

Sustainability Report 2021



May 30th 2022



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May 30th 2022



Introduction

As a leading company, Novares is fully committed to its civil duty and its responsibilities towards the environment, the communities, and the economic world.

Our Corporate Social Responsibility is then an integral part of our Novares overall strategy, and we strongly believe that our Corporate Social Responsibility deeply contributes to our attractiveness to all Interested Parties, including our Employees, our Shareholders, and our Customers.

After two years of pandemic, two years of very important challenges, Novares continues its transition to its ever-changing economic environment.

Novares still commits to adapt its strategies and priorities to the market's expectations and its customers' expectations specially in terms of low-emissions products and processes and in terms of alternative mobility.

This is our responsibility to support and develop our Employees, to minimize our impacts on our Environment and to ethically conduct our Business.

Pierre Boulet, CEO

Our Sustainable development priorities revolves around three pillars:



Our employees at the heart of our CSR commitment



Act Ethically



Innovate to limit the environmental impact of our activities

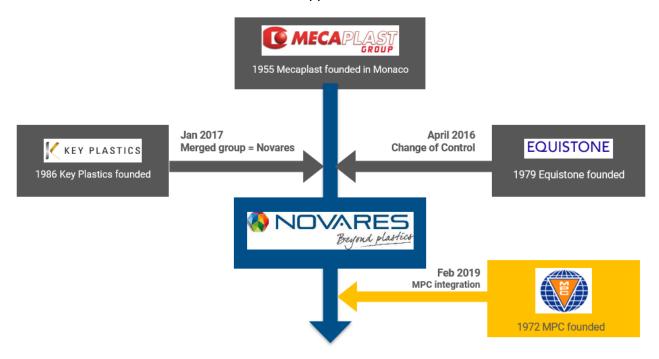


NOVARES in the world

Novares gives special attention to all its employees, who are beneficiaries of its social commitment and actors of its responsible approach. Through its corporate social policy, the Group is committed to ensuring safety and health at work. It also aims to guarantee the respect for human rights, develop skills and promote equal opportunities.

1/ Our DNA: Metal to Plastic

Novares is a Worldwide Automotive Plastic Supplier



Novares is a global plastic solutions provider that designs, manufactures complex components & systems serving the future of the automotive industry.

The company creates and produces cutting edge automotive solutions with technical plastic injection for cleaner, lighter, connected cars with intelligent and intuitive interfaces for all passengers.

"We never stop inventing", the 3 pillars of the Novares Innovation strategy are:

- ORGANIC INNOVATION
- OPEN INNOVATION LAB
- NOVARES VENTURE CAPITAL

Finally, Novares ambition is:

- 1 GLOBAL PROXIMITY: Novares partners with its customers, stays close to their engineering & production sites in order to optimize logistic costs and ensure on-time deliveries.
- 2 RELIABLE EXECUTION: Novares teams-up with both OEMs and Tier 1s on methods, processes, best practices that exceed industry standards and requirements.
- 3 PRAGMATIC INNOVATION: Using advanced technologies, we produce cutting edge, ergonomic designs and stylized products offering multi-functionalities for performance, comfort and safety.



2/ Our 5 Core Values

Our 5 Core Values support the company culture and business ethics:



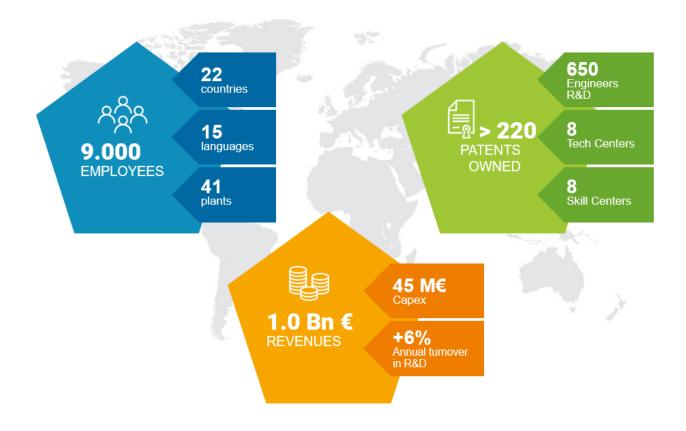








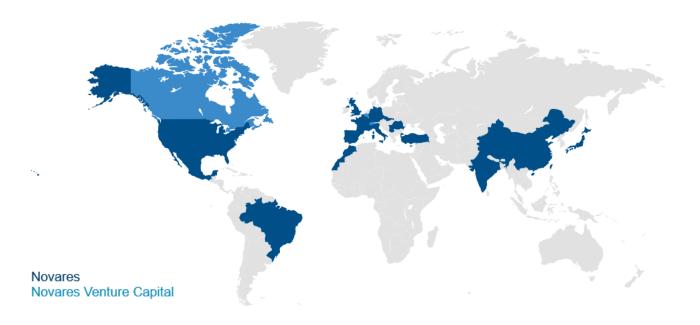
3/ NOVARES at a glance





22 countries & 15 languages.

Customer proximity for joint development activities & technical support.



Corporate CSR ratings:





Climate change questionnaire



Employees at the heart of Novares CSR commitment



Novares gives special attention to all its employees, who are beneficiaries of its social commitment and actors of its responsible approach. Through its corporate social policy, the Group is committed to ensuring safety and health at work. It also aims to guarantee the respect for human rights, develop skills and promote equal opportunities.

- 1/ Respect human rights
- 2/ Guarantee a healthy and safe working environment
- 3/ Promote equal opportunities

Our commitments & Current status

Act for our Employees											
Priority	Our commitments	SDG / ODD ¹	KPI	Actual 2019	Actual 2020	2021-Q1	2021-Q2	2021-Q3	2021-Q4	2021*	2022*
Guarantee a healthy and safe working environment for our employees	Reduce the number of accidents	3	Accident frequency rate	5,12	4.18	3.1	3	3.2	3.3	3,4	2,95
	Reinforce our security golden rules on all Sites	3	Self assessment SOAUC03 % of deployment	63%	80%	82%	85%	87%	88%	90%	90%
	Develop a safety culture at all our Locations	3	% Trained people on Safety talk vs targeted population	89%	87%	85%	85%	82%	87%	90%	90%
	Skills development	8, 10	Training hours / headcounts end of period	15h	11,25h	2h	3h50	5h	6,5h	>8h	>8h
Promote Equal	Equal treatment for women and men	5, 10	% of hired women vs total external recruitments	-	-	32%	37%	42%	42%	30%	42%
opportunity	Equal geographical treatment	10, 16	Nationalities represented at GMT vs Novares Footprint	79%	84%	89%	89%	89%	89%	>80%	>90%
	Give Juniors the opportunity to enter the Business	4, 8	% of hired interns / Headcounts end of period (Cumulated)	1,20%	2,48%	0,91%	1,83%	2,66%	3,16%	1,30%	>1,5%

¹ Contribution to SDG (Sustainable Development Goal) / ODD (Objectifs de Developpement Durable)

1/ Respect of human rights

1.1/ Purpose

As an international role-player, Novares conducts its activities with respect for fundamental human rights at work. The Group is therefore committed to promoting the rights and the legal and human structure of work and, if needed, to rectify employees' fundamental rights abuses.

1.2/ Our actions

- Communicate and deploy our ethics, integrity and compliance principles and commitments, building on our 5 Core Values "Positive Energy", "Courage", "Result Driven", "One Team", "Transparency". A specific Group communication plan ("Values and Focuses") is deployed each year, relayed by our local Communications Relays (called 'NOVA'Links).
- Our values and ethics guidelines are communicated to external candidates through the Corporate Career and corporate website ("NOVA'Talent 2").

^{*} Target



- An internal recognition system "Super Nova" is animated to reward employees acting as role models.
- Make all our employees worldwide and our new employees aware of good practices as soon as they are integrated into the Group and we enable them to inform their managers of difficult or non-compliant situations.
- Dedicated modules for newcomers are in place: pre-onboarding processes, e-learning sessions, Dojo trainings.
- Commit together to maintain relationships based on mutual trust and respect in a professional environment where no form of discrimination or harassment is tolerated. Our Code of Ethics sets out these principles, as well as in our communication, with associated training modules.
- Promote a stimulating work environment and develop our activities in compliance with applicable laws and regulations. Our standards, policies and targets are communicated and accessible to all the employees ("Smart Rules & Tools").

2/ Guarantee a healthy and safe working environment

2.1/ Purpose

Employee's safety and health's preservation are the main priorities of Novares' social policy. Our prevention approach is based on a comprehensive OHS risk analysis (MO-QP-U01 Risk assessment - Occupational health and safety) that lead us to remove the professional risks, when possible, reduce & contain professional risks, monitor the efficiency of prevention measures, implement a continuous improvement approach. This preventive approach concerns all Group entities.

2.2/ Our actions

- Continue to deploy our safety Golden Rules in every site, ensure a full implementation.
- Protect our employees and commit to continuous improvement to protect against workrelated or health risks.
- Develop a safety culture through the safety talks, the safety minutes, the sharing of Best Practices for example (MO-IM-R00 Behavioral based safety improvement program)
- Train our employees and have them practice regular exercises (fire, evacuation, first aid...).
- Comply with applicable laws and collective agreements related to working time.
- Recognize unions and employees' right to consultation and free expression.
- Ensure resolution or mediation in cases of discrimination and/or harassment.
- Adapt medical benefits (including death and disability) by geographic area.
- Develop ISO 45001 (Safety Management System) certification: 3 certified sites in 2021, 7 planned in 2022.

3/ Promote equal opportunities

3.1/ Purpose

Novares rejects all forms of discrimination. Through its corporate social policy, the Group wishes all employees to be aware of diversity benefits.

Novares strives to provide everyone with the keys for individual and collective development.

3.2/ Our actions

 Post our job postings internally and follow the recruitment process for all candidates. Our Careers website ("NovaTalent 2"), allowing to deploy all offers worldwide is being launched.



- Carry out an annual meeting between manager/employee to define the objectives and allow the employee to express wishes (99% achievement in 2021, 18% of employees express mobility wishes).
- Develop individual skills (80% of management and technician staff have an individual development plan) and collective skills (e.g.: definition of programs for a function: e-training to develop welding experts).
- Make the training offer accessible to each employee, via a system of access to a catalogue of 300 modules.
- Promote mobility and career development (46% of open positions are staffed by internals).
- Retain talent, identify key positions (e.g., expert program) and define our succession plans.
- Promote the integration of young people into the world of work through internships, apprenticeship or first employment.
- Ensure the representativeness of our cultural diversity within the Group Management Team.
- Contribute to equal treatment in respect of remuneration and promotions.
- Recognize collective and individual performance through our variable and collective performance policies.

Through all those actions related to the Respect of human rights, Guarantee a healthy and safe working environment and to Promote equal opportunities, Novares also contributes to the **United Nations Sustainable Development Objectives**, especially for objectives 3, 4, 5, 8, 10, 11 and 16.



Act ethically and with Solidarity

Novares 'social responsibility applies to all partners with whom the Group interacts. This relationship must be conducted in full respect of ethical rules, particularly in terms of business practice. As committed player and ethical company, the Group also promotes solidarity actions and supports citizen initiatives.



- 1/ Respect the rules of business ethics
- 2/ Ensure responsible partnerships
- 3/ Promote solidarity actions

Our commitments & Current status

Act Ethically and with Solidarity											
Priority	Our commitments	SDG / ODD ¹	KPI	Actual 2019	Actual 2020	2021-Q1	2021-Q2	2021-Q3	2021-Q4	2021*	2022*
Business fair practices	Deploy our Ethical values worldwide	8, 11	Employees trained on e-learning code of ethics / target population	70%	83%	85%	87%	90%	91%	>90%	>90%
			Quarterly Ethics meeting to share Good practices and raise Violations to the Code	4	3	1	1	1	1	1 / quarter	1/ quarter
	Deploy Good Practices	8, 11	Anti-Fraud / Corruption Controls Compliance self assessment	92%	94%	94%	96%	94%	94%	>95%	>95%
		8, 11	Number of employees trained on anti-corruption & anti-competition / Targeted population	Fidal training tool development	-	-	-	-	-	>90%	>90%
Responsible partnership	Deploy our commitments to third parties	1, 8, 11	Suppliers having completed the "CSR self-assessment" in % of targeted suppliers	CSR Questionnaire built & sent	37%	42%	54%	56%	68%	Action plan on low performers	Action plan on low performers
Solidarity Initiatives	Promote solidarity initiatives	1, 3, 4, 5, 8, 10	Number of actions launched (cumulative)	8	28	14	22	7	8	40	40

¹ Contribution to SDG (Sustainable Development Goal) / ODD (Objectifs de Developpement Durable)

1/ Respect the rules of business ethics

1.1/ Purpose

Respect for the rules of **ethical behavior** is one of Novares' fundamental values for profitable long-term development. Relying on this ethical corporate identity, Novares is committed, to prevent corruption and fraud, to respect competition rules, avoid conflicts of interest, on one hand by raising awareness and training through its employees, on the other hand, by closely monitoring the proper application of its compliance program.

The Novares' **Code of Ethics** recalls the Group's commitment to carry out its activities by applying the strictest principles of ethics, integrity and compliance.

It also reminds our employees of their duty to comply with company policies and put our professional ethics into practice on a daily basis, gives them the guidelines to follow in order to act with integrity and respect for individuals and the environment.

It revolves around the following main themes: respect for fundamental rights, sustainable development, integrity in business relationships, rules of personal and professional behavior.

^{*} Target

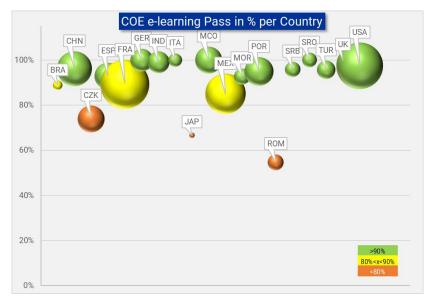


1.2/ Our actions

- The **Code of Ethics** translated into all the languages spoken within the Novares group is available on the intranet (*SP-MT-N00 Code of Ethics*) and on Novares' corporate website.
- Acknowledgement of the Code of Ethics: Novares' employees are called upon to read and acknowledge the code of ethics through e-learning and via on-site presentation to the entire population.



Number of employees having completed the e-learning / target population.

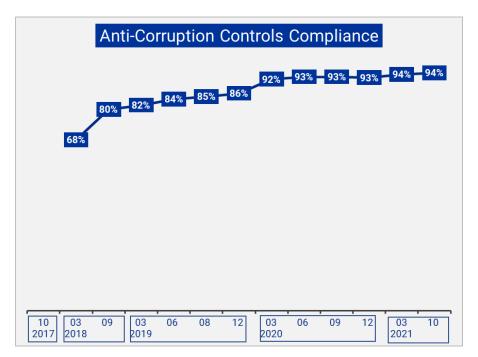


Code of Ethics acknowledgement, Status per country (Bubble Size = number of targeted employees per Country).

• "Quarterly **ethical meetings**" take place with each region to address which ethical related topics: good practices, violations of the code, etc.



- A whistleblower system is available for all employees to report possible code breaches in parallel with the line manager and Human Resources (SP-MT-R00 Whistleblower Application)
- Novares integrates into its Internal Control Matrices, 33 "controls" participating to fight
 against corruption. Each site is periodically requested to self-assess its compliance on
 such controls. Self-assessments are verified through internal audits. By end of 2021, the
 compliance rate is 94%.



Sites Compliance with controls participating to fight corruption.

2/ Ensure responsible partnerships

2.1/ Purpose

Novares' responsible purchasing approach is one of the structuring axes of its corporate and social responsibility.

In order to ensure the sustainable development of its activities, the Group expects its Partners to adhere to the same standards of social and environmental responsibility as Novares.

It engages and supports them in a dynamic of progress.

Following the mapping of the risk of corruption among our suppliers, this risk is considered in our partner selection process.

2.2/ Our actions

We evaluate corruption risk through a supplier corruption risk mapping (SM-PU-A14 Supplier Corruption Risk Mapping). Every supplier is assessed before any possibility to integrate Novares'



panel (SM-PU-A02 Supplier performance assessment) and a Due Diligence questionnaire is required to be filled (status & commitment), in order to assess any exposure to the risk of corruption.

A process of control and monitoring is in place (self-assessments and audits).

3/ Promote solidarity actions

3.1/ Purpose

In line with our Social Responsibility, the Group also promotes solidarity actions and supports citizen initiatives around the world.

Novares cares about projects aligned with the 17 Sustainable Development Goals (SDG), defined by the United Nations Global Compact, Novares focusing particularly on the following:

- No poverty (SDG 1)
- o Good health & well-being (SDG 3)
- Quality education (SDG 4)
- Gender equality (SDG 5)
- Decent work & economic growth (SDG 8)
- Reduced inequalities (SDG 10)

Novares strives to promote and highlight internally and externally a range of local initiatives that are complementary to our business mission with employees taking an active role and contributing to these successes in their areas.

3.2/ Our actions

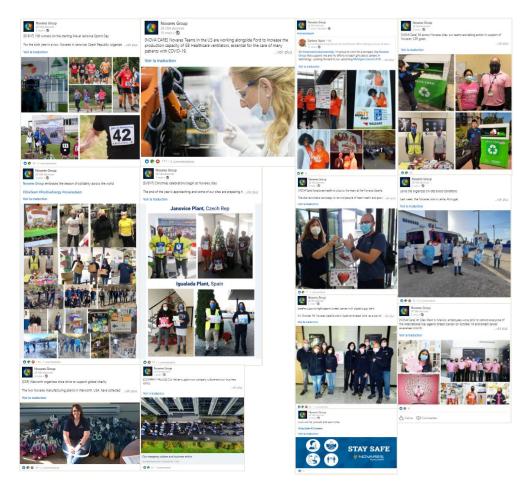
We especially promote our sites contribution to the socio-economic fabric of local communities through community initiatives, donations, employee support and the development of local human capital.

- As part of our Group Communications policy (Group Communications indicators), CSR indicators have been leveraged at site's level since July 2020 (Target indicators Communication Smart Card). We fix yearly and specific CSR objectives with our local site's communication relays (called NOVA'Links) in line with the six examples of Sustainable Development Goals mentioned above.
- Those are followed up at Group and sites level every through dedicated calls.
- A promotion is also regularly conducted through the broadcast of internal and external
 communications of the "solidarity" actions, whether through Corporate Internal News, our
 Intranet, or dedicated posts on our Social Networks such as LinkedIn, Facebook, Twitter.





Example of Internal Corporate News promoting our solidarity actions.



Example of posts on social networks promoting our solidarity actions.

In 2021, we promoted in total 51 solidarity actions broken down regionally.

The Group also focused its efforts on a thematic week, in June 2021, dedicated to Sustainability. This internal dynamic rallied and involved most of our teams around the world. It placed environmental issues at the heart of our teams' actions.



Innovate to limit the environmental impact of our activities

As an industrial key-player, Novares considers that reducing the impacts of its activities on the environment as a priority. For years, our approach has been based on implementing a continuous improvement approach and on involving all the Group entities.



- 1/ Fight against the climate change, reduce energy intensity of the Group activities
- 2/ Sustainable management of natural resources
- 3/ Systematize Certification ISO 14001
- 4/ Design our products from a life cycle perspective

Our commitments & Current status

Act for Environment											
Priority	Our commitments	SDG / ODD ¹	KPI	Actual 2019	Actual 2020	2021-Q1	2021-Q2	2021-Q3	2021-Q4	2021*	2022*
Reduce the energy intensity of our activities and contribute combating climate change	Optimize our energy consumption	11, 12, 13	Specific Energy Coefficient	2.68	2.57	2,84	2,86	2.86	2.90	To be defined	To be defined
	Reduce greenhouse gas emissions	13	CO2 Ton equivalent emissions Scopes 1 and 2	124900 T eqCO2	105700 T eqCO2					-	-
			CO2 Ton equivalent emissions Scopes 1 and 2 / Opening hour	13900 T eqCO2 / Mhours	12500 T eqCO2 / Mhours					13500 T eqCO2 / Mhours	13100 T eqCO2 / Mhours
Sustainable natural resources management	Reduce industrial waste quantity	15	Total Waste in T / Plastic used in T	-	-	Reporting launched		Data collection	Data collection	start of data collection	To be defined
	Reduce water consumption	14	Water Consumption - Paint workshop only / Turnover	-	-	Reporting launched	Data collection	Data collection	Data collection	start of data collection	To be defined
ISO 14001 certification	ISO 14001 certification to all our sites by 2021	13, 14, 15	% of Certified locations	90% of certified plants	88%	93%	93%	95%	95%	100% of the plants	100% of the plants
Products Eco- conception	Integrate environmental aspects in our Product conception & development	12, 13, 14, 15,	# of "Green mobility" innovation on Novacar / total number of innovation	39%	73%	46%	46%	46%	46%	40%	42%
		17	# of "Green mobility" Patents	3	12	5	7	11	11	>5	>5

¹ Contribution to SDG (Sustainable Development Goal) / ODD (Objectifs de Developpement Durable)

1/ Fight against climate change, reduce energy intensity of the Group activities

1.1/ Purpose

As an industrial role-player, Novares considers fighting against the climate change and reducing the energy intensity of its activities is a priority. To achieve it, the Group is committed in optimizing its energy consumption, engaging all sites in this continuous improvement approach. At each location, areas of progress are identified, and action plans implemented to reduce energy consumption.

^{*} Target



1.2/ Our actions

- For years, a dedicated transverse team managed at group level, monitors the reduction of the energy intensity by sharing and promoting Best Practices, defining energy related standards.
- **CDP:** For years, Novares has measured its Group GHG (Green House Gas) emissions on Scope 1 and 2 but, for the first time, in 2021, Novares participated to the CDP to measure its performance and to improve itself in terms of climate change. In parallel, in 2021, Scope 3 started to be measured.

Reduce the GHG emissions:

- Optimization of the lighting of the sites: generalization of LED lighting; automatic shutdown in daytime production areas; movement detectors in social rooms; call for natural light lighting either by Skylight or Skytube. They are implemented in most of our plants and standardized in new building projects.
- Optimization of cold production: generalization of air coolers instead of cold groups for cooling hydraulics presses and cold needs, as examples: Kenitra (Morocco), Arouca (Portugal), Janovice (Czech Republic); Mioveni (Romania) and Lens Skill Center (France); installation of cold groups with heat recovery in Strasbourg & Sainte Marguerite (France); generalization of frequency converters on water circuit pumps.
- Reduction of energy costs for heating: recovery of calories from the "vacuum pumps" room (suction pump transport of material) in Janovice (Czech Republic); insulation of all networks as well as hot water production; installation of energy recovery on compressor (in the case of heating with water circuit for example); VMC double flow in the administrative parts in Janovice for example. In the Skill Centers of Izernore & Lens (France); implementation of heat pumps to replace boilers.
- Compressed air: implementation of variable speed compressors, for example, in Sainte-Marguerite (France), Kenitra (Morocco), Arouca (Portugal), Janovice (Czech Republic), Puebla (Mexico) and Lens Skill Center (France).
- Optimization of electrical consumption: monitoring system implemented in Ostwald (Strasbourg) plant at a pilot plant; development of best practices to share on sites to serve energy savings; working group in place at group level. Additional monitoring systems in other plants to be implemented. Shenyang plant (China) implements solar panel on their roof to increase green electricity consumption ratio.
- **Insulation of buildings:** an insulation projects has been made in Lens skill center (France).
- **ISO 50001 certification project:** so far, 5 sites have been certified and we continue this year and in the coming years to certify sites around the world.
- **GREEN energy:** Novares develop its capacity to purchase renewable electricity. In 2021, the ratio of GREEN electricity in Europe is around 25%.



2/ Sustainable management of natural resources

2.1/ Purpose

Firmly committed to preserve natural resources, Novares contributes to reduce raw material consumption by using secondary materials, by recycling of its own production wastes. Also, Novares strives to reduce pollution of water, air, soil, as well as limiting local nuisances. Novares also has the constant concern of reducing the quantities of water taken from the resource.

2.2/ Our actions

WATER

- 100% of cooling systems are in closed circuit (Novares standard).
- Monitoring of consumption in sites. Communicating actions and awareness of small, simple steps to save money and reporting of leaks in the workshop. Example: HSE training to newcomers in Libercourt plant (France).
- Reduction of the water consumption with the new painting line in Sainte-Marguerite (France).
- Monitoring the quality of aqueous discharges by the sites in accordance with applicable regulatory requirements. Example: Villers Bretonneux plant (France) works with different contractors to optimize the waste treatment and optimization.

WASTES

- Reduce the volume of ultimate waste generated on the sites by improving staff awareness (clear and visual sorting area, training actions, daily audits); Villers-Bretonneux (France), Chihuahua (Mexico).
- Assessment on scrap and waste costs at group level made every year, data collected in sites. Best practices identification done and shared with all sites.
- Reinforce the use of recycled materials from shredding scrap in place of virgin material in most of our plants.

AIR

 New air treatment module to reduce COV emission of the new painting line in Sainte-Marguerite (France) and new painting robot of the current painting line in Igualada (Spain) to reduce solvent consumption.

RECYCLED MATERIAL

• To preserve natural resources, development of the use of recycled plastics in our products. For example, the ration of recycled plastics in our arch wheels can reach 100%.

3/ Systematize Certification ISO 14001

3.1/ Purpose

Novares' aims to prevent environmental risks and improve Sites' performance. Regularly evaluated, the Site management implements appropriate action plans, in a continuous improvement approach recognized by third-party ISO 14001 certification.



3.2/ Our actions

- Continued deployment of ISO 14001 certification (95% of our factories certified to date, due to covid-19, some certification audits have been postponed) – Target: 100% of factories in 2022.
- Develop at Group level an Environmental reporting related to waste generation and water consumption. The reporting has been launched in our plants and collected data are gathered & analyzed – Target: define objectives for Environmental reporting KPIs.
- Internal emergency plan according to the Group standard for all production sites. Intervention teams trained and retrained every year. Global organization tested at least twice a year (fire scenario and accidental spillage at least).
- Develop our resilience by reinforcing our Disaster Recovery Plan in our facilities and at group level.
- Implement in all plants a set of Best Practices to increase the valorization of our wastes and to reduce our final wastes.

4/ Design our products from a life cycle assessment perspective

4.1/ Purpose

Novares wishes to promote eco-design in its skills centers and take environmental aspects into consideration in the design and development of its products: integrate, during concept definition phase, the life cycle analysis, the Group's environmental requirements and ultimately certify its approach with a third party (AFAQ Eco Conception or equivalent).

4.2/ Our actions

4.2.1 Engage the entire supply chain to reduce Novares Scope 3 emissions

Use recycled & bio sourced resins in product design.

In 2021, 10% of total bought resins were from recycled sources. Suppliers are involved in the research of virgin material reduction.

Research for new materials applications

Novares has started a program to search for new natural material applications to reduce CO2eq footprint of the vehicle.





NATURAL DECORATION

Range of natural decoration parts with low CO2 footprint



4.2.2 Reduce the Scope 3 emissions during the use of sold products

Support product usage CO2 reduction through mass reduction (up to 30%)
 Ex: Program Novalite



• Support zero emission new product development.

e-Motor components: 0 emissions

Novares adapted its plastic module expertise to e-Motor challenges. 23 patents bring new possibilities to improve acoustic, cooling, architecture & sensing on the e-Motor. It aims at making more robust machine able to use all their possibilities.

Cooled rotor & stator monitored with sensor is the Novares proposal. Weight saving is also targeted in addition to quieter systems.

Features:

- Plastic cooling modules to prevent magnet, high power electronic of overheating
- Sensor integration in rotor
- Acoustic module

<u>Targeted customer Benefits:</u>

- Enabler to directly monitor the rotor temperature, position
- Enabler to optimize process cycle time
- Enabler to have a better vehicle thermal Mgt (HEV, EV)
- Enabler to use full power of e-Motor through cooling & sensing
- Enabler to propose acoustic friendly e-motor

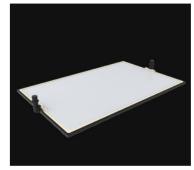




Support CO2 emission reduction of ICE vehicles

See examples hereafter:







GREEN BAFFLE PLATE

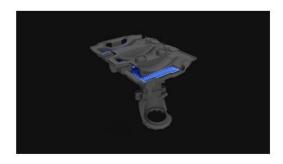
Plug and play passive CO2 emissions reducer

COOLING BASE

High thermal efficiency and light weight

GREEN BOOST

Aerodynamic deflectors for better overall car performance



OIL MANAGEMENT FOR CO2 EMISSIONS REDUCTION

Plug and play active CO2 emissions reducer



PLASTIC FUEL CELL COMPONENTS

Lightweight solution for fuel cell stack module

Through all those actions related to ISO 14001 certification, reducing the energy intensity, sustainable management of natural resources and design our products from a life cycle perspective, Novares also contributes to the **United Nations Sustainable Development Objectives**, especially for objectives 11, 12, 13, 14, 15 and 17.



Our HSE policy communicated to all internal or external stakeholders:



United Nations 17 Global Goals for Sustainable Development







