of family members, family shareholders and company representatives was formed at the beginning of 2020 and tasked with defining the corporate purpose of Daher. The economic fallout of the health crisis put this process under strain, resulting in the timetable for completion of the work being postponed until 2021.

FONDAHER... a shared foundation

The FONDAHER family foundation was set up in 2012, and until 2017 was the focus for all family-driven corporate sponsorship and patronage initiatives. The process of merging the family foundation with Compagnie Daher was finalized in 2018 to create 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 among its members, 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 heritage renovation checks are centered on Marseille, IECD is seeking a new project in Morocco, and Le Lab is providing support for an intake of young entrepreneurs in Nantes.

FONDAHER continued working with these multi-year partnerships during 2020, but made the decision to refocus its mission during the health crisis. So rather than expand its partnerships in line with the roadmap, the priority switched to providing support for these non-profit organizations. An emergency fund was earmarked to quickly identify and specifically target the needs of those non-profits already supported by FONDAHER as a result of previous calls for projects around a series of conferences hosted with the help of sponsors.

Since 2018, FONDAHER has issued an annual call for projects to enable shareholding family members and employees to sponsor a non-profit organization of their choice, and provide financial support for projects that meet the selection criteria. The 2020 call for projects was able to go ahead by reducing the number of projects and introducing a more focused theme around employment integration and reducing the rate of school dropout. Sponsors of previous years' projects worked with CSR ambassadors to publicise this process throughout the company.

Other indicator	2020	2019	2018	Trend
Number of projects supported as a result of the Call for Projects	9	15	15	↘

Family shareholders as part of CSR governance

The Group Governance Committee provides oversight for the rollout of the company's CSR and business ethics strategy, monitors implementation of the CSR policy, is informed of the main CSR risks and ensures compliance. It is supported in these tasks by the CSR Committee. Since 2018, two family

shareholder representatives have been members of the CSR Committee, and therefore attend CSR strategy management and operational oversight meetings several times per year. This degree of openness contributes fresh insight to Committee discussions and leads to more effective sharing of the goals adopted and actions implemented.



transport medical personnel around France.

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

Ensuring the long-term future of the company and the jobs of its people is a central priority goal for Daher. To achieve it, the Group is committed to implementing a responsible employment policy through three main channels: employment and career management, the Strategic Workforce Planning program for manpower and skills, and the Group Training Plan. Developing the careers of our employees, maintaining their employability and ensuring that their qualifications align with the expectations of Daher customers are ongoing priorities for the Human Resources Department.

Employment and Career Management (GEPP)

Following on from the agreements signed for the implementation of long-term part-time working and the social measures introduced by the job protection program, a GEPP (Employment and Career Management) agreement was signed by all five of the Group's trade unions (CFDT, CGT, FO, CFTC and CFE-CGC) in December 2020.

This agreement reflects the shared desire to implement a system for a manpower and skills forecasting mechanism as part of an ongoing transparent process of dialog between the social partners designed to allow the company to adapt to uncertainties in its markets.

This framework agreement covering the long-term management of employment and careers (formerly known as a GPEC), allows us to produce shared analyses of those careers with a bright future, and those where further training or reskilling will be required.

The GEPP also enables employees to increase their employability and achieve career security. The agreement sets out methods and processes to support employees in their career choices with the company and elsewhere through voluntary redeployment, with specific reference to their existing jobs.

As part of its restructuring project, Daher has done everything in its power to secure the onward careers of its people,

regardless of whether or not they remain with the company. Accompanied by a framework of specific support measures, internal mobility is highly encouraged and introduced to limit the number of compulsory redundancies. Voluntary redeployment is also encouraged within a policy framework. HR staff were available on an on-call basis to discuss individual circumstances and opportunities with employees who would like to do so. The introduction of the early voluntary redeployment scheme, internal redeployment and voluntary redundancies (which affect 478 people) have made it possible to avoid 356 compulsory redundancies initially planned as part of job protection plan implementation.

Training

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. Delivering training during the Covid-19 crisis proved very complicated (buildings closed, etc.), so it was not possible to hold some of the sessions scheduled, which provides a partial explanation for the fall in key performance indicators.

In 2020, the training effort was redirected to maximize the employability of those volunteering for internal and external redeployment.

Skills

2020 was also the year in which we introduced a new policy to identify, develop and retain experts within the Group. This policy will be rolled out Group-wide during 2021, with particular focus on supporting the momentum initiated by the creation of the Chief Technology Officer (CTO) department and the innovation projects led by Daher as part of the *France Relance* national recovery program and the Corac low-carbon aircraft R&D projects.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend
Skills and Expertise mismatch	GPEC agreement	No. of training hours/FTE	9	14	12	↘
Job Protection Plan	Social dialog agreement, GPEC, mobility, etc.	% of FTEs attending at least one training session	56%	74%	78%	↘
Other indicator						
Group Headcount			9,482	10,060	9,764	↘
Headcount (Statement of Non-Financial Performance reporting scope)			8,410	9,662	9,106	↘
France Headcount			7,655	8,577	8,466	↘
% Permanent Full-Time			83%	74%	73%	↗
% Management			21%	21%	21%	→
% of total workforce receiving personal and career development appraisals			NA	95%	-	



The first pre-production prototype of the Airbus H160 helicopter, which uses a composite tail boom. (Photograph taken pre-pandemic).

INCREASING DIALOG WITH STAKEHOLDERS IN OUR HOST COUNTRIES AND REGIONS

Daher is the leading manufacturing industry employer in the two employment catchment areas of Tarbes (in the Hautes-Pyrénées region of France) and Blois (Loir et Cher). In four other employment catchment areas – Toulouse, Marseille, Nantes and Saint-Nazaire – Daher is a significant employer within what are highly dynamic aerospace ecosystems. These strong positions entail significant responsibility for Daher to the two regions.

The main challenge for 2020 was to maintain dialog with elected representatives in our operating regions (especially mayors, joint community authorities, members of parliament and regional councilors) and regional representatives of central government (especially DIRECCTE and prefectures) during the process of drafting the job safeguarding plan for impacted employment catchment areas where we are a leading or significant employer (Blois, Nantes, Saint-Nazaire, Tarbes and Toulouse).

So from mid-June onwards, and having shared the information with our social partners, Daher paid particularly close attention to providing all its institutional stakeholders in these regions with regular updates.

This dialog also allowed us to work on projects related to the *France Relance* national recovery plan to be implemented in these regions, which includes plans to build a composite materials TechCenter in Nantes, or launch new Corac research projects. Daher is very keen to continue this process of dialog for the long-term future.

As part of its ongoing commitment to working closely with its operating regions, Daher has on several occasions donated equipment needed to combat Covid-19 to a number of institutions in these regions, including fabric face masks produced in one of its production plants.



il structure designed and manufactured by Daher, stops over in Tarbes.

STRENGTHENING OUR RESPONSIBLE PURCHASING POLICY

Policy

The Daher responsible procurement policy took a big step forward in 2020. Responsible procurement is one of the five priorities of the new 2020-2022 Group Procurement Performance strategic plan, designed to offer our customers a fully responsible Daher supply chain. Our responsible procurement policy has three major points of focus:

- compliance with the ten commitments set out in the French Responsible Supplier Relations Charter labeling scheme administered by the *Médiation des Entreprises* corporate mediation service;
- creating value with our suppliers by building strong, long-term partnerships;
- a global initiative that involves every link in our supply chain.

The rollout of this responsible procurement policy is being supervised under the terms of the Daher Supplier Code of Ethics and Responsible Purchasing Charter and involves the inclusion of standard CSR-related clauses in all new contracts. Despite the multiple crises of 2020, the Group Procurement Department decided against postponing the Responsible Procurement Policy rollout, judging that the time was right to consolidate our supplier relationships and move towards a more sustainable model of procurement with a greater emphasis on CSR issues. All those involved in Procurement took part in two series of Responsible Purchasing training sessions during 2020. The first of these focused on providing trainees with a refresher session on the many aspects of responsible procurement, together with the goals of the Group Procurement function and its ambition, while the second looked specifically at CSR risks in the supply chain. This second series of training sessions involved trainees in assessing the CSR risks of their commodities. The results of this assessment will be used to prepare a new map of supplier



CSR risks as the basis for developing associated action plans for rollout in early 2021. The revision of the supplier assessment matrix conducted by the Supplier Performance teams was another opportunity to add HSE and CSR criteria. This new matrix will be introduced in 2021.

Signature of the Responsible Supplier Relations Charter

Daher first signed the *Médiation des Entreprises* Responsible Supplier Relations Charter in 2010. That commitment was reaffirmed in 2020 with a second signature of the Charter by

Non-financial risks	Policy	Indicator	2020	2019	2018	Trend	2021 Goal
Supplier Due Diligence	Daher Responsible Purchasing Charter Supplier Code of Ethics Supplier-related CSR Risk Map	% of buyers trained	94%	-	-	-	100%

INTEGRATING CSR INTO OUR BUSINESS LINES, PRODUCTS AND SERVICES AS A SOURCE OF ADDED VALUE FOR OUR CUSTOMERS

Integrating CSR into our business lines

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, the network of CSR ambassadors across the majority of our business lines and operating sites facilitates the process of addressing issues effectively at local level. In 2020, some ambassadors left the network, others joined, and a number of new business lines were included to extend the rollout of CSR throughout the Group.

The ultimate goal of these CSR Committees is to empower each business line to integrate CSR issues into its activities and address them effectively. Initiated in 2019, this process continued through 2020 with new corporate responsibility roadmaps for Innovation, Procurement, the ISD, R&D and Transportation. The ambition is to continue the rollout in 2021.

Integrating CSR into our contract bidding process

■ The Group capital structure: a major and differentiating strength for customers in 2020

Against the background of unprecedented crisis in the aerospace industry, the mission of the Sales Department was to reassure our ecosystem of customers and partners that we had the ability to work successfully and in their best interests through this turbulent period.

This goes to the very heart of the Group's organizational and shareholding structure, both of which underpin and guarantee its long-term future.

The strong message this sends about the benefits of family capitalism and - more particularly - responsibility allowed us to reassure our customers and re-engage them in looking forward to future opportunities.

We have been able to achieve this positive outcome of responsible management thanks to our healthy long-term financial situation, that enables not only the survival of the company, but also its ability to bounce back.

■ A long-term approach to business: a powerful lever that sets our manufacturing and service businesses distinctively apart from competitors

The integration of CSR issues into customer relationships is becoming increasingly important in a world with long-termist ambitions.

Always attentive to the expectations of its customers, the Sales Department has worked closely with them to pull CSR issues together and integrate them into an holistic vision

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

the new Group VP Procurement with the aim of receiving the Responsible Purchasing Supplier Relations accreditation label in 2022. To achieve this goal, Daher has given its commitment to uphold the ten principles of the Responsible Supplier Relations Charter. The Group has also appointed an internal mediator, whose involvement can be requested by a Daher employee or supplier to resolve a disagreement. The first workshop sessions were held in 2020, focusing on CSR compliance in contracts and supplier-related CSR risks. The series of Responsible Purchasing workshop sessions will continue in 2021.

of development, production and support. This analytical approach has allowed us to develop bespoke products and services that align seamlessly with customer expectations. As a result, Daher was able to offer Safran Aircraft Engines the opportunity to map the engine component production supply chain with the aim of creating a flow diagram that guarantees a minimal carbon footprint, optimum responsiveness and price competitiveness. In this way, the point-of-use concept becomes a driver for building the manufacturing plan, the procurement policy and ultimately the sales proposition offered to our customers, which are increasingly focused on long-term sustainability.

At the same time, more and more existing and prospective customers are including CSR criteria in their supplier evaluation questionnaires at every phase of the commercial relationship (Request For Information (RFI), Request For Quotation (RFQ) and the information provided as part of supplier evaluation conducted in the contractual phase.

■ Digitalization and CSR: shared benefits

Daher has accelerated the pace of its transformation towards setting the benchmark for digital maturity in its ecosystem. People-focused digital technology allows us to work with our employees to achieve the ambition of a working life that is simultaneously more respectful and more flexible.

By putting in place tools like the Salesforce CRM, the Sales Department has taken up the challenge of digitalizing the customer value chain, from new business, through address books and meeting minutes, to delivery of the final quotation to the customer. Optimizing working time through the use of digital tools releases employees to fulfill their potential, at the same time as helping the Group hit its growth targets. The project will continue in 2021 with clarification of stakeholder roles and responsibilities in a complex environment and the inexorably increasing need to address customer expectations effectively.

For its corporate BtoB customers, Daher has introduced a customer satisfaction process 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.

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

Employee safety is the priority challenge in the Daher materiality matrix. Its safety commitment is evidenced in:

- the Daher Health, Safety, Security and Environment policy signed by the CEO (updated most recently in 2019);
- the SeeD operational excellence program (launched in 2014) and its SeeD Safety component, which identifies safety as the most important issue and the essential starting point for operational performance.

2020 saw:

- the transfer of responsibility for implementing the SeeD and SeeD Safety programs to Operations Departments after several years of being managed centrally by the Operational Excellence Department;
- the implementation of health protection measures to enable business continuity through the Covid-19 crisis.

So against the background of the Covid-19 crisis, Daher has focused on:

- protecting the health safety of its people by ensuring that central government instructions and requirements (protective equipment, regular communication, adaptations to premises, etc.) are fully implemented at all its sites;
- preventing psychosocial risks by introducing human factor accident prevention systems and measuring the effects of the SSCT⁽¹⁾ on employees (mental health support unit, Social Security Code Book 4 provisions and the social barometer employee survey).

The improvement in results shown by our indicators is real, since this calculation reflects the high number of part-time working hours recorded in 2020. Daher has prioritized employee safety, and will launch a new safety program in 2021.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend
Threats to employee health and safety	The (Group) Health, Safety, Security and Environment policy	Frequency rate (Fr)	15	19	-	↘
Other indicator						
Severity rate (Sr)			0.37	0.41	-	↘

MINIMIZING OUR ENVIRONMENTAL IMPACTS

Preventing pollution related to our business activities

Its commitment to protecting the environment is integral to Group general policy. The Daher environmental policy guarantees full regulatory compliance, monitoring of environmental indicators and objectives, and the achievement of continuous improvement based on clearly defined priorities. The Group strives continually to improve its environmental performance. The Health, Safety & Environment (HSE) structures support environmental certification initiatives, work to reduce pollution and environmental damage, and support existing risk management processes. Daher has an Environment network in place to promote environmental awareness among employees through personal and collective initiatives.

The Group oversees voluntary environmental certification procedures to ensure alignment with its long-term customer development and partnership priorities. At the end of 2020, 26 Group facilities were ISO 14001 certified. In 2020, the Group operated 13 Installations Classified for Environmental Protection (*Installation Classée pour la Protection de l'Environnement soumise à autorisation*) or ICPEs. These included one classified as SEVESO low threshold (Poincy).

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 Poincy. In addition to reviewing the documentation, the capability of implementing the methods and crisis management procedure it contains have been verified at the plant. In 2020, an exercise in implementing the internal operational plan for the Poincy site was conducted with support from the Group crisis management unit.

Non-financial risks	Policy	Indicator	2020	2019	2018	Trend
Environmental damage	The (Group) Health, Safety, Security and Environment policy	% of employees working in ISO 14001 facilities	55%	47%	42%	↗

(1) SSCT: Health - Safety - Working Conditions.



Daher Research & Technology Engineer Stéphanie Portet speaks at the 4th Daher Inno



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



Optimizing energy and resource management

Fully aware of its responsibilities as a manufacturer and logistics services provider, Daher has made environmental protection – particularly the conservation of resources connected with its business and the reasonable use of energy – one of the four cornerstones of its Health, Safety, Security and Environment policy.

A number of environmental protection projects are currently being deployed simultaneously:

■ Action plans based on the result of energy audits and carbon assessments – Bilan Carbone conducted in 2019

The Bilan Carbone carbon assessment and subsequent energy audits conducted in 2019 provided a baseline measurement and impact assessment. The goals of the ODDICEA production resource collectivity project launched in 2019 include targeting the most energy-intensive resources, thereby contributing to the emergence of our central ecodesign principles.

■ Transportation and logistics plan optimization

As a supplier of logistics services for manufacturers, we have a responsibility to deliver increasingly sustainable solutions. These solutions are based on multiple imperatives, such as the

road transportation carbon emissions reduction requirements contained in our framework contracts with service providers, reducing waste by reusing packaging, and making comparative carbon footprint measurements for the logistics plans we offer our customers.

■ Our business lines are on board

Several cross-functional businesses have already given their undertaking to pay special attention to the use of resources in their roadmaps, including the ISD with its development of specific Green IT criteria for hardware purchases and the disposal of obsolete hardware. The ISD also runs regular IT good practice training sessions for its staff. A Troc'Together internal classified ads platform (similar to *Leboncoin* in France) has been developed to share unused equipment and machinery that could possibly meet a need elsewhere in the company before being considered for disposal.

Conscious of the impact imposed by its consumption of resources and energy and its ability to act on these issues, Daher is positioning these issues front and center in its next Climate Strategy with the ambition of reaching the target set by the Paris Agreement by the end of its next strategic plan period. An energy governance structure will be created in 2021 to achieve this challenge.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend
Societal and environmental acceptability risk	Climate Strategy (in progress)	Energy intensity (Annual Electricity and Gas consumption in kWh/FTE)	11,653	12,298	13,758	↘
Other indicator						
Weight of waste/FTE (Tonnes/FTE)			0.516			-
% of waste recovered/recycled			63%	75%	86%	↘

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

The Daher low-carbon policy became a formal component of the Group Health, Safety and Environment policy in 2019, following on from the Bilan Carbone carbon assessment conducted in 2018 and the materiality analysis of 2017, since when this issue has been one of the Group's major societal challenges. It is also a response to the societal and environmental acceptability risk level identified in our risk map.

The 2020 health crisis and its fallout for the economy and society have also impacted this challenge in a number of ways. Firstly, the decline in Group business activity and the collapse in global air traffic have led to a drastic fall in Scope 3 carbon emissions, although this temporary reduction naturally does not change our long-term structural emissions reduction targets. This crisis has also reminded us that a lack of anticipation and preparation for such events has important financial and employment consequences. We therefore have a responsibility to anticipate the effects of a climate crisis whose probability of future occurrence is documented and unavoidable.

So 2020 saw significant progress being made on the formalization of Daher's Climate Strategy, and on the operational formalization of research programs working towards the advent of the low-carbon aircraft as part of the recovery plan.

In 2020, Daher rolled out a proactive awareness initiative to inform its employees about the need to activate a virtuous circle of carbon emission reductions using tools such as the MyCO₂ carbon footprint calculator, the development of which was sponsored jointly by Daher. The Group is convinced that aware and committed employees will have a positive impact not only on the company and its activities, but also on central government and its operating regions. Daher has contributed to the creation and launch of several projects as part of the French aerospace industry recovery plan led by CORAC (the French Civil Aviation Research Council), which aims to develop the technological building blocks for reducing the environmental impact of air travel. These projects are consistent with the EcoPulse™ distributed hybrid propulsion aircraft under development with Safran and Airbus, and will be the focus for a special communication campaign once the results are published.

Non-financial risks	Policy	Key indicator	2020	2019	2018	Trend
Societal and environmental acceptability risk	Climate Strategy (in progress)	CO ₂ emissions (Scopes 1&2)	19,471	21,892	-	↘

Managing our operations responsibly now and in the future (continued)

RESPECTING BUSINESS ETHICS AND COMBATING CORRUPTION AND INSIDER INFLUENCE

The Daher policy on business ethics and combating corruption and insider influence is set out formally in its Code of Ethics and Good Conduct. 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 is now appended to the Group's internal regulations and is one of a series of documents signed by all new employees. Effective application of the Code of Ethics and Good Conduct is monitored by the Group's Compliance Officer and a delegated representative in each operating country.

In early 2019, the new Daher Gifts Policy was introduced for all those employees most exposed to this potential risk.

Those involved received specific awareness training on business ethics and the need to combat corruption and insider influence during 2019. Additional training was provided for Procurement staff in the second half of 2020. The plan is for the rollout of this training program to be completed in 2021 for all employees identified as potentially at risk.

The double whistleblowing system

The two (internal and external) whistleblowing systems in place give everyone the opportunity to exercise their right to flag up issues in three types of situation:

- violations 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.

The first of these systems uses a secure and anonymous platform available to all Daher employees via the Daher intranet. It is described in the Code of Ethics and Good Conduct, and was the subject of a dedicated Group-wide communication campaign at the time of its launch.

The second system is public and available for anyone to use by completing the "You want to..." "Would you like to alert us" contact form on the Daher website. The information provided is forwarded to the (non-anonymous) compliance@daher.com e-mail address administered by the Daher Compliance Officer.

In 2019, one alert was submitted via the secure internal platform. After consultation and close examination of the situation, it was decided that it did not constitute an incident and was therefore not acted upon.

The Daher Compliance Officer receives all whistleblowing reports via the platform and the compliance@daher.com e-mail address, and assesses them on a case-by-case basis 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.

Due diligence plan

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

The plan meets the following 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, those related to the supplier's operating country (or countries), and those related to the supplier's relationship with the Group (in terms of revenue, volume, dependency, etc.).

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

- a screening tool to guarantee full compliance with national, European and international embargo regulations and anticorruption regulations;
- 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.

The new supplier evaluation matrix incorporating human rights, health and safety, environment, ethics and responsible purchasing criteria will be introduced early in 2021. This matrix is used when suppliers join the panel and as part of supplier audits.



Putting the finishing touches to a TBM 940 before it comes off the final assembly line in Tarbes



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



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

Introduction of the Code of Ethics and Good Conduct

The Daher Group 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. The Code of Ethics and Good Conduct was first rolled out in 2019, since when training modules have been introduced. This Code sets out the key principles that should guide the actions of all employees (internal and external in France and worldwide), and explains the behaviors and good practices to be adopted on a daily basis to ensure compliance with all applicable regulations in practical circumstances. This document refers to detailed procedures and covers major issues, such as human rights, the environment and business ethics. Those employees at risk have been identified by the Compliance Officer to ensure efficient targeting and training. No new face-to-face training sessions were held in 2020, but the goal of 100% for 2022 remains.

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 secure and anonymous system gives all employees the opportunity to flag up any breach of the Code of Ethics and Good Conduct. An external whistleblowing system was added in 2020; available via the Daher website, it allows any person inside or outside the company to report any violation of personal rights, environmental regulations and/or business ethics.

■ 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 Procurement 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.

Non-financial risks	Policy	Indicator	2020	2019	2018	Trend	2022 Goal
Damage to the Group as a result of internal/external fraud	The Code of Ethics and Good Conduct: Gifts Policy	Percentage of those considered "at risk" receiving training	39%	39%	-	→	100%
Other indicator							
Number of incidents resolved/Number of incidents reported			1/1	0	-	-	100%

ENSURING THE SAFETY OF OUR PRODUCTS AND SERVICES, AND THE SECURITY OF OUR DATA

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.

Protecting Group employees, our physical and intangible assets and the information entrusted to us against any malicious interference is one of our challenges. Since it operates in sectors with implications for national security, the Group continually improves and updates these policies. Physical protection policies have been developed and implemented for all our sites. Work

is currently underway to strengthen our information privacy management systems in 2021.

In 2020, Daher made its security function an integral part of its General Secretariat as a basis for developing a risk-driven process.

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.

Methodology

SCOPE

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

- In France:
 - Compagnie Daher S.A.
 - 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 (Tangier)
- In Germany:
 - Daher Aerospace GmbH (Donauwörth)

The scope of the Group Non-Financial Performance Statement includes 88% of the average total headcount at the end of December 2020.

Inclusion/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 57 FTE employees at the end of December 2020, and the Group standard reporting requirements are not applied to this entity. Payroll facilities for 5 salary scopes were closed between 2019 and 2020 following the loss of a contract. During the same period, 10 facilities were created. On the basis of the methodology adopted by the Group, the headcount data for these salary scopes will be the average for the year. Some Statement of Non-Financial Performance indicators will not be available for these scopes. The legal entities remain unchanged.
- Outside France, companies employing fewer than 100 FTE on average at the end of 2020 (12) are excluded from the Statement of Non-Financial Performance reporting scope. New entities outside France with more than 100 FTEs on average at the end of 2020 (3) will be included in the 2021 Statement of Non-Financial Performance to enable them to put in place CSR reporting. The scope of the Group Non-Financial Performance Statement includes 13 ICPE-classified facilities.

RELEVANCE OF INDICATORS/INDICATORS NOT ADOPTED

The ten significant non-financial risks are all covered by policies, action plans and key performance indicators. To address its "Societal and environmental acceptability risk level", Daher has begun the process of formalizing its Climate Strategy, and plans to approve its ambition and governance structure during 2021. The key indicator is already defined and monitored.

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.

Independent third party report

on the consolidated statement of non-financial performance included in the Management Report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

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, 2020, 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".

PERIOD

The reporting period covered by these corporate responsibility data is the 2020 calendar year. Where indicators were included in the 2018 and 2019 CSR reports, they are presented relative to the corresponding 2020 data.

There are two exceptions in terms of Energy indicators: those which measure energy consumption (gas, electricity and fuel) 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. The same reporting scope applies to Training indicators, due to the non-availability of year-end data.

CONSOLIDATION AND CONTROL

A single CSR data collection and management system called Toovalu was implemented in France, Germany, Great Britain, Morocco and Mexico since 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. These data are consolidated by the Risk, Audit & Sustainable Development Department. For the exceptional year of 2020, data were gathered as centrally as possible, and will be available on Toovalu during 2021, when the process will resume.

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 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. Hours worked in 2020 have been deducted from the significant level of part-time working hours made necessary by the pandemic. Due to an error in the calculation of hours worked in 2019, data for that year were later corrected.

The indicator for the "Percentage of employees with disabilities in France" shows projected data for 2020; the consolidation will be made in June 2021 following provision of the data to the Independent Third Party. The Ethics indicator for the "Percentage of employees trained in the Code of Ethics and Good Conduct" has changed since 2019 when a more accurate definition of the at-risk population was introduced to include sales functions (those for aircraft maintenance, transportation & projects and logistics services), purchasing, finance and the divisional management committees. No-one received this training in 2020, so the KPI score for 2020 is unchanged from 2019.

Training hours indicators therefore refer only to those training programs declared as completed on the date of analysis and to those employees declared as present. Daher declares a training program completed and the participants present on receipt of invoice from the service provider, accompanied by corresponding trainee attendance lists. The inevitable time lag effectively minimizes the result of both indicators. Internally, we also use projected values for these indicators. These are representative of the results for the current year, and are made available in June of the following year.

The "Energy Intensity" and "Scopes 1 & 2" energy indicators are based on source data provided directly by electricity and mains gas utility companies for French sites, and directly by international sites, which

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 appropriate 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 policies presented, and
 - corroborate the qualitative information (actions and results) provided in the appendices that we considered most important. For some risks (Due Diligence – Suppliers, internal/external frauds), 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.
- We have verified that the Statement covers the consolidated perimeter, 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.

also report consumption of propane gas. The data for "fuel" have been centralized for the last year due to the widespread use of gasoline cards. The emission factors used to calculate the TCO_{2e} values for Scopes 1 & 2 are taken from the ADEME database and provided by Carbone 4 in April 2019.

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) average 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.

■ GEPP

Employment and Career Management.

■ 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.

■ Occupational accident severity rate

Number of days off work x 1,000/total number of hours worked.

■ Work/study rate

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

- For those key performance indicators and other quantitative results presented in Annex 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 and covered between 74% 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 2020 and February 2021 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:

- During 2020, Daher responded to the societal and environmental acceptability risk by working on a Climate strategy for approval and deployment in 2021.

Independent third party,

MAZARS SAS

Paris La Défense, March 8, 2021

Gaël LAMANT
Partner

Edwige REY
CSR & Sustainable Development Partner

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



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