

CORPORATE SOCIAL RESPONSIBILITY REPORT

2021



p. 2

I. Naval Group: a global player
in naval defence

p. 5

II. 2021 Highlights

p. 6

III. A strong commitment
to the United Nations
Global Compact

p. 8

IV. Pillar I: Governance

p. 15

V. Pillar II: Social commitment

p. 25

VI. Pillar III: Environmental
protection

p. 36

VII. Pillar IV: Naval Group,
a responsible industrial partner

Editorial by Pierre Éric Pommellet,

Chairman and Chief Executive Officer of Naval Group



“2021 was marked by an acceleration in terms of corporate social responsibility. With the integration of the CSR strategy into the group’s Strategic Plan, the Naval Group Executive Committee and I wanted to do everything possible to help the company progress towards ever more responsible behavior. The Corporate Social Responsibility (CSR) Department, which we strengthened in October 2020, is responsible for the deployment of this strategy, which is broken down into twenty projects spread over four pillars. This report provides an overview of their progress throughout the year.

One of our challenges for 2022 will be to move up a gear so that the results of these CSR projects can be multiplied.

We will also be adopting our purpose, following the collaborative work undertaken in 2021 with groups of volunteers at all our sites and in two subsidiaries.

Today, CSR is more than an asset: it has become an absolutely vital condition. It is no longer just a question of complying with current and future legislation, we need to anticipate the expectations of our stakeholders and integrate this way of being responsible, as required by CSR, into all of our decisions, with a view to contributing to the long-term performance of Naval Group.

All of our employees, suppliers, partners, shareholders and customers must get on board for Naval Group’s actions to be effective.

By being exemplary in terms of CSR, we will gain competitive advantages for the future and attract new talent. To convince young people to join our teams, or partners to work with us, we must prove to them that we are doing everything we can to have a positive impact on society and the environment.

This will be my wish for the future: let’s commit, together, to being both efficient and responsible!”

I. Naval Group: a global player in naval defence

I.1. 400 YEARS OF NAVAL HISTORY AT THE SERVICE OF THE FRENCH NAVY

1631

First arsenals created by Cardinal Richelieu

1751

Navy cannon foundry in Angoulême-Ruelle

1778

The Lorient arsenal succeeds the *Compagnie des Indes*

1899

Launch of *Le Narval* in Cherbourg, the ancestor of the modern submarine

1967

Launch of *Redoutable*, the first Sub-Surface Ballistic Nuclear, SSBN

1996

Entry into service of the *La Fayette*-class stealth frigates

1997

Entry into active service of the ballistic missile submarine (SSBN) *Le Triomphant*

2001

Entry into active service of the aircraft carrier *Charles de Gaulle*

2003

DCN becomes a state-owned private limited company

2017

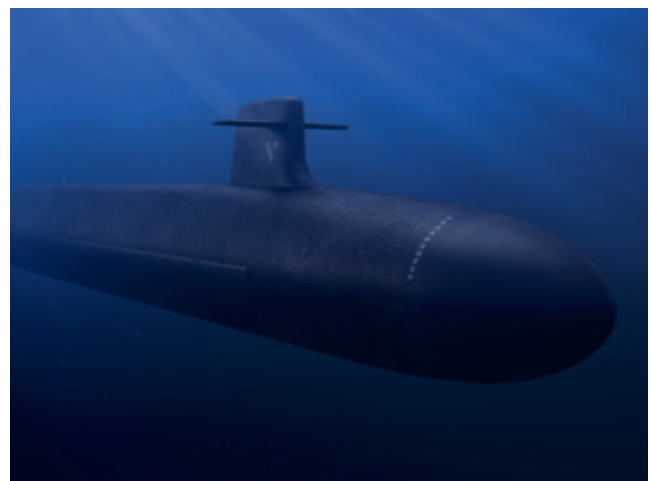
DCNS becomes Naval Group

2020

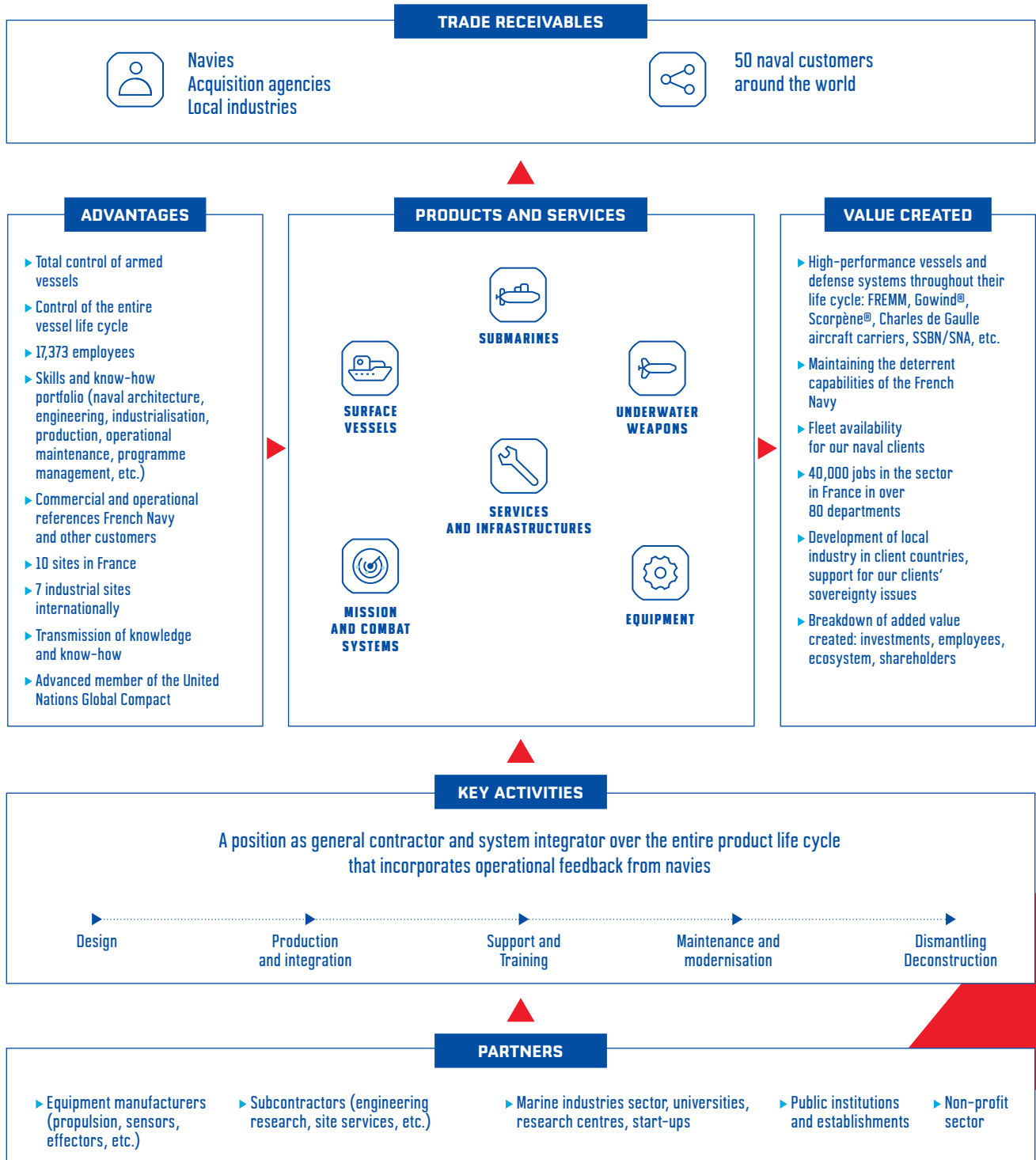
Launch of the *Suffren*, the first Barracuda-class Ship Submersible Nuclear (SSN)

2021

Launch of the third-generation SSBN program (3G SSBN)



I.2. BUSINESS MODEL



As an international player in naval defence and heir to French naval expertise, Naval Group supports its customers in the command of their maritime sovereignty. Naval Group develops innovative solutions to meet the needs of navies. Present throughout the life cycle of vessels, it designs, builds, integrates and maintains submarines and surface vessels, as well as their systems and equipment, until dismantling. It also provides services for shipyards and naval bases. A high-tech industrialist, it relies on its exceptional expertise, its unique design and production resources and its ability to forge strategic partnerships, particularly in the context of technology transfers. Attentive to corporate social responsibility issues, Naval Group is a member of the United Nations Global Compact. Established on five continents, the group generates revenue of €4.1 billion and has 17,373 employees.

In a world of increasing economic and political instability, Naval Group has defined a clear strategic vision to meet the sovereignty requirements of its customer navies and ensure the sustainability of its growth.

The group pursues an active and proactive policy in terms of innovation, respect for human rights, diversity and the fight against corruption and is committed to reducing its environmental footprint.

Located in numerous employment areas in France and abroad, the group relies on a network of responsible suppliers and partners and strives to provide its customers with the best possible services and products.

I.3. NAVAL GROUP'S MISSIONS: DEFENCE, A SUSTAINABLE ACTIVITY



As a French naval defence manufacturer, Naval Group contributes to ensuring the sovereignty of the countries – primarily France – to which it delivers its products and services.

In a globalised and increasingly unpredictable world, nations are faced with emerging and multiple threats. The combination of military capabilities, diplomacy and development support is necessary to ensure stability, prevent conflict and resolve disputes in a non-violent manner.

Naval Group helps France's partner countries address the threats they face. Its products are used to ensure the stability of international waters, to support rescue missions at sea and to fight against traffic at sea and even, in exceptional periods such as during the pandemic, for health missions (on-board hospitals, transportation of patients).

II. 2021 Highlights

JANUARY 8



Juliette Muyl, CSR Director, presents her insight into the CSR strategy adopted at the end of 2020 to all employees.

FEBRUARY 3



Naval Group attends Naval Science Day dedicated to carbon-free energies, organised by *École Navale*, the French naval academy.

FEBRUARY 15

Caroline Chanavas meets Sophie Cluzel, Secretary of State for People with Disabilities.



MARCH 8

Naval Group signs the Women's Empowerment Principles (WEP).



MARCH 22



Renewal of the "Responsible Supplier Relations and Sustainable Procurement" label.

APRIL 16



Naval Group is once again listed as one of Universum's Top 5 Most Attractive Employers for engineering students in the defence and aerospace sector.

APRIL 19

For the first time, Naval Group obtained ISO 37001 certification, which enables companies to prevent, detect and deal with corruption issues.



APRIL 28



World Day for Safety and Health at Work (OHS), dissemination of an awareness-raising video, with a speech by Pierre Éric Pommellet.

MAY 6

Naval Group, partner of the *Assises de la Parité*.



JUNE 1



Around 30 Naval Group employees involved in the operational reserve.

JUNE 1

For the seventh consecutive year, Naval Group obtained advanced level at the Global Compact France.



JULY 23

New Quality of Life at Work agreement.

AUGUST 25

OHS stoppage point: the end of the summer holidays is an opportunity to remind all teams of the essential OHS rules.



SEPTEMBER 20



Distribution during Sustainable Development Week of a poster presenting ten environmentally friendly habits to adopt to reduce individual environmental impact.

SEPTEMBER 29

New Diversity and Inclusion agreement.

OCTOBER 19

Naval Group joins the national campaign against breast cancer.



NOVEMBER 11



Naval Group, partner of the *Bleuet de France*.

NOVEMBER 18

On the occasion of European Week for the Employment of People with Disabilities, Naval Group joins the DuoDay2021 initiative.



DECEMBER 9

Group Compliance Day.



III. A strong commitment to the United Nations Global Compact

17 PARTNERSHIPS FOR THE GOALS



The United Nations Global Compact encourages businesses and organisations to adopt ten universally recognised principles to build more stable and inclusive societies. As a voluntary commitment framework, an international reference framework, and a

platform for action and discussion, the Global Compact is the largest global social responsibility initiative, with more than 19,000 participants in 170 countries.

THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

HUMAN RIGHTS

- 1 ▶ Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 ▶ Businesses should make sure that they are not complicit in human rights abuses.

INTERNATIONAL LABOUR STANDARDS

- 3 ▶ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 ▶ Businesses should contribute to the elimination of all forms of forced and compulsory labour.
- 5 ▶ Businesses should contribute to the effective abolition of child labour.
- 6 ▶ Businesses should contribute to the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- 7 ▶ Businesses should support a precautionary approach to environmental challenges.
- 8 ▶ Businesses should undertake initiatives to promote greater environmental responsibility.
- 9 ▶ Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- 10 ▶ Businesses should work against corruption in all its forms, including extortion and bribery.

III. A strong commitment to the United Nations Global Compact

By becoming a member of the Global Compact in 2014, Naval Group is committed to integrating these ten principles into its strategy and operations over the long term, to promoting them in its sphere of influence, to communicating publicly on the progress made and to involving the highest level of its

organisation in this process. Its performance and progress are assessed annually.

Naval Group mainly supports, through its activities and actions, five of the 17 Sustainable Development Goals (SDGs) adopted by the UN in 2015 – goals 5, 9, 13, 14 and 16.



In June 2021, for the seventh consecutive year, Naval Group achieved Advanced level, the highest degree of distinction conferred – only 5% of member businesses have achieved this level. This renewal confirms the group's desire to promote the ten principles of the Global Compact and make a sustainable contribution to their SDGs.

NB: a large number of actions carried out by Naval Group contribute to SDGs other than the five priority objectives. They will also be indicated by an icon in the remainder of this report.

IV. Pillar I: Governance



IV.1. DEPLOYMENT OF THE CSR STRATEGY

In order to strengthen the CSR culture and its place in the group's governance, the group's Executive Committee has introduced measures to accelerate progress on sustainable development issues. Examples include:

- in September 2020, the adoption by the group's Executive Committee of a more ambitious CSR policy integrated into the group's Strategic Plan. The CSR strategy is broken down into 20 projects spread over four pillars: governance, social commitment, environmental protection and environmental resilience, responsible industrial partner. Each pillar is sponsored by a member of the Executive Committee and each CSR project is managed by a person specialising in the topic concerned;
- the management of the CSR strategy is carried out directly by the Executive Committee on a half-yearly basis;
- transformative CSR projects are included in the Naval 2025 transformation program;
- the CSR Department reports directly to the group's General Secretary, who is a member of the Executive Committee;
- in 2022, Naval Group aims to adopt a corporate purpose (*raison d'être*) in order to reinforce the meaning of its activity to all its stakeholders and in particular its employees.

"While the CSR approach has been followed by Naval Group for many years, the company wanted to reaffirm its ambition, to show that CSR is at the heart of its managers' concerns and that it is committed to anticipating and satisfying the expectations of its stakeholders in this area."

**Juliette Muyl, Corporate Social Responsibility (CSR)
Director at Naval Group**

The CSR strategy is based on the seven themes of international standard ISO 26000, which defines social responsibility as the responsibility of an organisation with regard to the impacts of its decisions and activities on society and the environment.

It is reflected in ethical and transparent behavior that must be integrated throughout the organisation and implemented in its relationships.

IV.2. STRENGTHENING THE CSR GOVERNANCE

The CSR Department guides the company's staff towards a sustainable transformation through the sharing of responsible behavior.

The CSR Department oversees the CSR strategy; its role is to:

- support the sponsors and leaders of CSR projects, in particular: help with structuring, coordination of cross-functional actions, facilitate interactions between entities;
- ensure the overall consistency of the strategy;
- monitor the progress of CSR projects, in particular *via* half-yearly reports to the Executive Committee;
- at Executive Committee meetings, organise detailed presentations of CSR projects;
- encourage employee involvement in the CSR approach through training and communication actions.

The CSR Department also manages the vigilance plan, the statement of non-financial performance and the CSR report.

The CSR Department relies on a network of on-site CSR managers. It holds monthly meetings with them. The on-site CSR manager promotes the CSR culture at their site, shares the CSR actions of their site with all CSR managers and coordinates and/or contributes to local action.

The strengthening of governance and communication on the actions implemented also serve to boost the visibility of CSR: the objective is to bring together as many employees as possible around its challenges.

The profit-sharing agreement signed in June 2021 also reflects the desire to involve each employee in the collective performance of the group. It is based on targeted criteria, adapted from the Naval 2025 transformation program and includes operational objectives that are directly linked to CSR objectives: CLMS, customer satisfaction, carbon trajectory and skills maintenance.

"CSR is not a project but a way of living to be integrated into all of the company's practices. Everyone needs to take action!"

**Juliette Muyl, Corporate Social Responsibility (CSR)
Director at Naval Group**

IV.3. DEFINITION OF NAVAL GROUP'S RAISON D'ÊTRE

PROMOTING THE SUSTAINABLE ROLE OF THE COMPANY IN SOCIETY

France's action plan for business growth and transformation, known as the Pacte Law (2019), allows companies wishing to adopt a *raison d'être* to do so.

The *raison d'être* represents a general interest ambition that the managers intend to pursue, "consisting of the principles that (the company) has adopted and for which it intends to allocate resources in the performance of its activity".

Naval Group took this opportunity to explain to its stakeholders, as well as to society as a whole, its contribution to the general interest, its usefulness and the meaning of its action.

In this context, one of the projects of the governance pillar for the year 2022 is to define Naval Group's *raison d'être*.

"Today, the defence sector is not unanimous, and the merits of our activities are not obvious to everyone. Adopting a raison d'être will strengthen the meaning of our activity for all our stakeholders, and our teams in particular. This project is an opportunity to engage our employees in how we can best serve our customers. It is also an opportunity to strengthen our cohesion, in line with the Forward commitment approach."

Pierre Éric Pommellet, Chairman and Chief Executive Officer of Naval Group

This project is managed by the General Secretary via a project team composed of the CSR Director, the Director of Management and Transformation within the Human Resources Department and the Director of the Enterprise unit within the Communications Department. Its methodology and timetable have been approved by the Executive Committee.

A COLLECTIVE AMBITION

Sixteen working groups were set up from a panel of employees representative of the company's diversity: all sites as well as two subsidiaries were consulted – those in Singapore and Egypt – and an *ad hoc* committee from the Central Economic and Social Committee (CSEC) was created specifically for this exercise.

These groups, *i.e.* around 250 employees, were consulted twice, with a view to proposing answers to the following question: "What is Naval Group's contribution to society?" This question was also asked to more than 300 company managers at an internal seminar to supplement the research. The objective is to adopt a *raison d'être* in 2022.

IV.4. CONTRIBUTION AND CONSIDERATION OF STAKEHOLDERS

The attention paid to the various points of view of the group's ecosystem is a differentiating factor and is a key element of the group's attractiveness and the involvement of its employees.

Naval Group wishes to identify and classify issues in a collaborative and collective manner.

By fostering a culture of dialogue and partnership with and listening to each stakeholder, the group increases its ability to understand their expectations, to anticipate them and to seize opportunities.

Consulting stakeholders on a given CSR issue also encourages them to take ownership of the issue and contributes to their individual approach to continuous improvement.

Supporting the company's transformation

This is the goal of the Forward commitment approach, launched in 2019 and reiterated for its third edition in March 2021. It consists of offering employees the opportunity to identify and implement action to improve their working conditions and environment.

69% of staff expressed their opinions during the 2021 survey. By listening to managers and the discussions that take place at all times, a culture of dialogue and initiative is being developed within the teams at the same time as managerial practices conducive to team engagement. Team-based exchanges and participation in the company's transformation also facilitate the onboarding of new recruits – in 2021, one third of the group's employees had been with the company for less than five years.

OUR COMMITMENTS

Both in France and internationally, Naval Group wishes to advance its social approach in a collaborative and collective way with all stakeholders affected. Here are our commitments to each of them.

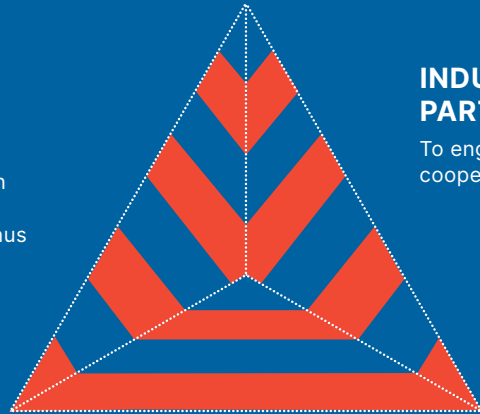


EMPLOYEES

To give meaning to their tasks, to provide them with the keys to develop and commit themselves, and thus actively contribute to the company's performance

INDUSTRIAL PARTNERS

To engage in win-win cooperation



SHAREHOLDERS

To carry out the missions entrusted to us by relying on their support and expertise

PUBLIC AUTHORITIES, INSTITUTIONS, REGIONS

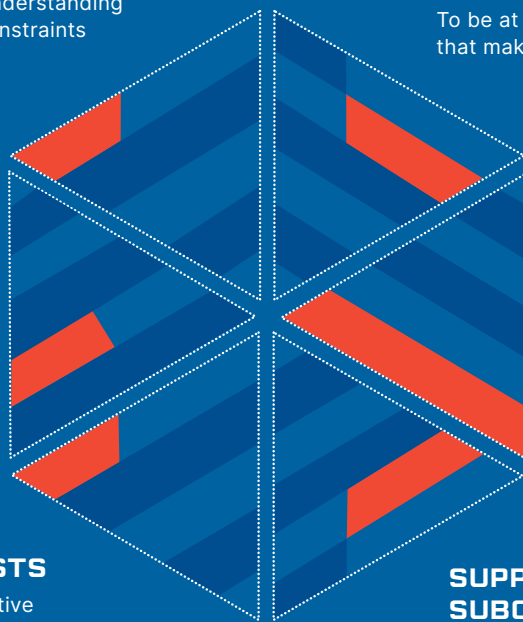
To involve them in decision-making by understanding their local constraints

CHANNELS FOR EXCELLENCE AND INNOVATION

To be at the forefront of technologies that make a difference

CLIENTS (FRANCE AND INTERNATIONAL)

To create a favourable environment to meet their expectations



SCHOOLS, UNIVERSITIES

To ensure the expertise of current and future generations

MEDIA, JOURNALISTS

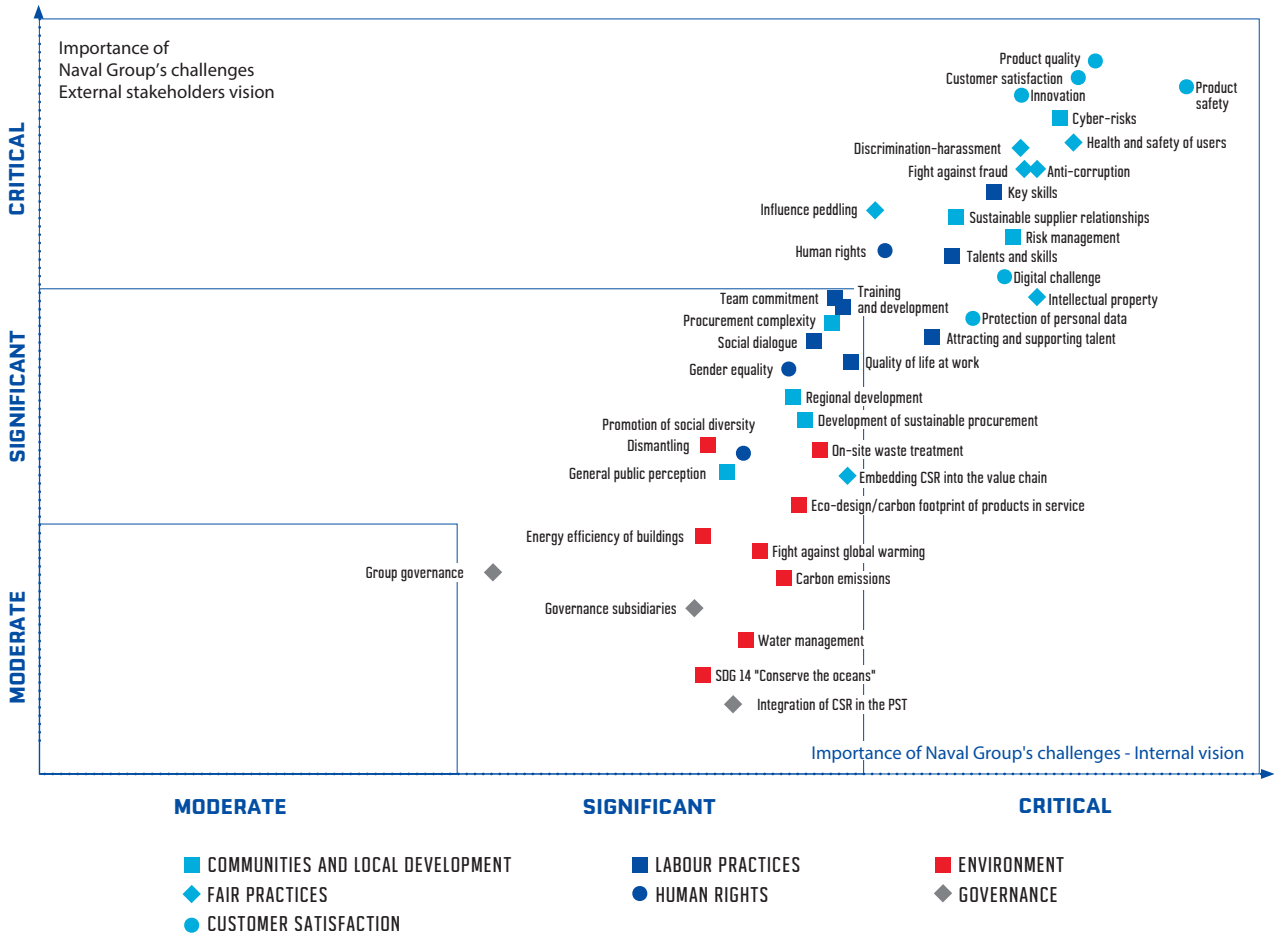
To create a positive dynamic of outreach and influence

SUPPLIERS AND SUBCONTRACTORS

To unite them around shared growth objectives

THE MATERIALITY MATRIX

The materiality matrix was produced from a questionnaire based on the themes of the ISO 26000 standard, proposed to the company's external and internal stakeholders.



This matrix shows that internal and external stakeholders consider all the issues raised as important or critical. This shows a real awareness of corporate social responsibility issues.

The contribution of the Innovative Generation Committee (Cogite)

In 2021, special attention was paid to the voice of the group's young employees, through discussions conducted by the Innovative Generation Committees (Cogite). These committees are made up of a young population representative of the sites, and their duties are to provide a fresh perspective and to report their findings to the local Executive Committee (Codir) to advance practices and organisation with regard to the pillars of the Naval 2025 transformation program: Growth, Innovation, Talent and Performance.

In 2021, the Cogites took part in a survey on the issues listed in the materiality matrix. The responses led to a consensus on the positive aspect of the integration of the CSR strategy into the group's strategic plan. The survey also revealed that the members of the Cogites attach particularly high importance to the themes of respect for human rights, working relationships and conditions, customer satisfaction and environmental protection.

They were also called upon during discussions on the company's *raison d'être*, for instance through working groups at the Cherbourg and Saint-Tropez sites, made up of members of the Cogite and site volunteers.

IV.5. ANTI-CORRUPTION AND INFLUENCE PEDDLING

Naval Group applies a principle of zero tolerance to corruption and influence peddling.

THE ANTI-CORRUPTION AND INFLUENCE PEDDLING SYSTEM



In accordance with the provisions of the Sapin II Law on “transparency, the fight against corruption and the modernisation of the economy”, and the provisions of agreements and foreign laws applicable to its activity, Naval Group implements a system aimed at preventing and detecting any

corruption or influence peddling.

The Chairperson and Chief Executive Officer commits Naval Group to the fight against corruption and influence peddling through a robust system, based on a culture of integrity and a principle of zero tolerance.

In accordance with the commitment of its governing body, Naval Group has introduced a system in which the mapping of corruption and influence peddling risks is the cornerstone. In order to manage these risks, Naval Group has a code of conduct and an associated documentary reference system, and has an established awareness-raising and training program for employees. Staff are required to report any conflict of interest, whether real, potential or apparent. A third-party assessment system has also been implemented. Lastly, regular internal controls are carried out to ensure proper compliance with the procedures in force.

A whistleblowing system (ethics@naval-group.com) is available to Naval Group’s employees and external stakeholders to collect and process alerts.



On the strength of this commitment at the highest level, Naval Group obtained ISO 37001 certification on April 19, 2021. Naval Group is one of the first French defence companies to obtain this certification, which commits it to a cycle of continuous improvement in terms of its system.

“Naval Group is fully committed to the fight against corruption and influence peddling and has made this one of its priorities. In a context where the global economy is under strain, exacerbating competition between players, this is a strong commitment to our customers and our business partners, but also to civil society as a whole.”

Pierre Éric Pommellet, Chairman and Chief Executive Officer of Naval Group, at the International Anti-Corruption Day event organised under the aegis of the United Nations on December 9, 2020



Spotlight

The role of the Compliance Officer

The group’s dedicated Compliance Department implements and coordinates the anti-corruption and influence peddling system within the group. It relies on a network of Compliance Officers in the various departments, sites and subsidiaries who oversee the deployment of the group’s anti-corruption system.

They are available to inform, train and support employees in their compliance-related work.

A survey on the fight against corruption and influence peddling was carried out in November 2021. More than 7,700 employees took part. The results reflect both the increasing attention of employees on the subject as well as their understanding of the rules and procedures. 90% of them stated that they had received anti-corruption awareness-raising or training.

IV.6. EXPORT AND CUSTOMS CONTROL REGULATIONS



Naval Group's activities and products have strategic value through their contribution to the sovereignty and security of client States. As a company that exports products and services for military or dual use, Naval Group and its suppliers are required to comply with national and international export control

regulations, which aim in particular to protect the national security of democratic States and fight against diversion and proliferation.

In light of these issues, Naval Group has set up an organisation and processes to ensure compliance with these regulations. Thus, Naval Group is in a good position to control and reduce risks. To this end, the Export Control and Customs Affairs Department fully carries out its responsibilities as the group's second-line risk management. The latter provides ongoing support to the operational departments (sales, programs, purchasing and supply chain in particular), by updating standards, training, awareness-raising, advice and audits. In 2021, the Export Control and Customs Affairs Department carried out the main actions of its internal control plan, through assessments and self-assessments in coordination with the group's other departments.

V. Pillar II: Social commitment

V.1. A RENEWED DIVERSITY AND INCLUSION POLICY FOR 2021



The diversity and inclusion policy has been a priority for the group for the past ten years. In the Naval 2025 transformation program, diversity

and inclusion are positioned as key drivers of the company's transformation dynamic.

Naval Group wants the company to resemble society by integrating genuinely diverse profiles (workers, technicians, engineers, women and men) with varied social mix, training, generations, origins, skills and talents, as well as diversity in terms of life paths.

"I firmly believe that gender equality and diversity within a company are key to performance. [...] For us, the challenge is to be attractive, to recruit more women in technical and scientific specialities, to promote their access to positions of responsibility and thus, to gradually rebalance the proportion of women and men at all levels of the company",

Pierre Éric Pommellet, Chairman and Chief Executive Officer of Naval Group, at the signing of the WEP

In addition, a new agreement on diversity and inclusion was signed with all the representative trade unions (CFDT, CGT, UNSA, CFE-CGC), following constructive negotiations. It came into force on October 1, 2021. The key objectives of this agreement are:

- to attract and integrate diverse profiles;
- to develop employees' careers and skills;
- to promote inclusion in working groups;
- to integrate diversity and inclusion into the societal commitments and relations within the ecosystem.

As part of its commitment to gender equality and its contribution to SDG No. 5 of the United Nations Global Compact, Naval Group signed the Women's Empowerment Principles (WEP) on February 11, 2021, joining the 4,552 companies that subscribe to it worldwide.

These principles offer guidance to companies on how to promote gender equality and the empowerment of women. Established by the United Nations Global Compact and UN Women, the WEPs are based on international labor and human rights standards. They are based on the fact that companies have an interest in and a responsibility towards gender equality.

ATTRACT AND RECRUIT MORE DIVERSE PROFILES



21% women at Naval Group in 2021
24% of women recruited in 2021

Although it is increasing every year, the percentage of women working at Naval Group is currently low, as is the case for the entire industrial sector. Few women study engineering and production.

To improve gender parity in the company, Naval Group is strengthening its initiatives to attract women to the industrial sector, with the objective of recruiting 35% of women within the group by 2025.



Since 2014, Naval Group has been a partner of the *Elles bougent* network, an association that strives to combat the stereotypes that weigh on the industry and to encourage women to pursue engineering careers within the aviation, space, rail transport, maritime and energy sectors.

The group has more than 200 sponsors of the association who regularly carry out work to present their professions to young women, high school and university students, in order to raise awareness of technical and scientific sectors.

This work is incorporated within the group's attractiveness policy managed by the Attractivity & Campus Managers in each region.



Promote and enable the professional integration of everyone



The integration of diverse profiles within the group is not only a source of enrichment for its employees but also a gain for the company: employees learn to be more open to the particularities of each individual, trust is increased and the company performs better. It is also a social justice matter.

However, some pockets of the population have more difficulty in obtaining training or employment. This is why Naval Group has implemented a proactive inclusion approach.

In 2021, Naval Group teams took part in several projects aimed at offering jobs to young jobseekers in priority urban areas and creating bridges between companies and young people.

In 2021, the Nantes site participated in three CSR Diversity job dating events as part of the "Companies committed to Loire-Atlantique" initiative and *#1jeune1solution* [1 young person 1 solution], in favor of youth employment. On Friday, October 22, 2021, Naval Group received the *1 jeune 1 solution* award presented by Thibaut Guilluy, High Commissioner for Employment and Business Engagement.

Partnerships with *Handisup Bretagne* and *Handisup Normandie*, an association committed to supporting young students with disabilities at the beginning of their careers, and with *Osons l'égalité*, an association that works to implement actions promoting the professionalisation of young people with disabilities by directing them towards training courses that correspond to jobs in short supply in the naval defence industry, have been renewed.

Naval Group has also partnered with Adapt Var, an association that has created an apprenticeship training center (CFA) and that supports companies recruiting young people with disabilities.

Other partnerships with associations such as *Tremplin* or with vocational rehabilitation centers (e.g. CRP Millau 2ISA) help to promote access to training and employment for young people with disabilities.

Naval Group is a partner of the GESAT network, a group of professional assistance institutions and services, and the *Association des Paralysés de France*. In this context, the company regularly co-organises meetings with its specifiers to exchange best practices in order to improve the share of its purchases from the protected sector, in particular for industrial services.

In 2021, purchases from this sector amounted to €3 million.

Naval Group's disability mission has a dedicated annual budget. In 2021, a new agreement was negotiated with the representative trade unions, under which the annual budget for job retention was increased by €75,000 compared to 2020, from €200,000 to €275,000.

At December 31, 2021, Naval Group had 803 employees with disabilities in its workforce. Between 2010 and 2021, Naval Group doubled its employment rate for people with disabilities, demonstrating the effectiveness of a proactive approach.

DEVELOP THE CAREERS AND SKILLS OF ALL EMPLOYEES

Ensuring gender equality



Naval Group wants women to have the same opportunities as men to develop their careers within the company and is implementing measures to this end.

Naval Group's professional equality index is 89/100, an increase of one point compared to last year. This index enables companies

to measure the gender pay gap.

Naval Group pays particular attention to monitoring salary policies so that the increase rate for women is at least equal to the overall increase rate.

Specific measures (notably regarding maternity leave) are put in place to continue to reduce the pay gap.

Initiatives are being launched at several sites. The one in Brest has helped to create a community of women managers in Brest, which is involved in concrete actions relating to gender diversity. Its main areas of focus are to build attractiveness and change mentalities; promote the career development of everyone within the group; and develop a network that can drive change. The one in Ollioules has had an active diversity network for several years, which notably works to promote diversity.

Develop careers

Progress remains to be made in terms of female access to positions of responsibility: a target of 25% women on Executive Committees has been set to accelerate the momentum. As part of its career reviews, Naval Group undertakes to put forward at least one woman in the Executive Committees' succession plans.

A gender-balanced internal mentoring program was launched in June 2021 to encourage skills development. The program is 40% made up of women and the pairs are generally mixed to improve parity.

Naval Group reaffirmed its objective to be a company in which women flourish and evolve in all its business lines on the occasion of the 2021 edition of Assises de la Parité, an event that aims to help companies achieve their goals in this area. "As an industrial company, today we have a fundamental role to play in improving gender diversity and convincing women that all of our job roles are open to them."

Pierre Éric Pommelot, Chairman and Chief Executive Officer of Naval Group

PROMOTE INCLUSION IN WORKING GROUPS

Fighting against sexual harassment and sexist behaviour



The group wants to enable everyone to flourish in the company and penalises inappropriate behavior.

A network of sexual harassment and sexist behavior officers appointed by the company and by the Social and Economic Committees at each of the

group's French sites has been set up. Their mission is to inform, guide and support victims. The list of contacts at each site has been distributed to and is on display at all sites. A process for

handling alerts is in place within Human Resources, as well as a whistleblowing system (ethics@naval-group.com) which is accessible to all employees and stakeholders.

The group has a zero-tolerance policy against sexual harassment and sexist behavior. In the event of inappropriate behavior in the workplace, disciplinary sanctions up to and including dismissal or criminal and/or civil sanctions are incurred.

In January 2022, the company joined the #StOpE initiative to end sexist behavior in the workplace. An e-learning training module on the topic of sexual harassment and sexist behavior will be made available to all Naval Group employees in 2022.

Operations organised as part of European Week for the Employment of People with Disabilities



In November 2021, 35 Naval Group employees, including all members of the Executive Committee, took part in DuoDays at all our sites. For one day, they formed a duo with a person with a disability to help build their professional career in their sector of activity (quality control, purchasing, logistics, etc.).

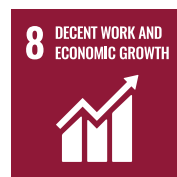
This operation enables managers and employees to learn more about the range of disability situations at work, to raise their awareness of the assets and professional qualities of these workers, and even to discover new talents. For people with disabilities, this day is an opportunity to learn more about a working environment, to start their own integration process or to convince an employer of what they can offer in terms of integration and performance.



In December, employees at the Cherbourg site were invited to take part in *Handipoursuite*, a board game created by the *Association de gestion du fonds pour l'intégration des personnes métiers* (Agefiph). Its aim is to raise participants' awareness of disability at work and to dispel certain prejudices through a knowledge quiz.

V.2. QUALITY OF LIFE AT WORK

V.2.1. A NEW AGREEMENT ON QUALITY OF LIFE AT WORK (QVT)



A new Quality of Life at Work agreement (QVT) was unanimously adopted by all the representative trade unions (CFDT, CGT, UNSA and CFE-CGC) on July 22, 2021. It confirms Naval Group's desire to become more committed by defining and deploying innovative systems aimed at strengthening employee development on a daily basis.

It sets out basic and specific measures defined in the context of local agreements signed with the trade unions representing each site.

Since the end of August, it has been rolled out by the Social Policy Department.

Quality of Life at Work within Naval Group is implemented through the establishment of a working environment conducive to well-being, promoting good relationships and giving meaning to work. It is based on a good balance between professional and private life and is also reflected in the commitment of employees to a solidarity-based and civic-minded approach.

Practical sheets (transport, professional mediation, universal service employment vouchers) and a QVT guide are made available to employees, as is useful information on professional mediation and team coaching.

At local level, negotiations took place during the last quarter of 2021 on the implementation of specific systems at the sites.

EXAMPLES OF THE FIRST LOCAL MEASURES IN PARIS-BAGNEUX FOLLOWING THE 2021-2025 QUALITY OF LIFE AT WORK AGREEMENT

Bicycle repair kits and pumps were installed in April 2022

in Paris (near the bicycle park) and in Bagneux (in the car park). User guides are available to employees.

Bicycles, where conventional or electric, single or tandem, are all better for the environment!

Because increasing numbers of Naval Group employees are travelling to the **Paris** site by bike, **the bicycle park has been extended** (75% increase in the number of spaces).

A **collaborative vegetable garden** was opened in **April 2022 at the Bagneux site**. Employees can spend their lunch breaks taking part in tasting sessions using the fruit and vegetables from the garden.

The *Équipage* group of volunteers **leads and proposes concrete actions related to Quality of Life at Work**. After a first conference with a frigate captain in March 2022 and afterworks, visits to industrial sites are planned.

83% of French people say they read at least one book per year*. **Book boxes** have been set up at the Paris sites. Employees are invited to donate their books.

**sources: IPSOS, centre national du livre, 2019*

V.2.2. SUPPORT EMPLOYEES DURING TIMES OF CRISIS

Working during the health crisis

The Covid-19 health crisis and the resulting lockdowns have had a strong impact on Naval Group's activities, forcing the company to adapt and reorganise itself to enable the continuity of activities essential to the life of the company whilst guaranteeing the health and safety of its employees.

The dedication of its teams all over the world has nevertheless demonstrated the group's human and economic resilience.

In 2020, in order to allow the gradual and controlled resumption of activity, a healthcare framework was put in place. Developed with the occupational health doctor in accordance with government guidelines and best practices observed within the group and externally, it has been continuously updated in 2020 and 2021 to take into account direct changes in government directives and findings from its implementation in the entities.

The actions resulting from this framework have been applied at all sites and internationally, thanks to translations of the document into English and Portuguese.

End of the Australian Future Submarines (AFS) program

On September 16, 2021, the Commonwealth of Australia notified Naval Group of the termination for convenience of the Australian Future Submarine (AFS) program.

The end of the program has impacted 650 employees in France and 350 in Australia, who were dedicating 70% or more of their working hours to this project.

The group's management has made every effort to offer everyone a transfer opportunity.

In order to give them priority, recruitment was temporarily suspended (except for workers not involved in this contract).

In France, a taskforce of approximately 50 employees from the Human Resources Department was immediately set up to look after the people affected at each site and to support them through their transfers.

The objective is to match the skills and experiences mapped among the displaced employees with available opportunities. In Australia, the HR team swung into action, in collaboration with the group and with Australian stakeholders, including the Commonwealth of Australia, which opened a Talent Pool within the Australian ASC shipyard. Support is coordinated at every stage to guarantee fair treatment.

V.3. PROMOTE THE GROUP'S ATTRACTIVENESS



Naval Group's objective is to maintain its ability to secure and carry out all its vessel programs and services in order to guarantee customer satisfaction. It is for this reason that the annual recruitment volume exceeds 1,000 employees per year over the next ten years.

To meet this ambitious recruitment and development challenge, Naval Group relies on a clear and differentiating employer brand.

In 2021, the momentum started during the previous three years (more than 4,500 new employees) continued with 1,233 new hires, 513 work-study students and around 500 interns.

In an increasingly competitive environment, Naval Group has succeeded in remaining one of the most attractive employers for the various audiences (engineering students, students in higher education, experienced employees, workers, technicians, and managers).

STRENGTHENING THE GROUP'S REACH

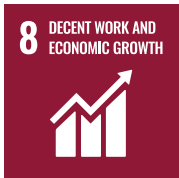
Promoting jobs

To support its attractiveness, Naval Group ensures, in partnership with the *Campus des Industries Navales* (Cinav), the promotion of jobs in the maritime industry and in particular short-term jobs among students, young graduates, and those in the national education system and civil society.

Naval Group took part in the first edition of the *Forum des métiers de la défense et de la sécurité* [Forum of Defence and Security Professions] which took place in September 2021 in Angoulême. The event helped to promote the reputation of the Naval Group site in Angoulême-Ruelle and its integration within the region.

In May 2021, a targeted recruitment campaign was launched for male and female workers with a view to perpetuating skills in the design and production professions, with a hundred new machinist, welder, mechanic, etc. positions to be filled. The aim of the campaign was also to raise awareness of the opportunities offered by the company to female workers, thus promoting gender diversity.

Multiplying recruitment actions



Today, to capture talent in a highly competitive landscape, it is necessary to meet candidates, listen to them and understand their expectations. Naval Group participates in numerous recruitment drives, calibrated as close as possible to its target market. In total, around 130 attractiveness

events – forums, conferences, visits to Naval Group sites, etc. – were held in 2021, focusing on target schools and partners, for the benefit of all of Naval Group’s needs.

The group has also undergone restructuring to maintain its influential actions in spite of the health crisis. The group’s digital showcase has been significantly modernised and the company is increasingly using digital resources to meet and discuss with candidates.

In June 2021, an online “objective employment” forum was organised for work-study students, PhD students and interns completing their company placements during the year. Held 100% remotely, the event included interactive conferences with regional school relations managers, meetings with Naval Group HR advisors, coaching interviews and a presentation of job opportunities at the group’s various sites.

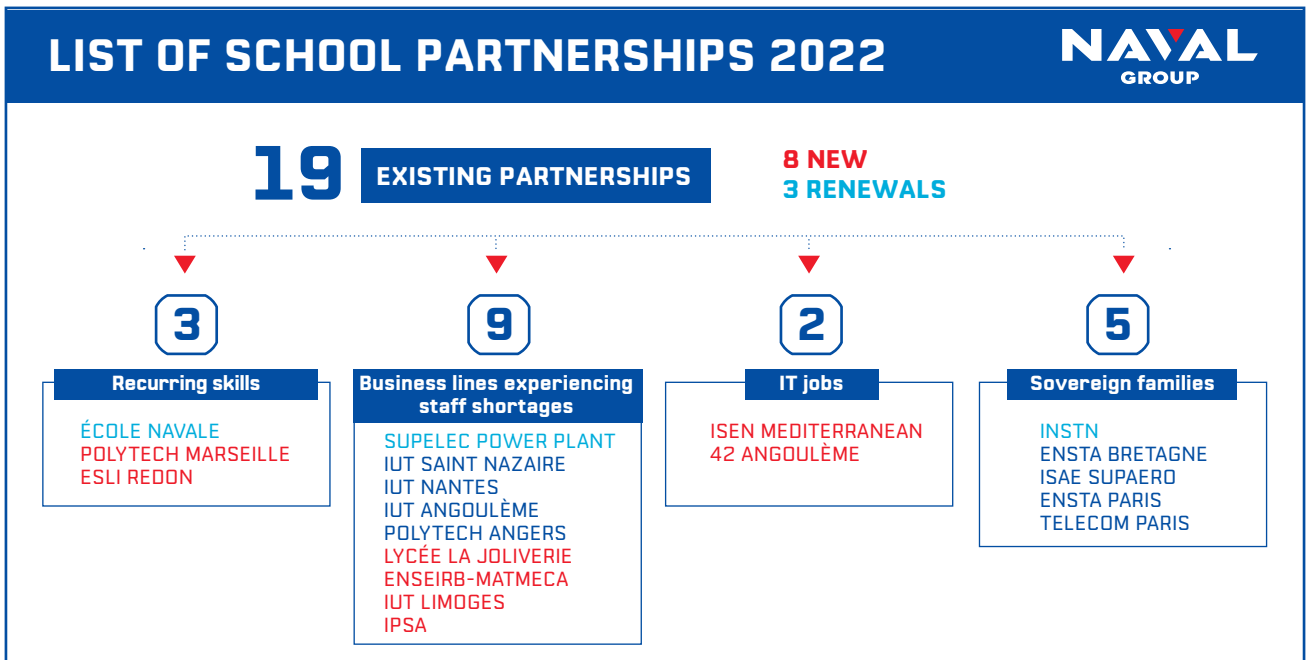
A targeted attractiveness policy: relationships with schools and partnerships

The group is continually strengthening its presence and visibility in schools.

In October 2021, its teams presented, among other things, its professional opportunities at the Trium forum organised by students from four leading engineering schools: *Mines Paris-Tech, École des Ponts Paris Tech, ENSTA Paris and ENSAE Paris.*



Éric Papin, Technical and Innovation Director, leads a conference on the impacts of innovation and digital transformation in the naval industrial sector at the Trium forum.



Naval Group has a community of operational ambassadors, known as the School Partners, whose role is to forge a special link with partner schools. Their number increased from 28 to 34 in 2021.

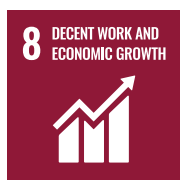
Naval Group has a school network of around 400 degree courses and has entered into or renewed around fifteen partnerships with schools to meet the needs of sovereign families, business lines experiencing staff shortages and new professions.

To develop its image, attract the experts of tomorrow and advance the knowledge and technologies it needs, the group also applies an active policy of cooperation in research and innovation.

This is reflected in numerous partnerships with schools to create joint laboratories (such as the Joint Laboratory in Marine Technology, with Centrale Nantes).

Naval Group is also involved in chairs (sponsorship, industrial and educational), schemes to which several manufacturers contribute financially so that subjects of common interest (complex systems engineering or artificial intelligence, etc.) can be explored further through theses. At the end of 2021, the group was supporting 44 theses in connection with partner laboratories and academies.

A commitment to young people



For many years, Naval Group has pursued an ambitious work-study policy and reserves positions for its work-study students, in particular in production professions with a high level of skills renewal.

Each year, Naval Group welcomes more than a thousand young people into its teams, including more than 500 new work-study students in 2021.

Naval Group seeks to increase the recruitment rate of its work-study students, in particular in the research, production and IT specialities. In these business lines, the objective is for at least half of all recruits to be work-study students by 2025 (compared to around 40% today).

Many young people choose to continue their studies at the end of their work-study period. The objective for Naval Group is to retain them so that they can apply at the end of their studies. A "youth club" for former work-study students and interns (Naval Group Alumni) is being prepared and will be launched in the first half of 2022.

The group has also increased the support offered to its work-study students by setting up a career review to identify job opportunities within the group and facilitate their recruitment.

An effective strategy

Naval Group is one of the most attractive employers according to candidate surveys.

In 2021, Naval Group made progress in the external recognition of its attractiveness, achieving 21st place in the Universum ranking of the most attractive companies for engineering schools (an increase of three places compared to 2020) and for schools with a baccalaureate + 2/+ 3 (an increase of eight places).

In June 2021, Naval Group joined the #Universum Top 3 in the "Attractive and exciting products and services for engineering executives" category, which rewards the uniqueness of its activity.

In 2021, it also retained the prestigious Top 5 air naval and defence sector label for engineering students and was awarded the "stimulating framework" label.

THE INTERNAL APPEAL OF NAVAL GROUP

Internal mobility plays an essential role in retaining talent and developing the skills of the group's employees.

It is also a key factor in maximising the efficiency of resources in the performance of the group's activities.

Naval Group offers many opportunities for professional mobility at regional, national and international level, enabling everyone to discover new products and share their knowledge. Whatever their desire for mobility, the company supports its employees.

The first season of the Mobility Tour was launched in 2021 to introduce employees to the professional opportunities and the various sites throughout the group. Four events were held, in Toulon, Ollioules, Saint-Tropez and Lorient. The Mobility Tour will continue in 2022 for a second season.

There is a wide variety of career paths available. The promotion of crossover careers concerns all activities in production, design, support and many other business lines.

In September 2020, Naval Group signed a new agreement with all of the representative trade unions. This has strengthened the actions implemented to secure skills and successfully transfer knowledge. It is accompanied by costed commitments that are reviewed annually.

Through this agreement, Naval Group undertakes to:

- continuously develop employees' skills and focus on "on-the-job" learning;
- develop knowledge transmission from experienced employees to young people;
- successful programs thanks to a strategic jobs and skills management agreement close to the field.

V.4. TRAIN AND MAINTAIN KEY SKILLS

The development, transmission and maintenance of skills are a vital part of Naval Group's strategy to guarantee national sovereignty. Naval Group is a long-term company that must perpetuate its cutting-edge skills in design, production and cross-functional positions.

The transmission of knowledge is at the heart of the group's strategy, which must respond to a challenge of unprecedented magnitude: nearly 6,000 retirements are planned over the next ten years, the majority of which relate to the long-term acquisition of technical skills.

The group has identified 220 jobs that must be preserved, including some in particularly critical areas (nuclear propulsion, safety-diving, submarine architecture, aviation facilities and invulnerability).

In order to limit any risk of loss in these areas, the group is implementing measures to acquire, retain, redeploy or renew the skills it will need:

- investment in core business training;
- strengthening of the employer brand action plan;
- partnerships with schools and training bodies to promote recruitment in the key areas of its activity;
- support for Cinav, whose objective is the creation of naval training courses and developing the attractiveness of the sector.

In 2021, the main advances in the management of key skills were as follows:

- strengthening of the quantitative and qualitative adequacy between the workload and internal resources, in coordination with the operational GPEC approach, in particular related to the needs of third-generation SSBN programs (3G SSBN) and next-generation aircraft carriers (PA-Ng);
- in-depth support for critical skills, with enhanced management of the five sovereign families (aviation, diving safety, submarine architecture, nuclear propulsion, invulnerability);
- a sixth sovereign family, Propulsion, has been created to respond to the challenges of securing skills in this area;
- criticality analysis of the 109 areas of technical expertise (ATE) identified within the group, which shows stability compared to previous years with 15 ATEs deemed critical, including five covered by one sovereign family;
- consolidation of the school relationships and partnerships strategy, with an improvement in the positioning of Naval Group with priority schools, young people and families;
- reinforcement of learning in the workplace.

Since 2021, each key position holder has had a personal development plan with a knowledge transmission plan according to his or her age. A sixth sovereign family, Propulsion, has also been created.

THE CREATION OF SCHOOLS



Naval Group created its design and industrialisation school in Cherbourg, to meet the need for skills in certain areas experiencing staff shortages. In 2021, it expanded its training offering. In addition to the integrator-designer curriculum, it began to offer work-study programs for

five submarine-related professions. Over a period of three years, 85 people were trained, 76 of whom were hired on permanent contracts.

In 2022, the *Haute École de formation soudage*, which Naval Group helped to create, will open its doors on the Cotentin peninsula to train the best welders in France for the nuclear and naval sectors, currently facing a shortage of qualified personnel. The creation of this school will make it possible to secure future recruitment and meet the local and national needs of companies in these two sectors.

FIELD TRAINING AND MENTORING

Naval Group makes field training one of its priorities, particularly through training projects and seamanship.

Tested in 2019, the training projects are offered to operators as close as possible to the field to enable them to acquire a perfect mastery of technical skills relating to specific high-stakes operations.

Managed by the business lines and operational staff, the training projects are based on employee experience, under the watchful eye of a qualified third party. They are organised within or near the workshops, in modular units that imitate the working environment.

In 2021, a specific visual identity was created to be the common thread between all Naval Group training projects and convey the common values of these projects.

These training courses will be renewed and developed in 2022, notably at the Brest site, where a school village will be inaugurated.

Seamanship is a historical practice that assists the development of the skills of junior employees by more experienced employees. It is practiced in particular as part of the "Fridays at School" programs dedicated to the learning or practice of technical skills.

In a similar vein, the HR Department launched its first internal mentoring program to encourage skills development and continuous learning among mentees, through support from experienced mentors. The first class welcomed 21 pairs.



Some figures:

- in 2021, more than 70% of training hours were planned in technical areas;
- 15% of the budget was allocated to on-the-job training;
- 20 operational training projects;
- 12,882 hours of seamanship in 2021.

V.5. ENSURE THE QUALITY OF SOCIAL DIALOGUE

The quality and dynamism of social dialogue are essential levers for the company's performance and the success of its transformation. They contribute to the construction of a social and contractual foundation, which is a determining factor in employee trust in the company's management and its representatives.

To date, the policy has only been deployed in France, but the aim is to develop an international approach for the key elements that make up the group's social foundation.

The organisation of the Social Policy Department within the HR Department is focused on permanent, direct and constructive social dialogue with employee representation and trade unions.

Their relations are based on the company agreement reviewed in 2017, which devotes two chapters to social dialogue. As such, the plan for all structuring projects is to apply a concerted and participative approach with the relevant teams, upstream of the project. Social partners are also involved in this process.

In its approach to social dialogue, Naval Group therefore goes beyond its legal obligations in terms of transparency and involvement of social partners in organisational change projects.

In 2021, despite the health crisis, the contractual dynamic has resumed through the conclusion of various agreements, in particular four agreements signed with the employee representative bodies.

To measure the quality of social dialogue, Naval Group takes this contractual dynamic into account. In addition, a social climate observatory has been established to anticipate risks of social tension, and even conflict, and to identify social irritants as close as possible to the field. The trial began in July at the Naval Group site in Angoulême-Ruelle with three teams.

VI. Pillar III: Environmental protection

VI.1. COMMITMENT TO REDUCING THE ENVIRONMENTAL FOOTPRINT

VI.1.1. CARBON FOOTPRINT: REDUCING THE GROUP'S CARBON FOOTPRINT

The objectives of the low-carbon project



Naval Group is committed to meeting the low-carbon targets set by the International Maritime Organization (IMO) by 2050, in accordance with United Nations SDG No. 13. For Naval Group, the aim is to divide its greenhouse gas (GHG) emissions by six in 2050 compared to 2014.

“Improving the carbon footprint, reducing waste and the energy consumption of sites” is one of the main areas of focus in the group’s CSR strategy set in 2021. It has three clear and quantified objectives:

- to measure, manage and reduce the carbon footprint of our sites and activities: -5% per year from 2021 to 2050;

- to reduce energy consumption: -5% in 2021 and -15% by 2025;
- to improve the waste recovery rate (+10% in 2021) and reduce the volume of non-hazardous waste.

The group’s carbon footprint

As part of its ambition to reduce the greenhouse gas emissions of its sites, Naval Group has chosen to assess its carbon footprint annually.

This annual measurement is a regular check on the effectiveness of the actions implemented as part of the low-carbon project. Once analysed, it also enables the group to validate the various priorities and, if necessary, to define new actions.

A. Description

The assessment carried out covers the 2021 calendar year. This report covers all of Naval Group’s activities carried out on the sites and premises in France. It does not take into account the activities carried out by subsidiaries in France or abroad.

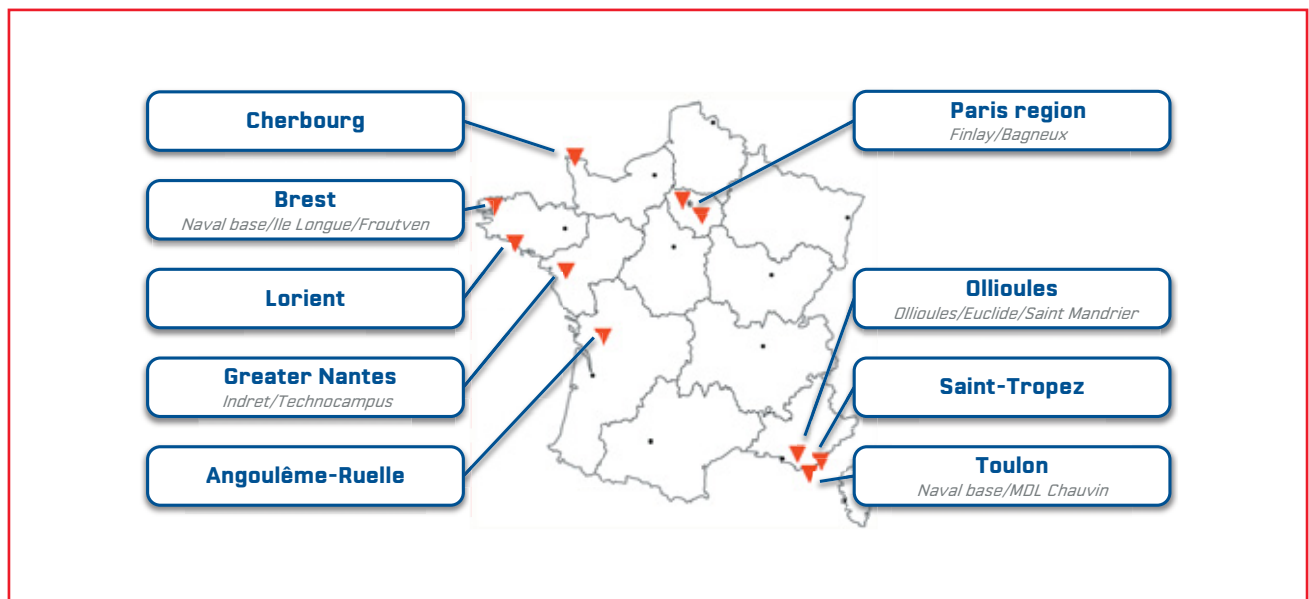


Fig. 1: Naval Group sites within the scope of the carbon footprint.

The main changes compared to the 2020 report are the measurement of the following:

- refrigerant leaks (scope 1 – item 4);
- heat purchases – District heating network (scope 2 – item 7);
- emissions related to extraction, processing, refining, transport and distribution associated with the energy consumed (scope 3 – item 8);
- purchases (scope 3 – item 9) – even if only partial;
- property assets (scope 3 – item 10);
- waste (scope 3 – item 11) – Hazardous waste is yet to be included.

In the absence of complete or reliable data, we are unable to assess:

- upstream freight (scope 3 – item 17);
- all purchases (scope 3 – item 9);
- hazardous waste (scope 3 – item 11);
- use and end-of-life of finished products sold during the year (scope 3 – items 18 and 19).

B. Results

By using the source data collected and verified and by applying the relevant emission factors, Naval Group SA's carbon footprint for 2021 is close to 217,000 metric tons of CO₂eq.

This figure includes all categories including purchases. The emission factors related to purchases must be refined and the associated values handled with caution. For this reason, Figure 2 presents the regulatory greenhouse gas emissions assessment (BEGES) excluding purchases (item 9 – Purchases).

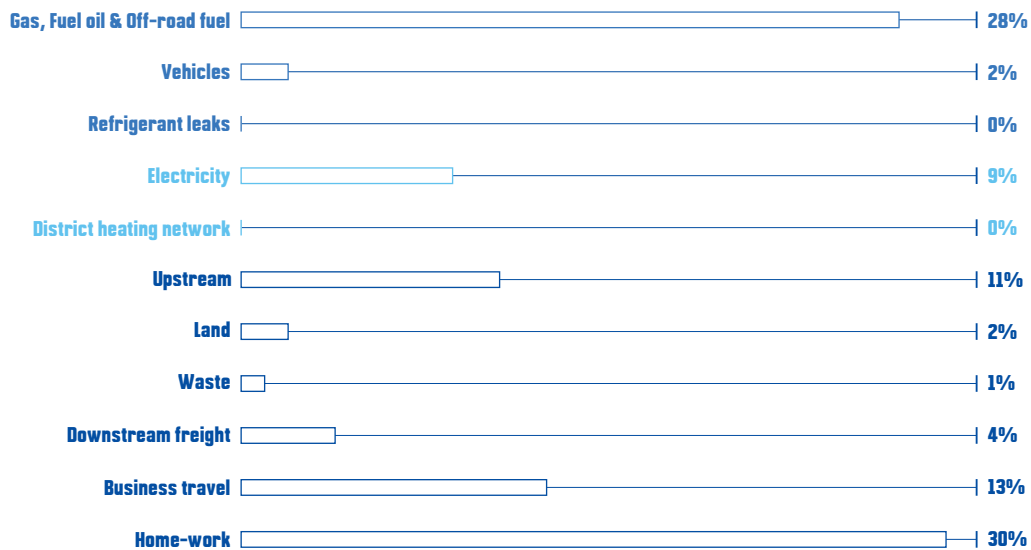


Fig. 2: Regulatory greenhouse gas emissions assessment excluding purchases.

The detailed figures are shown in the table below, which represents the assessment of Naval Group's GHG emissions in France in regulatory format.

Categories of emissions	Numbers	Emission items	GHG emissions	
			Total (t CO ₂ eq)	Uncertainty (t CO ₂ eq)
Direct GHG emissions	1	Direct emissions from stationary combustion sources	16,840	348
	2	Direct emissions from mobile heat engine sources	1,514	284
	3	Direct emissions from processes excluding energy	0	0
	4	Direct fugitive emissions	329	57
	5	Emissions from biomass (soil and forests)	0	0
	Subtotal		18,682	453
Indirect emissions linked to energy	6	Indirect emissions linked to the electricity consumption	5,286	237
	7	Indirect emissions linked to the consumption of steam, heat or cold	148	0
	Subtotal		5,434	237
Other indirect GHG emissions	8	Emissions linked to energy and not included in items 1 to 7	6,471	132
	9	Purchases of products or services	155,842	73,350
	10	Property assets	1,084	277
	11	Waste	893	154
	12	Upstream freight transport	2,543	0
	13	Business travel	7,906	73
	14	Upstream leased assets	0	0
	15	Investments	0	0
	16	Transportation of visitors and customers	0	0
	17	Downstream freight transport	0	0
	18	Use of products sold	0	0
	19	End of life of products sold	0	0
	20	Downstream deductible	0	0
	21	Downstream leasing	0	0
	22	Commuting	18,069	2,023
23	Other indirect emissions	0	0	
	Subtotal		192,808	73,378
TOTAL			216,924	

Tab 1: Regulatory greenhouse gas emissions assessment for 2021.

C. Operational criterion of the profit-sharing agreement

In order to support Naval Group's efforts to reduce GHG emissions, an operational criterion relating to the reduction of these emissions has been added to the profit-sharing agreement. The objective was to reduce scope 1 and 2 GHG emissions by 5% between 2020 and 2021, at constant load.

This objective applies to items 1, 2 and 6 of the regulatory BEGES.

"At constant load" means that the change in hours worked and outdoor temperatures between 2020 and 2021 must be taken into account.

Between 2020 and 2021, the hours worked by Naval Group employees and temporary workers and by on-site service providers and suppliers increased by almost 15%.

The unified degree days in 2020 were 15,471 (sum of the unified degree days [DJU] of all Naval Group sites). In 2021, the unified degree days totaled 17,517. This represents an increase of more than 13% in heating requirements.

Note: the DJU for one year corresponds to the sum for each day of the year of the difference between a reference temperature (18°C) and the average temperature for the day. For example, if the average temperature for the day is 15°C, add 3 [18-15] to the DJU for the year.

By applying these correction factors to the raw data from the carbon assessment, the performance presented in the table below is obtained:

Raw data for 2020 and corrected data for 2021			2020	Gross 2021	Net 2021	
Categories of emissions	Numbers	Emission items			t CO2eq	Perf.
	1	Direct emissions from stationary combustion sources	13,066	16,840	12,948	-0.9%
Direct GHG emissions	2	Direct emissions from mobile heat engine sources	1,540	1,514	1,318	-14.4%
Indirect emissions linked to energy	6	Indirect emissions linked to the electricity consumption	5,211	5,286	4,522	-13.2%
TOTAL			19,817	23,640	18,788	-5.2%

Tab 2: 2020 assessment vs. 2021 – Performance.

D. Analyses

Performance achieved in 2021 versus 2020 for items 1, 2 and 6 is the result of the actions implemented as part of the low-carbon project and in particular the efforts made by industrial coordination and site management in relation to energy.

In order to maintain the group's objective of reducing GHG emissions by 5% per year on scopes 1 and 2, the low-carbon project must be continued and strengthened.

Energy and carbon plans have been defined at the group's various sites. Thanks to the measures put in place, Naval Group has the ability to achieve the expected results over the next two years by deploying initiatives based on the following themes:

- reducing the consumption of buildings and industrial facilities;
- developing renewable energy solutions (photovoltaic, etc.);
- implementing energy management software;
- optimising the vehicle fleet to increase the percentage of non-internal combustion engines.

In 2022, the objective is to work on the five-to-ten-year roadmap, so as to identify the actions required to meet the GHG emission reduction targets.

Technological advances are necessary for our infrastructures and our heat production resources; we will have to anticipate and finance them.

To take things even further, the low-carbon project already includes projects related to scope 3 (freight, mobility, digital and waste). However, areas for improvement remain to be identified for emissions linked to purchases.

VI.1.2. OVERVIEW OF THE ACTIONS IMPLEMENTED AT THE GROUP'S SITES

The daily activities of the group's sites involve direct and indirect GHG emissions for the heating, air conditioning and lighting of workplaces, the production of domestic hot water, the supply of industrial resources, the reception and the equipment shipping and employee business travel.

In order to achieve the carbon emission reduction targets set by the group, the sites are introducing multiple initiatives to aid in their transformations.

The projects set up relate to energy, service and company vehicles, freight, the company mobility plan and digital activities. Each is managed by a manager in the relevant area, who reports regularly to the Director of Industrial Coordination.

Significant progress has been made in 2021.

Better control of energy consumption



The Angoulême-Ruelle site has reduced its energy consumption by 10%:

- by installing a more energy-efficient boiler, new types of radiators and a water-based regulation system;
- by introducing new temperature guidelines for heating and air conditioning with a drop of 1°C;
- by deploying energy management software to measure the energy consumption of the site's facilities, identify the most energy-intensive and reduce their use;
- by installing a dedicated air compressor.

The site is studying the possibility of using renewable energies such as photovoltaic energy or geothermal energy to reduce its consumption of fossil fuels.

LED lighting has continued to be installed at the Brest and Cherbourg sites.

By mid-2022, all the workshops at the Brest site, including Île Longue, will be lit by LEDs. In Cherbourg, 190 exterior masts were equipped and a major interior lighting renovation project was launched to replace 12,500 light points over four years, starting with the most energy consuming. This will also optimise the lighting on site.

The Lorient site is also gradually installing LEDs. In 2021, it signed a protocol to install a solar power plant in a car park on the site, which will produce the equivalent of 5% of its consumption from October 2022.

For its heating and hot water needs, the Brest site will soon recover the energy produced by the city's household waste incineration unit, which will reduce the CO₂ emission ratio per kilowatt/hour consumed by four times.

Tomorrow charter: committing to local authorities to be more successful together



The Naval Group site in Brest has signed the Tomorrow charter, joining the initiative of Brest Métropole, one of the six European cities that have committed to fighting climate change with

the support of local stakeholders.

This charter is based on six areas of focus: saving energy and switching to renewable energies, moving around in a different way, eating sustainably, reducing and recovering waste, acting globally and locally, raising awareness and making behavioral changes.

The charter commits the city to reducing its GHG emissions by 34% and its energy consumption by 20% by 2030, compared to 2010.

Adapting employee mobility to environmental challenges



Travel between home and work and within sites is a major source of greenhouse gas emissions. A group employee survey on travel habits between home and work and during lunch breaks was conducted in 2021. Its results have been incorporated into the GHG assessment and will help the

Occupational Health and Safety and Environment Department and the mobility managers at the various sites to adapt the mobility plans by developing actions tailored to current requirements. An action plan was defined in the first quarter of 2022.

The Brest site is working with the metropolis to set up bus routes that cover the naval base, including one departing from the station. Electrically-assisted bicycles are made available free of charge for commuting and at one of the entrances to the naval base, in order to promote multimodal travel.

The site has also set up a closed community on the Ouest-Go carpooling platform, in collaboration with other local players, and increased the number of carpooling spaces available at the naval base, in coordination with the French Navy.

The Cherbourg site works with the urban area and the city, sharing its expectations in terms of changes in mobility. In 2023, a next-generation bus service will be launched with a view to transforming transport practices in the region for the benefit of collective and/or soft mobility.

In 2021, the Lorient site launched a project to install 20 charging points for electric or plug-in hybrid vehicles. This project follows the group's decision to install charging stations at all of its sites in France.

In terms of its company vehicle fleet, Naval Group has eliminated diesel vehicles and introduced electric vehicles to its catalogue. It has significantly increased its fleet of electric service vehicles.

In terms of freight, lower-emission transport solutions are being defined with the group's partner.

Digital activities

Seeking digital sobriety



Naval Group has committed to designing digital services that consume less energy and moderating its daily digital use.

The group contributes to the work led by CIGREF (network for large French companies), which collects and shares best practices relating to digital culture. An

awareness-raising quiz on this topic is available on the online training portal and every month, an IT-related tip is shared via the monthly internal newsletter.

In addition, Naval Group's Digital and Information Systems Department (DDSI) participates in the working group on digital sobriety led by Cigref, which resulted in the drafting and publication of the report entitled *Digital sobriety: managing the environmental footprint of digital technology through measurement*. This work will continue in 2022.

The assessment of the digital carbon footprint of the group's information system and the drafting of a guide for responsible IT purchases are other actions implemented by the DDSI.

Streamlining datacenters



Over the past three years, Naval Group has been optimising and streamlining its data centers in order to reduce its carbon footprint whilst meeting its needs for digital services and digitisation. In Ollioules, a local Energy Committee was created in 2019 to come up with an action plan to reduce the

energy gap at the site, where IT platforms are in operation seven days a week. The challenge is to optimise their consumption without hindering production.

The group is investing in new, less energy-intensive and more efficient devices, in which it focuses its computing power requirements. A single machine can now host several servers, the latter being virtualised. Data storage needs are streamlined and optimised. In addition, this new equipment uses less energy-consuming air conditioning solutions.



Involving all employees



The success of the projects undertaken by Naval Group depends on the involvement of all its employees. Multiple communication campaigns are carried out at all sites to raise awareness and inform as many staff as possible about the importance of environmental issues and encourage them to take action personally.

The Nantes-Indret site ran an Environment energetic challenge over a period of three months, with the help of an application designed to promote the long-term involvement of employees in their company's CSR policy. The tool encourages users to calculate and then reduce their carbon footprint.

In Cherbourg, during European Week for Waste Reduction in November 2021, the Occupational Health and Safety and Environment teams and members of the Digital and Information Systems Department shared quizzes and gave away prizes, hosted a stand and organised a presentation of the waste management cycle in conjunction with Veolia.

At the end of 2021, several employees at the Ollioules site created an expression group called "Being eco-responsible in the office". The various proposals it collected were used to develop, in coordination with the site's Communications Department, a roadmap composed of actions complementary to those implemented at group level, associated with a local communications plan.

During Sustainable Development Week, a call to adopt ten easy actions to combat climate change was launched at group level through flyers and the intranet.

Naval Group recalled that some of these changes in behavior helped contribute to the operational criterion set by the 2021-2023 profit-sharing agreement, which set a 5% reduction per year in the group's GHG emissions.



Dans notre quotidien, certains gestes sont faciles à adopter pour réduire notre impact sur l'environnement et le réchauffement climatique.

L'accord d'intéressement 2021-2023 de Naval Group comprend un critère opérationnel sur le bilan des gaz à effet de serre. Parmi les 10 gestes ci-dessous, les n°6, 7, 8 et 9 permettent à chaque collaborateur d'y contribuer. Le versement de cette enveloppe cible une réduction de 5% de nos émissions de gaz à effet de serre. Ensemble, adoptons ces dix éco-gestes :

- 1 Pour les trajets quotidiens, favoriser l'utilisation des transports en commun et des transports alternatifs comme le covoiturage, la trottinette, le vélo et la marche
- 2 Privilégier les échanges avec les autres sites par téléphone ou visioconférence et, lorsque cela est indispensable, préférer le train pour les déplacements professionnels
- 3 Favoriser les achats locaux et de saison et limiter le gaspillage alimentaire dans les restaurants d'entreprise
- 4 Se munir d'une tasse pour consommer ses boissons chaudes ou froides au travail et d'une gourde pour boire de l'eau régulièrement
- 5 Réduire ses déchets et les trier dans les poubelles dédiées
- 6 Rationaliser l'utilisation du chauffage et de la climatisation : adapter les températures, couper le système en cas d'absence et fermer les portes de communication avec les espaces peu ou pas chauffés
- 7 En quittant son bureau, un atelier ou une salle de réunion éteindre la lumière, son ordinateur, les écrans, la climatisation, l'air basse pression, et débrancher tous les chargeurs
- 8 Limiter l'envoi de mails, le nombre de destinataires et de pièces jointes et privilégier les messageries instantanées Sametime ou Citadrel
- 9 Transmettre les documents volumineux via des plateformes dédiées telles que PostFiles et limiter la taille des images dans les mails comme la taille du logo dans la signature
- 10 Réduire ses impressions et favoriser l'impression en niveaux de gris

Grâce à ces gestes éco-responsables, nous améliorerons notre empreinte carbone, réduisons nos déchets et diminuons notre consommation d'énergie !

Naval Group et ses collaborateurs s'engagent ainsi pour l'environnement et l'atteinte des engagements définis dans l'accord de Paris pour le climat du 12 décembre 2015.



Recycling and recovering waste



In Angoulême-Ruelle and Nantes-Indret, individual waste bins in the offices have been removed in favor of a sorting hub in the corridors. Information on the classification of waste has been published to help employees identify what can and can't be recycled.

The Paris and Bagneux sites have also eliminated individual bins in the offices and introduced systematic separation and sorting.

Since 2017, the Toulon site has been giving a second life to computer equipment that has been replaced on the boats, by using the spare parts in other vessels. Today, a re-use study is conducted for all vessel modernisation and decommissioning works.

Another group-wide initiative, inspired by World Clean Up Day, is an IT equipment recycling initiative that has been introduced at all sites. The equipment is recovered or recycled by ATF Gaïa, a company specialising in the life cycle management of IT equipment.

VI.1.3. BIODIVERSITY: THE SEA AT THE HEART OF NAVAL GROUP'S ACTIONS

Duty to preserve biodiversity



The sea is at the heart of the group's activities and ambitions but it remains a fragile environment. In addition to the fight against global warming, the challenge of the "Environmental protection" pillar is therefore to protect marine biodiversity.

"The preservation of marine and underwater ecosystems is one of the company's values that guide our development.

For more than ten years now, we have been carrying out in-depth work on the eco-design policy of our vessels to prevent and control the effects related to our products and our industrial processes.

But we have decided to take things even further. To limit the environmental footprint of the vessels, we are examining alternatives to the use of fossil resources. Naval Group relies in particular on fuel cell technologies and hydrogen storage in surface vessels.

Decarbonisation also means improving our energy efficiency. Hence the significant effort we are making on new generations of very high-performance batteries that will require less recharging time and give our vessels more autonomy.

We are proud to apply innovation and technology to this major challenge."

Pierre Éric Pommellet, Chairman and Chief Executive Officer of Naval Group, on World Environment Day 2021

The Ocean framework, a reporting framework to assess the impact of companies on the marine environment



Naval Group has tested the first reporting framework intended to measure the impact of companies' activities on the oceans.

Based on SDG No. 14 of the Global Compact on aquatic life, this framework was developed by the *Fondation de la Mer*, in collaboration with the Boston Consulting

group and the French Ministry for the Ecological Transition, to support companies in the preservation and sustainable use of ocean resources.

It identifies ten types of impact, broken down into 44 action levers and as many operational indicators that can be used by companies.

In the first half of 2021, the group entered into a partnership with the *Fondation de la Mer* to conduct an impact analysis of its activities and issue proposals for action using the ocean framework. In the second half of the year, Naval Group and the *Fondation de la Mer* signed a contractual agreement.

Four impact assessment workshops were held in 2021 at the Brest and Nantes-Indret sites. They will be used to support the roll-out of the ocean framework to all sites in France and to our products.

Group sites take action



In line with the group's approach, some coastal sites are taking steps to limit their impact on coastal biodiversity.

At the Toulon site, as part of the adaptation of the infrastructure for the maintenance of nuclear attack submarines (SNA), such as the *Suffren*, the refurbishment of the

maintenance basins includes improvements to reduce the impact of in-service support on the natural environment. The MY01 basin can now separate the water used to wash the submarine hulls from the water used to cool the nuclear boiler room during short-term periods of maintenance. Collected in a dedicated tank, following the segregation of the basin networks, this water is treated before being discharged into the natural environment.

Since 2008, the Toulon site has also been a partner of the "Clean Harbour" operation, launched by the maritime prefecture. It installs skips to collect waste found at sea by French Navy divers. The skips are then emptied and the contents processed through the appropriate channels.

Combating the noise impact of our products on marine biodiversity



Since 2019, Naval Group has been managing the European project *PIAQUO* to protect marine life from noise pollution. This project combines the expertise in underwater acoustics and digital modelling of ten French, Italian and Swedish partners.

The goal is to reduce the impact of underwater noise pollution generated by maritime traffic, which has increased significantly over the last 50 years due to the growth in trade and the tonnage of vessels.

The aim is to offer a coherent set of technological solutions for maritime transport players (port and industrial operators, etc.), to protect ecosystems sensitive to such noise as well as to anticipate future regulations.

The project, which is part of the European Union's Green New Deal strategy, is based on areas of research including more discreet propellers, on-board systems for real-time self-assessment of the level of noise emitted, and programs to raise ship-owner awareness of the importance of reducing noise emissions.



VI.2. INVENTING THE VESSEL OF THE FUTURE

VI.2.1. ECO-DESIGN FOR THE VESSEL OF THE FUTURE

“Our objective is for, in five years’ time, all new projects to incorporate environmental requirements and be clearly aligned with this approach. We are witnessing a paradigm shift: it will soon be necessary to justify the reasons why a project does not include environmental requirements.”

Gaëlle Rousseau, Eco-Design Manager at Naval Group and pilot of the “Integrating eco-design throughout the life cycle of new products and services” project

Eco-design: incorporating environmental requirements



To meet its commitments to reduce its emissions, Naval Group has been relying for ten years on eco-design and the ISO 14001 certification of its products, services and activities.

Eco-design aims to reduce significant environmental impacts in the life cycle of vessels, from their design to their deconstruction, including operation, manufacture and maintenance.

In addition to the fight against global warming, the challenges of eco-design are economic, through better control of production costs (energy consumption, waste recovery, etc.) and operational costs, thanks to increased autonomy and discretion for boats generated by new means of hybrid propulsion. Lastly, there is the issue of competitiveness and Naval Group intends to remain ahead of the curve in the naval defence market.

Eco-design is supported by the environment and eco-design business sector, which coordinates the approach and relies on a network of approximately 50 specialists working on projects related to their area of expertise.

Located within the Naval Performance Engineering Department (IPN) of the Industry Department (DIN), the environmental design managers apply environmental requirements to vessel projects and programs and actively participate in R&D.

In 2021, Naval Group strengthened its commitment to eco-design: the eco-design project was included in the CSR strategy. The aim is to roll out this approach across all components of the vessel's life cycle, from R&D to production tools.

Carbon footprint of products in service



Since 2013, the International Maritime Organization (IMO) requires new vessels to measure their effectiveness in reducing CO₂ emissions. Naval Group has decided to respond by measuring the carbon footprint of its flagship products as well as their energy efficiency.

Following in the footsteps of the multi-mission frigate (FREMM) in 2017, the corvette Gowind® (in 2018) and the submarine Scorpène® (in 2019), the carbon footprint of the Barracuda nuclear attack submarine (SNA) was measured in 2021. The results of these studies have led to the following conclusions:

- although the results of the FREMM and Gowind® carbon footprints are not comparable, as the vessels have completely different job profiles, weights, speeds and lifetimes, it is interesting to note that the share attributable to the operating phase of these vessels represents respectively 80% and 90% of the total carbon footprint, which is mainly related to the diesel used;
- as for the Scorpène®, the ratio is less marked: 35% of GHG emissions are generated during the manufacturing phase compared to only 55% during operation;
- for the Barracuda, the results obtained differ from those of the Scorpène®: the manufacturing phase is the most important since it represents 65% of the GHG emissions. This is due to the resources used to machine the specific steels used. The operating phase represents only 1.3%, due to the nuclear propulsion method, which emits less CO₂ than a conventional diesel propulsion.

The overhaul of the eco-design assessment system



Eco-design objectives have been set for programs, infrastructures and maintenance in operational conditions.

In terms of programs, the eco-design approach, previously organised into three levels, was overhauled in 2021.

The former level 3, known as “proactive”, has been split into three more precise levels to ensure easier comparison with the standards: Capacity Maturity Model Integration (CMMI), Green Marine Europe, etc.

The levels used are as follows:

- level 1: systematic application of the Naval Group regulatory standard;
- level 2: at least two environmental studies on systems;
- level 3: environmental analysis or life cycle analysis during the design phase, followed by the allocation of eco-design requirements;
- level 4: proposed green technologies with a minimum gain of 20% on the significant environmental aspects (SEA) resulting from the analyses;
- level 5: proposed green technologies on all SEA with a minimum gain of 50%.

Level N can only be reached after level N-1 has been achieved.

A mapping of the programs according to this new breakdown was carried out. This inventory, as well as the R&D roadmaps and the marketing vision, are the foundations on which the definition of objectives for the coming years should be based.

On the R&D side, the integration of the environment into the technical innovation project sheets (FPIT) was redefined during the year. A criterion called the environmental performance index (EPI) has been included in the FPIT format to characterise the consideration of the environment in the innovation being researched. It will be applied from 2022.

Blue Ship and Smart Industry



A key driver of the ecological transition, R&D is at the heart of Naval Group's CSR project. The two main unifying areas of R&D that focus on the environment are Blue Ship and Smart Industry. They must engage Naval Group in the challenge of the ecological and energy transition.

Blue Ship aims to guarantee, by pooling energy and hybridising sources, that ships have the energy autonomy required for all current and future missions, with the smallest possible environmental footprint.

The Blue Ship area of focus represents Naval Group's commitment to blue growth and its desire for excellence and leadership in this area. The group strives to promote this priority in order to encourage its customers to make the same choices.

Smart Industry is its equivalent for the factory of the future, whose objective is to offer a competitive, collaborative, agile, flexible, economical and low-environmental impact industrial facility.



Quantified targets

- 100% of projects to follow an eco-design approach by 2050 [compared to a target of 50% in 2021].
- 50% of R&D sheets to contribute positively to the environment by 2025 [compared to a target of 20% in 2021].

2021 performance indicators

- 72% of all vessel projects underway in 2021 follow a “proactive” approach [according to criteria in force until 2021].
- 18.5% of R&D sheets to contribute positively to the environment.

NB: The monitoring of eco-design processing will continue to evolve. The relevant indicator will no longer be the number of FPITs contributing positively to the environment but the share of the budget allocated to such R&D sheets. It will better reflect the performance of Naval Group in terms of the integration of green technologies in future programs and the resources allocated to R&D areas to achieve this, in particular those related to Blue Ship.



VI.2.2. THE ECO-ENERGY TRANSITION OF THE MARITIME SECTOR

The coalition for the eco-energy transition of the maritime sector (T2EM)



The French Maritime Cluster (CMF) brings together players in the maritime ecosystem, from industry to maritime services and activities of all kinds. It supports its members in the sustainable and responsible development of their activities and projects through a variety of means.

At the *Assises de l'économie de la mer* [Conference on the Maritime Economy] in December 2019, it created the coalition for the eco-energy transition of the maritime sector (T2EM), in partnership with the French Ministry of the Sea and the Ecological Transition Agency (ADEME), in order to actively contribute to the achievement of the objectives set by the Paris Agreement.

“Our Blue Ship R&D roadmap includes many projects that will contribute to a reduction in our emissions. Our work is based on three main levers: further electrification of vessels, improving the energy efficiency of their systems, and the use of alternative fuels.

We are counting on the T2EM coalition to create an environment conducive to innovative technological solutions.”

Bertrand Lars, Director of the Energy technical field and leader of the Blue Ship R&D focus

A digital platform to develop solutions

In order to define a shared vision for a new energy reference framework and to identify and implement solutions, the T2EM coalition has since 2021 been working to develop a digital platform for the exchange of data, information and decision-making support, management and collaboration.

This platform is designed to facilitate synergies between all players – in particular, it will make it possible to connect project leaders seeking specific skills or financing from partners. It should also help to inform decision-makers' choices, accelerate the emergence of regional energy transition projects and monitor the trajectories and impacts of the transformations undertaken.

This coalition is open to as many bodies as possible – start-ups, SMEs, MSEs, large groups, academics, media, research centers, regions, departments – to collectively meet the needs of the maritime sector and share a common vision of solutions that will make it possible to achieve the objectives of carbon neutrality and emission reductions, as well as the protection of biodiversity, by 2050.

Naval Group's contribution to the work of T2EM

As a founding member of this coalition, Naval Group is keen to play a leading role and is fully mobilised to seek solutions to benefit the environment.

The group first took part in working groups that led to the identification of ten priority topics linked to concrete projects that could be implemented quickly. It also shared its progress on the energy and environmental aspects with the various players comprising the coalition.

Their collective work should not only accelerate the emergence of innovative solutions but also help these players obtain external financing for their projects.

The T2EM Institute



In February 2022, the CMF created the Institute for the Energy Transition of the Maritime Industry, called Institut Maritime Eco-Energy Transition toward 2050 (MEET2050).

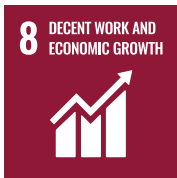
This creation was announced at the One Ocean Summit held in Brest and attended by the French President, who officially announced the State's support for the transition of maritime transport.

MEET2050 is a lean structure whose function is to define and manage the “Zero emission vessels and ports” program, an extension of the work carried out since December 2019 by the T2EM coalition.

Like the companies involved in the 2019 coalition, Naval Group has joined this institute, which will coordinate the existing research centers, with the aim of launching nine concept vessels by 2030-2035, as part of a huge €1.5-billion plan to mobilise public and private financing.

VII. Pillar IV: Naval Group, a responsible industrial partner

VII.1. OCCUPATIONAL HEALTH AND SAFETY AND ENVIRONMENT (HS&E) POLICY



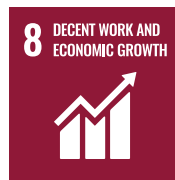
The HS&E policy is an integral part of the group's strategy and its transformation plan. Providing its employees with a calm working environment that protects their physical and mental health is a prerequisite and a sign of the group's commitment to operational excellence.

This policy is part of a global quality, safety and environment (QSE) policy, which has been revised and signed by the Chairperson and Chief Executive Officer. It brings together the group's ambitions and requirements and provides a general overview thereof, in order to meet the needs and expectations of its customers, develop a culture of risk identification and control and ensure regulatory compliance.

Under the responsibility of the Director of Operations and Performance, it is deployed at local level by prevention teams made up of prevention coordinators and advisors, led by prevention managers. Together with the site managers, they ensure risk prevention, provide advice and expertise to operators and management (with the support of experts) and manage the coordination of activities from the point of view of the HS&E.



DEPLOYMENT OF THE HS&E ROADMAP



The Occupational Health and Safety and Environment (HS&E) roadmap was drawn up in the first half of 2021.

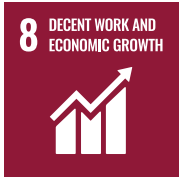
Among the main advances in the field of health, we can mention the recruitment of additional doctors at the sites and the acquisition of exoskeletons, to facilitate the work of employees. In the field of occupational health and safety, awareness-raising sessions on the prevention of musculoskeletal accidents and diseases have been organised and targeted action plans were drawn up. In terms of the environment, an energy savings plan and a mobility survey (see chapter III, section 1.2) were rolled out.

Naval Group has confirmed the ISO 9001 (quality) and ISO 14001 (environment) certifications of its global quality, safety and environment (QSE) management system, and strengthened them by obtaining ISO 45001 certification (HS&E), which replaced the OHSAS 18001 certification.

Furthermore, one of the main levers used by Naval Group to involve management and change the behavior of employees at its sites is training. To complement the existing system (training of all new employees and for any new appointment), Naval Group will set up an HS&E managerial passport for all managers working at a site, to ensure that he or she is aware of their own HS&E responsibilities. Through this training, he/she will be made aware of risk assessments, accident management and employee safety management.

An HS&E manager for international activities, who reports to the group HS&E Director, was appointed in February 2021. Their role is to define an action plan incorporated within the group's annual general roadmap for the international scope and to upgrade processes, where necessary. In the group's six subsidiaries with the largest workforce (Malaysia, Saudi Arabia, India, Egypt, Brazil and Singapore), a network of HS&E officers, which it coordinates, has been set up. It is actively committed to defining and implementing the highest standards.

HS&E AT THE GROUP'S SUBCONTRACTORS



The 2021 results of the accident assessment of certain suppliers at the Naval Group sites do not meet the company's expectations in the field. Naval Group believes that improving the safety at work of its suppliers and partners benefits individual and collective performance as well as the entire ecosystem of the naval sector.

Naval Group wants to build a long-term culture of safety to be shared with its suppliers, combining a technical approach, appropriate behavior for managers and players in the field, taking into account human and organisational factors and ways of thinking and doing.

Taking into account Occupational Health and Safety and Environment when selecting partners is therefore a new vector of its purchasing performance.

The five main components of the prevention of serious HS&E accidents at its suppliers include:

- the positioning of HS&E in its purchasing requirements at the right level and with the right suppliers;
- integrating the HS&E aspect into the selection of suppliers, when assessing them with a view to adding them to the group's panel, then as part of the calls for tenders, by integrating this criterion into the selection criteria;
- site safety preparation, including the reception of suppliers on site;
- the managing and executing work in a manner that is safe for people and the environment;
- assessing suppliers' HS&E performance, through feedback and a process of continuous improvement.



Spotlight

The ten golden rules of Occupational Health and Safety and Environment (HS&E)

Since 2019, an HS&E communication plan has been implemented to share results, actions and programs with all employees and obtain the support of everyone. In 2021, awareness-raising campaigns on shared vigilance and the golden rules were renewed.

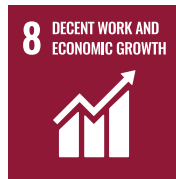
THE 10 GOLDEN RULES OF SAFETY

- 1 - SHARED VIGILANCE**
KEEP YOURSELF SAFE AND YOUR WORK COLLEAGUES SAFER
- 2 - STOP CALL WAIT**
STOP - CALL - WAIT WHEN FACING AN UNSAFE SITUATION
- 3 - ERGONOMICS/POSTURE**
ADOPT ERGONOMICAL POSTURE
- 4 - SIMULTANEOUS OPERATIONS (SIMOPS)**
COMPLY WITH COORDINATION INSTRUCTIONS
- 5 - WORK PREPARATION AND HOUSEKEEPING**
PREPARE, SET UP AND MAINTAIN GOOD HOUSEKEEPING OF YOUR WORK AREA
- 6 - TRAINING AND COMPETENCY**
HOLD THE REQUIRED TRAINING AND COMPETENCY FOR THE TASK
- 7 - PPE**
WEAR APPROPRIATE PERSONAL PROTECTIVE EQUIPMENT
- 8 - PEDESTRIAN AND VEHICLE TRAFFIC**
USE DEDICATED ALLEYS AND COMPLY WITH TRAFFIC RULES
- 9 - BARRICADING AND SIGNAGE**
DELINEATE YOUR WORK AREA, AND COMPLY WITH WARNING SIGNS AND BARRICADING
- 10 - COMPLIANT TOOLS AND EQUIPMENT**
USE ONLY APPROPRIATE AND COMPLIANT TOOLS OR EQUIPMENT

OCCUPATIONAL HEALTH & SAFETY **Safe by choice, not by chance.**

NAVAL GROUP

ASSESSMENT OF HS&E PERFORMANCE



Naval Group's HS&E performance is monitored using several indicators: the number of accidents with lost time (AAA), supplemented by frequency rate 1 (TF1), the frequency rate of accidents with lost time per million hours worked, and the severity rate (TG), the number of days compensated x 1,000/number of hours worked.

Results from 11/01/2020 to 10/31/2021

AAA: 165
TF1: 6.4
TG: 0.135

These results show an increase in the number of AAA and TF1 compared to previous years but also a clear decrease in the severity rate.

The average number of days lost per workplace accident over the period was 21 days, compared to 25 days in 2020.

The accident figures of external companies on site are monitored internally.

VII.2. DUTY OF CARE AND SUSTAINABLE PROCUREMENT

Given the strategic and sensitive aspect of the sector in which Naval Group operates, strict control of relations with its suppliers, control of its subsidiaries and responsibility assumed in its commercial relations are essential for the group to ensure its sustainability.

VIGILANCE PLAN



In accordance with French Law No. 2017-399 on the Duty of Care of Parent Companies and Ordering Companies, Naval Group has introduced a plan containing due diligence measures to identify risks and prevent serious violations of human rights and fundamental freedoms, human health and safety and the environment.

This plan, available in more detail in the group's 2021 financial report, takes into account the activities of the group itself and those of its subcontractors and leading suppliers.

It includes:

- risk mapping;
- procedures for regular assessment of the position of the group, its subsidiaries, suppliers and subcontractors, with regard to these risks;
- tailored actions for risk mitigation and actions to prevent serious harm;
- a whistleblowing line (ethics@naval-group.com);
- a system for monitoring the measures implemented and assessing their effectiveness.

CSR ASSESSMENT OF SUPPLIERS



Since 2012, Naval Group has been supported in the assessment of its suppliers by the service provider EcoVadis, whose platform assesses their commitment with regard to four main topics from the ISO 26000 standard: the environment, sustainable procurement, compliance and social.

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

In 2021, Naval Group updated the CSR risk mapping related to purchases. This enables it to assess risks relating to the environment, health and safety, human rights and ethics, for each of the group's procurement categories, by integrating elements related to purchasing data (volume of business and geographical location of suppliers).

More than 180 types of purchases were listed according to an international standard industrial classification, including 11 types of purchases constituting a risk, present at the group's 450 suppliers.

Special training is provided to buyers to give them the tools to encourage suppliers to adopt the approach undertaken by Naval Group.

The need to collaborate with Naval Group to work in a sustainable, responsible and transparent manner was reiterated to the group's major suppliers at a meeting in October 2021 during the Naval Partners meeting suppliers convention.



Partnering with responsible suppliers to ensure sustainable and high-quality growth

Idéa is a logistics service provider to Naval Group and is an example in terms of CSR. *“Our company purpose – ‘Let’s dare to build together responsible solutions to present and future challenges’ is included in our articles of association. All the ambitions of our 2021-2025 strategy are linked to this. It reflects our awareness of contributing to the competitiveness and performance of our customers, not only economically, but also socially and environmentally.”*

Bénédicte Birgand, Head of CSR at Idéa.

In concrete terms, Idéa is taking action to improve the energy efficiency of its transport and sites. The group is investing heavily in biogas trucks, which will constitute 40% of its fleet in 2025. It has also committed to producing low-carbon energy locally by building a biogas plant in Montoir-de-Bretagne – it will start production start this year – and by increasing its electricity production by installing photovoltaic panels on its platforms, as is already the case at four of its sites.

A CERTIFIED POLICY



The sustainable procurement policy implemented by Naval Group to ensure sustainable and balanced relationships with its suppliers, while contributing to the management of the risk of corruption and conflicts of interest, has earned it the Responsible Supplier Relations label every year since 2014, which became the Responsible Supplier and Procurement Relations (RFAR) label in 2017.

Awarded by the *Médiation des Entreprises* of the French Ministry of the Economy and Finance, it recognises French companies that demonstrate long-term and balanced relationships with their suppliers. Since 2017, this label has had an international scope due to the fact that it is linked to standard ISO 20400 on sustainable procurement, which sets out guidelines for incorporating CSR into procurement processes and supply chains.

This label was renewed in February 2021, as was the ISO 20400 certification.

Among Naval Group's strengths, the Procurement Committee noted the integration of the sustainable procurement policy into its CSR roadmap, the steps taken for the benefit of SMEs and critical industrial sectors to consolidate the defence technological and industrial base, as well as its contribution to regional development, in particular thanks to the group's strong involvement in the Campus des Industries Navales (Cinav).

ISO 20400 certification also enables the company to identify areas for improvement and the best practices to be implemented.

“Obtaining this label is testament to our best practices vis-à-vis SMEs in the naval sector; we should all be very proud. It is also a requirement for continuous improvement that we have included in the 2025 transformation program.”

Anne Quillon, Head of Procurement and Supplier Relations

PLAYER ON THE JOB MARKET

As the bearer of a value chain of which it is the pillar, Naval Group exercises its responsibility across its entire ecosystem.

With 90% of its added value created in France, Naval Group is a driving force in the French naval industry and an essential player in the vitality of the employment areas in which it operates. Its activities generate more than 40,000 indirect jobs there and its growth brings in its wake that of the entire naval defence sector, that is to say that of the suppliers and subcontractors who depend on this activity.

Naval Group is a major local customer: around 85% of its purchases are ordered from companies located in France and two-thirds from SMEs.

With a view to strengthening and developing the most essential companies in its panel of suppliers, the Procurement Department is developing its relationships with SMEs over the long term, in line with its approach to developing sustainable procurement. This involves guaranteeing the continuity of critical suppliers, whose skills are unique, and encouraging them to innovate so that they can develop their industrial performance.

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

In conjunction with the French Defence Procurement Agency (DGA) and the General Management of Companies (DGE), Naval Group has identified the suppliers to be supported and is undertaking several types of action to sustain and diversify their order book, in partnership with the suppliers concerned.

At the same time, Naval Group carries out continuous improvement actions internally in order to best support its supplier base. In this context, since 2020, Naval Group has applied a reduced payment period of 30 days for SMEs and VSEs in its general purchasing conditions.

VII.3. NAVAL GROUP, A SOLIDARITY-BASED COMPANY

As a company in the defence sector, Naval Group is committed to working alongside the armed forces in general and the French Navy in particular, a stakeholder with which the group has a special relationship.

PATRONAGE AND SPONSORSHIP IN THE SERVICE OF FRENCH DEFENCE AND MARITIME HERITAGE

Patronage and sponsorship projects carried out by Naval Group embody the relationship between the group and its stakeholders.

In this context, Naval Group has conducted patronage or sponsorship programs focused on three main areas, defined in line with its communication policy:

- commitment to youth: the group sponsored the annual *Armées Jeunesse* award ceremony organised by the Armed Forces-Youth Commission. During this event, several prizes are awarded in recognition of original projects carried out by military units in collaboration with young people (large-scale action, memory, discovery of the armed forces, armies and citizenship, sport, sustainable development, armies and education);
- highlighting the history, skills and techniques of shipbuilding: Naval Group, for the third consecutive year, sponsored the renovation of the National Navy Museum. Once renovated, this exceptional site will showcase nearly four hundred years of naval innovation to future generations;
- contribute to solidarity and memorial actions in favour of the link between the world of the armed forces and the nation: a fundraising campaign involved employees in the financing of

social projects that the *Bleuet de France* association has been championing since its creation in 1916 to support the needs of current and veteran soldiers, including victims of war or acts of terrorism.

NAVAL GROUP IS A PARTNER OF THE GRAND PRIX DE L'ÉCOLE NAVALE

The *Grand Prix de l'École Navale* (GPEN), organised for the past 20 years by the École Navale, strives to be a flagship event in competitive sailing, aimed at young people and welcoming participants from all backgrounds (high school and university students, young people in difficulty, sportsmen and women with disabilities, sailing enthusiasts, French and foreign military personnel), driven by the values of openness, equal opportunities and team spirit. As such, it contributes to strengthening the relationship between the army and the nation.

Naval Group has been a partner for many years of this sporting and community event, which promotes the values of equal opportunities, team spirit, self-achievement and ambition, dear to Naval Group's employees.

From 2022, Naval Group will sponsor the next *Grand Prix de l'École Navale*.

PARTNERSHIPS TO PROMOTE THE SPIRIT OF DEFENCE

Naval Group encourages and supports the commitment of its reservist employees in the armed forces in the service of security. In 2019, an agreement to support the operational reserve was signed with the National Guard.

Created in 2016 following the attacks in Paris and Nice, the National Guard aims to bring together 85,000 volunteers (40,000 reservists from armies and units attached to the Ministry of the Armed Forces and 45,000 reservists from the Ministry of the Interior).

Reservist employees benefit from ten days of absence paid in full by the group to carry out their military activities. Simple prior notice to the employer is sufficient for periods of one to eight days of absence. From nine to ten days, prior authorisation is required. These notification or authorisation times are shortened.

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

To coordinate the support agreement, a reserve officer provides continuous internal information and ensures a constant relationship with the National Guard.

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

In January 2022, Naval Group joined forces with the French Navy, the *Groupement des industries de construction et activités navales* (GICAN) and Cinav to participate in the second edition of *Fabrique Défense*.

Organised by the French Ministry of the Armed Forces, the aim of this event is to promote the wealth of professions in the naval defence industry and its innovation capabilities, to present the development ambitions and enhance the attractiveness of the sector.

As during the first edition, Naval Group held a stand there to present its activities, business lines and skills.

Round tables were organised to encourage ideas and discussion about major defence issues and to address topics such as defence Europe, defence and society, innovation, industry and technology, armed forces and intelligence capabilities, international relations and geopolitical risks and threats.



The Naval Group stand at the *La Fabrique de la Défense* event.

Sensitive to the actions carried out for the benefit of the families of injured or dead sailors, Naval Group has been supporting the *Association pour le développement des métiers sociaux de la Marine* (ADOSM) for many years. It helps the families of civilian and military personnel serving in the Navy when they are experiencing serious difficulties.

Communications Department
April 2022.

Photo credits: Visuels Naval Group
Graphic Design: BA&E
Production: Labrador.
Printed on 100% recycled paper.



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