

DUTY OF VIGILANCE

2020 REPORT

This document falls within the framework set by articles L. 225-102-4 and L. 225-102-5 of the French Commercial Code resulting from law no. 2017-399 of 27 March 2017 relating to the duty of vigilance for parent companies and contracting companies.

The Group, of which ArianeGroup Holding is the top holding entity, meets the criteria defined by law for the establishment of a vigilance plan. In this context, together with its subsidiaries, ArianeGroup Holding has initiated actions designed to identify risks and prevent serious impacts on human rights, fundamental freedoms, health, safety and the environment resulting from the Group's activity, including relations with subcontractors and suppliers, with a view to establishing a vigilance plan.

This report reflects the Group's policy on matters covered by the law of 27 March 2017, the actions carried out during the 2020 financial year and scheduled objectives for the future. It forms an integral part of ArianeGroup Holding's management report for the year ending on 31 December 2020. After submission to the Company's Board of Directors, this report is published on the Group's website.

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1. ACTIVITY

1.1 GENERAL PRESENTATION

ArianeGroup¹, initially called Airbus Safran Launchers, was founded in 2015 from the ambition of the Airbus and Safran Groups to restructure European governance of space launchers, and became an integrated company on July 1, 2016.

ArianeGroup's activities and those of its Subsidiaries are summarized in the Appendix. The Group has a headcount of about 9,000 employees, mainly based in France and Germany.

ArianeGroup is lead contractor for Europe's Ariane launchers, as well as for the missiles of the French oceanic deterrent force. Its activities cover the entire space launcher life-cycle, from design to development, production, operation and marketing, through its subsidiary Arianespace. ArianeGroup produces and operates the Ariane 5 launcher and develops the future Ariane 6 launcher, for which it is the design authority. ArianeGroup and its Subsidiaries design innovative, highly competitive solutions for civil and military launch systems and space applications for their institutional, commercial and industrial customers. The Group is expert in the most cutting-edge technologies, from all aspects of complete propulsion systems, right down to the items of equipment and materials.

The space industry is a strategic and technical sector with demanding customers. To satisfy them, ArianeGroup applies the principle of continuous improvement focused on innovation. Quality is a state of mind rooted in the company culture. This drives ArianeGroup to constantly re-assess its processes in order to continually improve its products and methods, and thus boost both efficiency and simplicity. The quality level of its products is one of the keys to ArianeGroup's long-term competitiveness. Obtaining the ISO 9001, EN 9100, AQAP2110 and ISO/TS 16949 certifications illustrates ArianeGroup's commitment to quality and its quest for excellence.

Against this background, ensuring end-to-end quality throughout the supply chain is an imperative intrinsic to the safety and reliability of space systems and applications. For ArianeGroup, the contribution of its partners and suppliers is an essential factor in the collective success of the space industry: their selection is based not only on their technical competence but also on the espousal of the fundamental values of the company set out in the Ethics Charter that they also adopt.

1.2 BUSINESS AREA

ArianeGroup's business consists of three main areas:

1.2.1 SPACE LAUNCH

As the lead contractor for the development, production and operation of the Ariane 5 and Ariane 6 launchers, ArianeGroup coordinates an industrial network of more than 600 companies in 13 European countries, including 350 SMEs. ArianeGroup supervises all the industrial activities related to Ariane 5, from engineering and performance enhancements, to production, the supply of data and the software specific to each mission. This chain includes equipment and structures, manufacturing the engines, and integration of the different stages and of the complete launcher in French Guiana. ArianeGroup delivers a flight-ready launcher to the launch pad of its subsidiary Arianespace, which operates the launches and flights on behalf of its customers.



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Ariane 5 is the epitome of European space expertise.

¹ Refer to the Glossary for words beginning with a capital letter.

Ariane 5. Ariane celebrated its 40th anniversary in 2019, with more than 250 launches since 1979. At every one of the 109 Ariane 5 launches between 1996 and 2020, Ariane continuously improved its efficiency, power, payload capability, and competitive performance in response to the demands of the worldwide space market and as a contribution to the European space venture. To this day, it remains the most reliable commercial launcher in the world.

Ariane 6. The European Space Agency (ESA) Ariane 6 program is a family of launchers designed to offer maximum flexibility for customers on the institutional and commercial markets, by its capacity to place any type of payload in an optimized orbit, whatever the mission. With its very large under-fairing volume, Ariane 6 ensures both conventional launches, for single or dual payloads, and complex missions corresponding to the new market needs, such as the orbiting of electrically-powered satellites or the multiple launch of satellite constellations, thanks to its upper stage equipped with the re-ignitable Vinci® engine. The launcher comes in two versions, depending on the mission (A64 or A62). The industrial organization set up to produce Ariane 6 is designed for maximum efficiency over the entire production cycle, through to delivery on the launch zone where, for greater flexibility, the payload is assembled on the launcher. The creation of clusters of excellence at the European level makes it possible to work with industrial partners in the spirit of an extended enterprise, in order to standardize methods and tools at the launcher level. The introduction of new industrial processes and innovative manufacturing technologies (3D printing, friction stir welding, laser surface treatment, etc.), combined with a state-of-the-art Product Lifecycle Management system, help optimize mass production.

The Arianspace Subsidiary gives access to launch services and solutions to all orbits, for institutional and commercial satellites. These satellites are used for all types of space applications, such as telecommunications, navigation, science, Earth observation, technological demonstrations, etc. Arianspace offers high-performance space transportation solutions, according to the needs of its customers: the Ariane 5 and Ariane 6 heavy-lift launchers, the Soyuz medium-lift launcher and the Vega and Vega C light-lift launchers.

1.2.2 DÉFENSE

Prime contractor for the M51 program for the French Directorate General of Armaments (DGA) on behalf of the French Navy's Strategic Oceanic Force (FOST), ArianeGroup brings together the expertise of more than 900 French industrial companies with a dual objective: a constant quest for the highest level of performance, and national independence. Its responsibility includes upstream research, the design, development and production of missiles, their ground-based implementation systems and the control and command systems onboard submarines. ArianeGroup also ensures the Through Life Support (TLS) of the systems and dismantling at the end of their service lives.



The M51 ballistic missile, a key element of the French oceanic deterrent force

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1.2.3 EQUIPMENT AND SERVICES

Equipment for satellites and space vehicles. A specialist in pyrotechnics for launchers and satellites, and a specialist in space instrumentation and optical, optronic and neutronic equipment for civil and military applications, the Group is also the European leader in igniters for spacecraft engines. It complements its offering with a range of products for scientific, Earth observation and telecommunications satellites (compact antennas, antenna reflectors, etc.).

Launcher and orbital propulsion. The Group masters all the requisite skills, from the development to the manufacturing of launch systems using liquid or solid propulsion systems. Whether the mission requires liquid propulsion, provided by the Vulcain®2, Vinci® or HM7B engines, or solid propulsion, provided by the MPS and P120 engines, ArianeGroup's vocation as an engine manufacturer is backed by 50 years of expertise. With regard to chemical or electrical propulsion systems for satellites or space systems, the Group has a complete range of systems, subsystems and products capable of providing propulsion solutions for all types of missions, of any size, including manned flights. The Group's skills and products meet the needs of many international customers in the launcher or satellite sectors.



Vulcain 2.1 engine qualification tests on the P5 test stand at the DLR site in Lampoldshausen

Security and defence. With its experience as prime contractor for large and complex programs, ArianeGroup offers studies and turnkey supplies for complex infrastructures: from space monitoring centres, to launch pads, or infrastructures for the research, production, storage, destruction or dismantling of dangerous products. ArianeGroup also provides solutions for space surveillance and security, anti-missile defence systems, and performance analyses of existing systems or those under development.

2. METHODOLOGY AND APPROACH

This report has been prepared under the auspices of the General Secretary, a member of the Executive Committee of ArianeGroup and the President of ArianeGroup SAS.

Since September 2019, the main departments and functions that contribute to the definition and management of vigilance measures have been brought together under the General Secretary: sites, health, safety and environment (HSE), legal, ethics and compliance, corporate social responsibility (CSR), the data protection officers (DPO), audit and Affiliates management.

These departments and functions coordinate with other contributing functions such as risk management and internal control, human resources, procurement, as well as with Subsidiaries' compliance officers.

In order to account for the vigilance measures implemented, ArianeGroup identified in 2018 the procedures relating to: (i) risk analysis, (ii) assessment of sites, Subsidiaries, suppliers and subcontractors, (iii) risk mitigation and other measures to prevent serious impacts, and (iv) existing monitoring mechanisms both within ArianeGroup and within its Subsidiaries.

The establishment of vigilance measures are also consistent with multi-stakeholder initiatives in the aerospace sector, in particular within GIFAS.

In addition, as part of the CSR approach, a materiality analysis was carried out in 2018 in order to identify the most important issues for the Group. Interviewing a diverse panel of internal and external stakeholders (employees, shareholders, customers, suppliers, space agencies, sectoral organizations, civil society and academic actors), this analysis served as a basis for the Group's CSR strategy and Our Sustainability Commitments published in 2020 (<https://www.ariane.group/en/about-us/our-commitments/>).

The CSR approach allowed the identification of priority subjects such as: diversity, equal opportunities and work-life balance, responsible purchasing and the environmental footprint of ArianeGroup's activities.

© DLR / ArianeGroup

In 2020, ArianeGroup also defined and implemented a methodology for mapping the risks inherent in the activities of subcontractors and suppliers. The process allows us to identify a level of risk associated with their activities, taking into account both the objective risks linked to the supplier's industrial sector and its geographical location, and its business relations with ArianeGroup.

Finally, with the COVID-19, the risk of a pandemic materialised. This risk was identified in the company risk map. The health crisis has led to the definition of specific mitigation plans relating in particular to HSE and human resources.

A dedicated crisis management unit was set up under the responsibility of the General Secretary, in order to coordinate the measures implemented within ArianeGroup, identify and control the probable or possible impacts of this crisis on the company and its environment.

ArianeGroup has also constantly supported the Subsidiaries in their management of this crisis, in particular during lockdowns decided by governments.



Ariane 6 hydrogen tank at Les Mureaux (France)

© ArianeGroup / Dominique Eskenazi

3. ARIANEGROUP AND ITS SUBSIDIARIES

3.1 RISK MAPPING

Since its creation, ArianeGroup has built on the know-how of its shareholders, Airbus and Safran, to develop processes to identify and prioritize the potential risks related to its activities.

Every year, ArianeGroup establishes a **comprehensive risk map** covering the Group's activities. The Enterprise Risk Management (ERM) and Internal Control department within the Finance department is responsible for supervising mapping and risk management. The methodology for identifying, assessing and prioritizing risks is defined in a procedure applicable at Group level. Each identified risk is prioritized according to its probability of occurrence and its impact with respect to the Group's personnel, sales, finance, reputation and know-how. Once the criticality of each risk has been assessed, actions to reduce its probability and/or impact are defined. That mapping and the risk reduction strategy are presented twice a year to the ArianeGroup Executive Committee. The risks relating to the Group's activities, the state of progress in actions and the effectiveness of those undertaken are re-assessed during the meeting.

The tools and methodology for comprehensive risk mapping include social and environmental risks relevant for the duty of vigilance.

The main risks identified for stakeholders and the environment are those related to health and safety, in particular industrial and personnel risks (accidents at work, work-related illnesses), psychosocial risks, as well as the environmental risks (accidental pollution, water, soil, air).

Vigilance enables these risks to be permanently anticipated and, therefore, prevented. Risks are managed by Site Management directorates (nine sites in France and four in Germany) under the responsibility of the General Secretary.

A cross-departmental team pilots this activity and reports to the General Secretary as part of the half-year review coordinated by the ERM department.

Specific analysis of the risks related to human rights and fundamental freedoms was conducted during ArianeGroup's risk assessment campaign in 2019, based on the HRCA² questionnaire. This assessment focused on the risks to which ArianeGroup is potentially most exposed.

These risks are managed by the human resources department with the exception of risks relating to data protection coordinated by the DPOs.

Subsidiaries apply ArianeGroup's risk identification and prioritization methodology adapted, where appropriate, to the size and specific features of their activities.

ArianeGroup ensures that this methodology is applied by the Subsidiaries by conducting a risk review twice a year and an annual internal control test campaign. At the end of the risk review and internal control campaign, each Subsidiary issues a "letter of affirmation" in which it commits to implementing and properly applying company risk management and internal control processes.

The Subsidiaries report their major risks and the associated action plan (risk mitigation, prevention of serious impacts) for analysis and consolidation in the Group's risk mapping. Consequently, some of the risks identified by the Subsidiaries that are related to the specific features of their activities (pollution, regulatory compliance) and the duty of vigilance have been appropriately addressed in coordination with the Group's experts.



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3.2 REGULAR ASSESSMENT PROCEDURES

The Group has set up:

- an **internal control function** in Finance. The purpose of this function is to oversee the proper application of about 150 checkpoints described in a reference baseline, and to define and follow up actions to correct any cases of non-compliance with the requirements. This internal control system contributes to the control of the Group's activities, the efficiency of its operations and the effective use of its resources. It aims to enable the Group to take major operational, financial and compliance-related risks into consideration;

The framework includes control of the implementation by the Subsidiaries of the procedures in accordance with the applicable regulations in terms management of human resources and safety, health and environment, with identification of associated responsibilities.

- an independent **internal audit** function that reports to the Group's General Secretary. This function is tasked with carrying out audit and analysis work on behalf of the Executive Committee and the ArianeGroup Holding Board's Audit, Risk, Finance and Compliance Committee (ARFCC). Audits may be requested by the members of the ArianeGroup Executive Committee or by the ARFCC as part of the Group audit plan or to respond to a specific request. Against this background, the internal audit provides written reports based on objective and independent analyses and ensures the implementation of the corrective action plans.

² HRCA: [the Human Rights Compliance Assessment](#) developed by the Human Rights & Business Project of the Danish Institute for Human Rights.

Moreover, with industrial sites, mainly located in France and Germany, ArianeGroup operates within a demanding regulatory framework. The sites are subject to regular inspections by relevant government authorities (e.g. DREAL, DIRECCTE, Occupational health, etc).

All the ArianeGroup sites apply an HSE performance system equivalent to ISO14001. The implementation of this system is monitored by internal and external audits.

In 2020, ArianeGroup was subject to inspections of its management of the risks linked to the COVID-19 pandemic, in particular to check the implementation of sanitary measures and appropriate distancing put in place to allow activity on sites.

3.3 ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS INFRINGEMENTS

The Group's vigilance process and the devices implemented are being deployed and adapted.

3.3.1 ETHICS CHARTER

Since its early days, by adopting its Ethics Charter, ArianeGroup has committed, to meeting the highest standards in terms of human rights and to control its environmental impact.



ETHICS CHARTER



In 2020, ArianeGroup has also reaffirmed its principles of responsibility with the adoption and publication of its Sustainable Development Commitments aiming in particular to contribute to the United Nations Sustainable Development Goals and to the European Green Deal.

ArianeGroup adheres to the principles contained in the fundamental conventions of the International Labor Organization (ILO), the guiding principles of the Organisation for Economic Co-operation and Development (OECD) for Multinational Enterprises and the United Nations' Universal Declaration of Human Rights.

These principles are reflected in the ArianeGroup Ethics Charter which defines the ethical standards and the essential values applicable within the Group.

Following the publication of the law on the duty of vigilance, the Ethics Charter was updated to clarify the sections dealing in particular with human rights, HSE, escalating alerts, eco-efficiency and responsible sourcing, including ArianeGroup's duty of vigilance on its supply chain. The Ethics Charter is available in ArianeGroup's three main languages (English, French and German).

The Ethics Charter is integrated into the internal regulations of establishments in France and is distributed to each newcomer.

It is implemented in the Subsidiaries, which have incorporated it into their respective documentation systems. The Dutch and Chinese Subsidiaries have translated the Charter into their respective languages.

In 2021, the Group aims to develop digital training to improve the awareness of the principles and standards promoted by the Ethics Charter.

3.3.2 HUMAN RIGHTS AND FUNDAMENTAL LIBERTIES

ArianeGroup has transposed into the internal regulations of its sites and collective agreements the main principles enshrined in the Universal Declaration of Human Rights, including diversity and equal opportunities; occupational safety and health; and the right to rest and to paid leave.

ArianeGroup SAS strengthened its approach with the signing, on 13 March 2020, of an agreement relating to the well-being at work and prevention of psychological risks, the provisions of which focus on four main axes:

- the quality of life in the working environment,
- the right to chosen connection and the right to disconnect,
- the prevention of the psychological risks: prevention of sexual and moral harassment, sexist acts, workplace violence, and work-related stress.
- the prevention of discriminations.

The measures provided for in this agreement are the subject of an action plan, currently being implemented.

In 2020, the COVID-19 health crisis also led ArianeGroup to strengthen teleworking already in force within the company as provided for by company agreements, with the implementation of exceptional teleworking within the framework of article L.1222-11 of the French labour Code.

(a) COMBATTING DISCRIMINATION

As part of its general policy to combat all forms of discrimination, ArianeGroup aims to prevent and deal with potential situations of discrimination by deploying specific measures, in particular as part of a company agreement and in accordance with applicable regulations.

Preventive measures are being taken with regard to recruitment, employment and access to vocational training.

The human resources management processes at ArianeGroup are based exclusively on the match between professional skills and the Group's needs.

As part of the aforementioned agreement of March 2020, the company has defined a comprehensive and harmonized approach aimed at preventing and dealing with situations of alleged discrimination of whatever nature, through a specific procedure. In addition, in order to prevent such situations, ArianeGroup provides employees with tools aimed at informing them and raising awareness of the measures in force within the company. Communications for managers are also deployed.

Professional equality between men and women

In line with the commitment made by ArianeGroup in a first agreement signed in 2017, an agreement relating to gender equality in the workplace was concluded on 12 November 2020. With this new agreement, ArianeGroup is strengthening its gender diversity policy by consolidating the actions already implemented and by laying down the principles of new dynamics in several areas of action.

This agreement defines specific measures for combatting discrimination during the recruitment process. Recruitment actors, human resources personnel, managers as well as the service provider in charge of recruitment were made aware of the profile diversity promotion, the challenges and commitment of the company, as well as the legal framework.

Sessions to keep Human Resources Business Partners (HRBPs) and recruitment managers skills up to date will be organized on a regular basis, at least every two years. The awareness of managers is also reinforced with the regular updating of the discrimination-prevention guide.

ArianeGroup SAS continues its procedure to monitor and act over remuneration, systematically analysing the pay of men and women upstream of the pay policy, in order to measure any salary gaps. If any individual situations are observed where the salary gap appears to be unjustified, an individual analysis is conducted and, where appropriate, the salary is adjusted accordingly over one or more years.

The aforementioned agreement also defines monitoring indicators relating to relevant areas such as hiring, remuneration, training, or promotions.

On each of ArianeGroup GmbH's sites, anti-discrimination representatives have been designated.

ArianeGroup GmbH has also set quantified targets for 2022 to increase the percentage of women in management positions. The goals are to progress from 0% to 10% for executive managers and from 14% to 19% for senior managers.

GENDER EQUALITY INDEX

ArianeGroup SAS's overall score for 2020, based on the **gender equality index** defined by the French law of 5 September 2018, was **90/100**. (89/100 in 2019).

The Group's French Subsidiaries are subject to the same regulatory framework, and as such deploys a policy of promoting equality between women and men, and preventing the risk of discrimination. In particular, the French Subsidiaries, employing more than 50 employees, are subject to the obligation to calculate and publish the gender equality index.

Integration and retention in employment of people with disabilities

ArianeGroup implements a diversity policy, incorporating measures relating to the recruitment, retention in employment and career development of people with disabilities.

In particular, ArianeGroup SAS and AGEFIPH (*Association de gestion du fonds pour l'insertion des personnes handicapées*) signed an agreement in May 2019, intended to formally establish the framework of the company's policy for people with disabilities. This agreement, which is a continuation of actions already taken by the entities, expired in 2020. Its renewal is currently under progress.

The management of the measures is based on a network of disability referents, appointed within each of the ArianeGroup's sites. The site's disability referent coordinates the mobilization of internal actors (and external actors, in particular to study and deploy multidisciplinary solutions to retain in employment employees with disabilities).

The network of disability referents is run by ArianeGroup's disability Mission, embedded in the company's Diversity department within the Human Resources directorate.

A similar approach has been implemented within ArianeGroup GmbH, representatives for inclusion and employees with disabilities having been appointed at each site.



Fabrikarium 2018 in partnership with My Human Kit : The innovation of ArianeGroup at the service of the integration of people with disabilities

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(b) COMBATTING SITUATIONS OF MORAL AND SEXUAL HARASSMENT, SEXIST CONDUCT AND WORKPLACE VIOLENCE

ArianeGroup respects and enforces respect for the dignity and privacy of every employee, and does not tolerate any form of harassment in the workplace, of any kind, or any form of sexist conduct or workplace violence.

ArianeGroup strives to take all the measures required to prevent and deal with acts of moral or sexual harassment, sexist conduct and workplace violence.

Since its creation, ArianeGroup SAS defined measures for management to deal with such situations. The aforementioned agreement of 13 March 2020 strengthens this system. In particular, it defines a comprehensive and harmonized approach aimed at preventing and dealing with situations of alleged harassment, regardless of its nature, of sexist acts and of violence at work, through a specific procedure. It also expands the protection of victims or witnesses of harassment to the victims or witnesses of acts of violence or of sexist acts. In order to prevent such situations, the company provides employees with tools aimed at informing them and raising awareness of the systems in force within the company

In addition, as part of the implementation of the French *Avenir professionnel* law of 5 September 2018, ArianeGroup SAS and several Subsidiaries have appointed members of staff as points of contact in the combat against sexual harassment and sexist conduct. ArianeGroup has extended their remit to include moral harassment and workplace violence

ArianeGroup SAS favoured the appointment of these points of contact close to the employees (appointments on sites rather than on a company-wide level) and committed to appoint two individuals per site. The staff member can be addressed directly by employees who consider that they are victims of such situations. These contacts are on dedicated to listen, inform, and provide guidance.

All employees were informed of the points of contact in a local communication campaign.

These designated staff members and the Human Resources personnel, have been trained in the means of preventing and processing these situations.

Prevention of stress at work

ArianeGroup pays particular attention to the prevention of psychosocial risks (PSR) and stress at work.

Against the backdrop of the transformation of ArianeGroup, as soon as the entity was created, senior management launched an initiative to prevent stress at work in support of the implementation of the new organization, and to prevent any possible impacts on employees.

The preventive actions at ArianeGroup are continuously structured and deployed on three levels of prevention (primary, secondary and tertiary). They anticipate and support the reorganization of the company and adopt a targeted approach to address individual or collective cases of stress.

In addition, specific actions are taken to reinforce the existing measures at ArianeGroup SAS and ArianeGroup GmbH, according to their respective contexts.

ArianeGroup SAS defined a comprehensive and harmonized approach intended to prevent stress at work in its agreement relating to the quality of life at work and the prevention of psychosocial risks of March 2020.

ArianeGroup requires each manager to produce an action plan to prevent PSR in their own sectors. Managers were trained in 2019 on the team diagnosis process and on the set-up of an action plan to prevent stress at work. Sectoral action plans should be updated annually by managers. The HRBPs have also been trained on this process in order to support them. In addition, ArianeGroup SAS ensures the continuity of training for managers and HRBPs throughout the year through specific modules. The company also conducts information and awareness campaigns with employees.

Within the information campaigns, employees are regularly reminded of the availability of the psychological help line (toll-free number). This service is available 24/7, every day of the year, for employees who feel the need to have a confidential and frank discussion about their personal and/or professional difficulties.



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Additionally, ArianeGroup has defined:

- An approach to assess the risks of stress inherent in change projects: in order to better anticipate and take into account the human dimension of change projects that have an impact on employment or working conditions (reorganization, restructuring, relocation, etc). In the preparatory phase of the projects, ArianeGroup carries out a human impact study, i.e. an analysis of the human consequences of the project.
- A process for detecting and assessing collective stress, rolled out regularly within each site in several stages:
 - carrying out a preliminary diagnosis, based on medical and social indicators, in order to identify psychosocial risk factors that may exist in the different sectors of the site
 - carrying out an in-depth diagnosis in a sector or sectors at potential risk, in order to define an action plan aimed at reducing the identified risk factors.

Moreover, a company-wide survey of stress in the workplace will be launched in 2021 in order to measure the levels of stress in the company, identify the most exposed populations (sectors, sites, socio-professional categories, etc.) as well as the stress factors.

Finally, ArianeGroup has set up a process for dealing with stressful situations involving internal and / or external stakeholders according to the needs of the employees.

At ArianeGroup GmbH, a psychosocial risk assessment questionnaire is regularly used and followed up by the organization of specific workshops, where necessary. ArianeGroup takes various initiatives to promote quality of life at work and, in particular, to strike the right balance between work and private life:

- ArianeGroup SAS has published a Charter on the right to choose to connect and the right to disconnect;
- ArianeGroup SAS and ArianeGroup GmbH have both introduced home working.

In 2020, the prevention of psychosocial risks was integrated into the COVID-19 crisis management measures by regularly encouraging the managers to take this risk into account in the adaptation of their mode of operation and by reminding employees of the availability of the free psychological assistance service.



Ariane 6 upper floor integration hall (Germany)

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(c) PROTECTION OF PRIVACY AND PERSONAL DATA

ArianeGroup respects and protects the privacy of individuals and the rights of its employees, customers, suppliers and third parties.

The DPOs, respectively in France for ArianeGroup Holding/SAS and their French Subsidiaries and in Germany for ArianeGroup GmbH, advise and support the compliance of its companies with data protection requirements. They ensure the implementation of the action plans aimed at preventing the risk of infringement of the rights of individuals to the protection of their privacy and personal data.

The multi-year action plans are organized around the following main axes:

- the implementation of GDPR governance (European regulation N°2016/679 or the 'General Data Protection Regulation') to the ArianeGroup sites and to all Subsidiaries;
- reinforced training in the risks and proper behaviours pertaining to personal data protection: training for the most exposed populations (HR, IT, assistants), deployment of a digital training module for all employees, the internal training modules available in the ArianeGroup training catalogue;
- execution of the Privacy Impact Assessments;
- support of Purchasing for supplier compliance;
- support of major projects involving the processing of personal data in a Privacy-by-Design approach.

In 2020, the main efforts at ArianeGroup were focused on strengthening governance with the formalization of the correspondents' missions, their selection and appointment, training actions, internal audits as well as the human resources management tool (Sparkle), the integration of GDPR concerns into the data governance approach managed by the IT department and the company alert system.

The main efforts carried out within the Subsidiaries focused on activity audits related to human resources, as well as the analysis of GDPR compliance upstream of new projects in an approach respectful of "privacy-by-design" and "by default".

The DPOs have also been mobilized as part of the management of the COVID-19 crisis both at ArianeGroup and the Subsidiaries to determine the specific measures linked to the increased management of sanitary data concerning employees and the increased use of telework.

3.3.3 HEALTH, SAFETY AND ENVIRONMENT

(a) HSE POLICY

The HSE Policy formalizes ArianeGroup's commitment to respecting laws and regulations, protecting human life, respecting the environment, preventing pollution and safeguarding property.

The objectives of this policy are to:

- develop a policy based on anticipation and prevention to control HSE-related risks for the benefit of ArianeGroup personnel and interested parties involved in its activities;
- guarantee the continuity of company activities by maintaining rigorous requirements pertaining to the security of facilities and by controlling environmental impacts;
- design, build, test, and deliver products and services that meet the HSE requirements throughout their life cycle.

HSE Performance System

To implement this policy, ArianeGroup calls on its HSE Performance System, whose equivalence with ISO 14001 was pronounced in 2018 and subsequently maintained.

The HSE Performance System is one of the components of ArianeGroup's overall management system that contributes to managing HSE risks inherent to its business.

It is based on three pillars: anticipation, operational control, and the commitment of every employee.

The main objectives are to ensure health and safety in the workplace, to manage technological risks and their environmental impact, to control energy consumption and to set up an HSE performance optimization program.

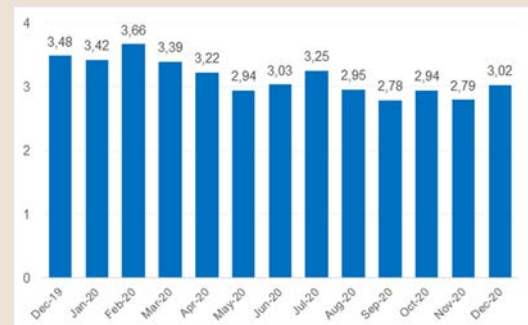
The implementation of the performance system at ArianeGroup site level includes establishment of the organizational structure, definition of roles and responsibilities, application of procedures, review and upkeep of the HSE policy and continuous improvement of HSE performance. All lost-time accidents are analyzed and curative and preventive actions are undertaken by the HSE and operational teams.

ACCIDENT FREQUENCY RATE

The HSE Performance System brought about a durable decrease in the **Accident Frequency Rate (AFR^{*})** in 2019.

The AFR was **3.02 at the end of 2020** demonstrating the long-term improvement of the results and positioning ArianeGroup as one of the best industrial companies in the aerospace construction sector.

In gross figures, the number of accidents with lost time decreased in 2020 (39 in 2020 compared with 47 in 2019 and 50 in 2018).



2020 change in AFR

*AFR = Number of accidents with lost time of more than one day, occurring during a period of 12 months per million working hours.

In 2020, not all ArianeGroup's French and German sites' HSE performance was audited due to COVID-19 constraints. Notwithstanding, in order to maintain the performance dynamic, each site carried out its own self-assessment in order to define its improvement program for 2021.

The basic criteria of the Performance System are now in place. Performance improvements in the next years will include control of risks that are most critical to the safety of the person and the achievement of long term performance.

HSE training

In 2020, health and safety trainings of personnel were a priority in the internal training plan.

In 2019, 32,962 hours of HSE training were delivered for ArianeGroup and 4,096 people were trained, which was a significant increase from the previous year.

In 2020, **6,225 hours** of HSE training were delivered to **2,901 people**.

These results are declining, as a result of the COVID-19 crisis leading to the postponement or cancellation of several training courses.

(b) ENERGY POLICY

In order to minimize its environmental impact while guaranteeing optimal economic performance, ArianeGroup has adopted a new energy policy, covering the period 2020/2024, aligned with the company's Sustainability Commitments.

This energy policy is made up of two pillars:

- the energy performance system, which forms an integral part of the HSE Performance System;
- the deployment of renewable energies (biomass, photovoltaics, etc.) in a controlled financial context

These two pillars are based on a process and a team:

► ONE PROCESS



► ONE TEAM

Energy managers ensure steering and coherence of measures with the active support of on-site teams: the relays Facility Management energy relays, the MAIT (Manufacturing, Assembly, Integration and Test) teams, the operating/maintenance teams, the IT teams, etc.

The objectives defined by this policy for 2024, compared with the reference year of 2019, are:

- a 10% decrease in energy consumption; at constant scope³
- doubling the production of renewable energy on sites to reach 14% of consumed energy in 2024
- a 13% reduction in greenhouse gas emissions linked to or energy consumption on sites

³ Climate conditions and production load comparable to 2019

A number of actions were taken in 2020 to help achieve these targets, including:

- contractual finalization and launch of the deployment of an energy-monitoring software application that will optimize monitoring and control of ArianeGroup's facilities. This software was validated on a first site in 2020;
- the deployment of the HSE Performance System energy audits, including consumption analyses, action plans, improvement measures, continuous improvement, and requiring, for example, the validation by an Energy Manager of all new equipment or facilities specifications with a power higher than 50 kW;
- continued improvement of technical equipment (replacement of cold generators and boiler burners, repair of leaks in compressed air networks, installation of electricity meters, etc.).

ENERGY CONSUMPTION

The result of the first energy policy (2017/2020) was made public at the end of 2020 showing a **10.4% saving** compared to the reference year 2017 (constant scope) against a target of 10%.

(c) ECO-DESIGN

An "Environmental Sustainability" team is dedicated to the study of environmental impacts of the products and processes developed by ArianeGroup as well as the methodological development of activity sector-specific indicators. Its goal is to promote an overall vision of the product and process life-cycle by taking terrestrial and orbital ecosystems into account and to guide design choices to reduce their environmental footprint.

In 2020, ArianeGroup's efforts in this area focused on:

- finalizing the Life Cycle Assessment (LCA) for operations of the future Ariane 6 launcher;
- establishment of a working group with ArianeWorks and French space agency CNES to define targets for reducing environmental impacts and eco-design axes for future launchers (up to 2030);

- setting-up of a working group with Arianespace for better understanding our launchers' environmental impacts,
- setting-up an internal working group with the purchasing and industrial policy functions to analyse the impact of critical raw materials on the scope of ArianeGroup;
- finalization of the work carried out within the framework of a CIFRE (*Convention Industrielle de Formation par la Recherche*) thesis on the creation of a Space Debris indicator compatible with the normative LCA framework, and in particular concrete case study
- continuation of the work on the extension of the Environmental Quality Index into the new ArianeGroup tools and scope in order to take into account product toxicity from the design phase;
- internal translation as well as the response to the new environmental requirements (regulatory and contractual) of the programs,
- definition of a standard-logic to address, from the design stage, future constraints linked to the dismantling of sub-assemblies.
- response to ESA calls for tender on LCA activities for other players and products in the space sector (example: LCA Copernicus, LSTM satellite, LCA Friction Welding, LCA Advanced forming)

Finally, ArianeGroup is involved in sectoral initiatives related to eco-design: the GIFAS working group on eco-design, ESA Working Group on Environmental Impacts, the CNES conferences on space debris, ESA Clean Space Industrial Days, etc.



Visual associated with the Weekend for our planet.

4. SUPPLIERS AND SUBCONTRACTORS

ArianeGroup is determined to implement the highest standards in terms of responsibility and integrity and is willing to work with partners who share the same values.

As such, the Group has committed, through its Ethics Charter, to a responsible purchasing approach, led by the Procurement department.

4.1 RISK MAPPING AND REGULAR ASSESSMENT PROCEDURE.

The Procurement and Ethics and Compliance teams have developed a methodology and a tool (Case Management System or CMS) for mapping the risks inherent to the activities of subcontractors and suppliers following a process designed to associate a level of risk with their activities and their impact on society and their stakeholders.

The first step of this mapping is to assess the overall risk level of a supplier, based on a matrix combining their respective risk probability and risk impact scores

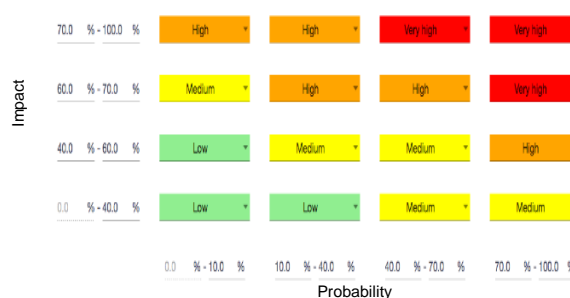
Probability axis: the risks considered are first of an exogenous nature, relating to the country of establishment, and to the sector(s) of activity (based on the NACE nomenclature) of the supplier. ArianeGroup uses an index developed by the Swiss company GRP (Global Risk Profile) defined to meet legal requirements related to CSR and duty of vigilance (ESG index – Environment, Social, Governance). This index was designed based on various official and / or recognized sources and indices in the relevant fields, and delivers an overall score, taking into account the three dimensions addressed in the French law on the duty of vigilance.

The ESG index is thus broken down into three sub-indexes:

- sub-index measuring environmental risks,
- sub-index measuring the risks of violation of human rights and fundamental freedoms,
- sub-index measuring the risks related to the health and safety of people.

Impact axis: complementing the probability score, the impact score adjusts the supplier's risk level according to its criticality vis-à-vis ArianeGroup's activities. The impact is calculated on the basis of certain characteristics of the suppliers and their relationship with ArianeGroup, in particular the size of the supplier or its strategic role, as well as the financial volume and frequency of transactions.

The intersection of these two axes values (third party probability score for the probability axis / third party impact score for the impact axis) determines the risk level category in which the third party is, on a four-level scale, consistent with the ERM risk assessment procedure.



ArianeGroup supplier risk matrix

At the end of this first mapping, the suppliers given a High or Very High risk rating continue the workflow for a more in-depth analysis or are subject to a mitigation procedure.

Suppliers given a Low or Medium risk level rating are accepted and reassessed at regular intervals.

In 2020, an initial mapping of the entire supplier panel (more than 5,700) was established. 91% of suppliers have a Low to Medium risk profile. This is mainly due to the composition of the supplier panel, in particular their location, with 86% in France or Germany, countries in which the implementation of regulatory compliance facilitates the duty of vigilance exercise.

A second phase of analysis was initiated for the suppliers with a High risk profile (around 9%) and Very High (a single supplier out of the entire panel) according to prioritization based on the country of origin (outside Europe), the procurement domain, the volume of orders and the financial volume. This second phase will be carried out gradually, while deploying the tool as part of the selection of new suppliers.

Risk mitigation measures will be implemented in 2021 for the large companies in the panel evaluated as having a High risk in the form of a letter of commitment to the principles described in the Group's Supplier Code of Ethics.

The following actions are planned for 2021:

- deployment of the tool and training of identified users mainly within the procurement team,
- update of the procurement process (BUY) in order to integrate the risk mapping and analysis steps in the selection and management of suppliers,
- definition and initialization of action plans for suppliers which profile will be validated as High after carrying out additional analyses,
- procurement managers will use the CMS to monitor their respective panel of suppliers in terms of risk level and of management of the associated action plans.

The methodology was presented to the people in charge of compliance in the Subsidiaries. On the basis of this, in collaboration with their respective purchasing departments, the Subsidiaries are working on mapping their own suppliers and subcontractors.

4.2 ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS INFRINGEMENTS

The principles described in the ArianeGroup Ethics Charter are included in the **Supplier Ethics Charter** applicable to the contractual relations between ArianeGroup, its subcontractors and suppliers.



SUPPLIER ETHICS CHARTER



In 2020, ArianeGroup published its updated Supplier Ethics Charter to clarify the sections dealing in particular with human rights, HSE, escalating alerts, eco-efficiency and responsible sourcing, including the duty of vigilance in the supply chain.

In particular, this update emphasizes the expression of ArianeGroup's expectations regarding the implementation of the Ethics

Charter by its suppliers and the consequences of any infringements. The Supplier Ethics Charter was updated in coordination with the Subsidiaries so that it can be deployed throughout the entire Group.

The Supplier Ethics Charter, supplemented by the specific requirements relating to the environment, is referenced in the General Purchasing Conditions (GPC) and in the contracts or purchase orders placed by ArianeGroup with its subcontractors and suppliers.

All of the Subsidiaries apply the ArianeGroup Supplier Code of Ethics within their own supply chain as appropriate for their respective procurement process. This point is covered in the annual compliance report. The Charter has been translated into Mandarin Chinese for the Chinese subsidiary which has obtained the signature of its main suppliers.

The commitment of ArianeGroup's subcontractors and suppliers to respect the principles contained in the Charter and to cascade them in their own supply chain is an integral part of ArianeGroup's Responsible Purchasing action plan. This plan is designed in particular to promote and enforce good practices relating to human rights, ethics, health, safety and the environment.

It will be extended in 2021 based on the risk mapping initiated in 2020. ArianeGroup is currently studying the implementation of questionnaires for High or Medium risk suppliers, to serve as a basis for the definition of appropriate remedial actions.

Risk mapping will also enhance this action plan, in particular by enabling well adapted verification measures to be defined before selecting any subcontractors or suppliers. A "responsible purchasing" steering committee has been set up with the aim of coordinating the work axes of the approach.

Consequently, the requirements of the Supplier Ethics Charter will be given greater consideration in the prevention and management of supplier risks, to the same degree as the other types of risks (finance, dependency, quality, delivery, single source, etc.). These risks are overseen by common authorities, whose assessments are consolidated and reported to the Executive Committee.

The deployment of the action plan is accompanied by awareness-raising sessions on sustainable development for employees in the Procurement department.

5. COLLECTION AND PROCESSING OF REPORTS

In its day-to-day activities and through its working methods, ArianeGroup encourages transparency, trust and respect, in order to develop a culture of dialogue essential to the escalation of alerts. ArianeGroup condemns and undertakes to fight against any form of retaliation with respect to whistle-blowers in accordance with the commitments made in its Ethics Charter.

Employees and occasional or external contributors are invited to report any situation or behaviour contrary to the principles of the Ethics Charter through their usual contacts such as their line manager or a representative of the Human Resources, Ethics & Compliance or Legal departments, who must in return provide them with adequate support so that the report is processed as soon as possible.

Employees can also use the systems implemented within the regulatory framework relating to the prevention of discrimination.

In addition to the internal resources, and in accordance with the legal requirements, ArianeGroup has defined a professional alert system allowing employees and third parties to report situations relating to the duty of vigilance. A web platform is implemented under the responsibility of the Group Ethics and Compliance Officer, allowing the collection and processing of reports in a strictly confidential environment. The URL of the platform is communicated on the ArianeGroup website.

The system will be the subject of an extended communication in 2021.

6. MONITORING SYSTEM

Monitoring of the measures implemented is ensured by the operational teams who:

- define action plans and associated monitoring indicators, based on the company annual goals;
- prepare the half-yearly risk management reviews (ERM);
- look for improvement opportunities and drive the necessary process adaptations, based on the results of internal audits or certification audits or on audits driven by authorized public authorities, customers or shareholders.

The progress made is consolidated in this report which is reviewed by the ArianeGroup Executive Committee, validated by the General Secretary and submitted to the Board of Directors for approval.

GLOSSARY

The terms and acronym used in capital letters in this report have the meaning defined below:

ArianeGroup: refers to ArianeGroup Holding (Head Company) and its first-rank subsidiaries ArianeGroup SAS and ArianeGroup GmbH

Group: refers to ArianeGroup Holding and its direct or indirect Subsidiaries

Executive Committee: Refers to the ArianeGroup steering committee

Board of directors: Refers to the ArianeGroup Holding Board of Directors

Subsidiaries: Refers to the controlled companies by the II of the article L.233-16 of the Commerce code listed in the Annex

ANNEXE – GROUP BUSINESS

