



# STATEMENT OF NON-FINANCIAL PERFORMANCE 2018

# STATEMENT OF NON-FINANCIAL PERFORMANCE

RAPPORT 2018

## TABLE OF CONTENTS

<b>Note 1 - statement of non-financial performance</b> .....	<b>3</b>
1.1 Introduction .....	3
1.2 The Haulotte Group business model .....	4
1.3 Identification of the main non-financial issues, risks and opportunities of Haulotte Group. ....	5
1.3.1 Methodology applied to identify the main non-financial risks and issues .....	5
1.3.2 Presentation of the main non-financial issues .....	5
1.4 Non-financial issues of Haulotte Group .....	6
1.4.1 Breach of IT systems and inadequate protection of personal data (customers and employees) .....	6
1.4.2 Lack of attractiveness and failure to retain talent .....	8
1.4.3 Management of skills mismatches .....	9
1.4.4 An insufficiently robust R&D policy, inadequate or insufficient protection of the company's intellectual property rights and know-how, infringement of the intellectual property rights of third parties .....	11
1.4.5 Non lasting relations with suppliers and subcontractors .....	12
1.4.6 The environmental consequences of the business .....	13
1.4.7 Respect of human rights .....	17
1.4.8 Combating corruption and tax evasion .....	18
1.4.9 The collective agreements concluded in the company and their impact on the company's economic performance as well as the working conditions of employees and actions taken to prevent discrimination and promote diversity .....	20
1.4.10 Diversity .....	21
1.4.11 Disabled workers .....	22
1.4.12 Climate change .....	23
1.5 Methodology note .....	24
1.5.1 Information collection process .....	24
1.5.2 Reporting period .....	24
1.6 Report of the Independent Third-Party assurance on the Statement of Non-Financial Performance .....	25

# STATEMENT OF NON-FINANCIAL PERFORMANCE

RAPPORT 2018

## NOTE 1 - STATEMENT OF NON-FINANCIAL PERFORMANCE

### 1.1 Introduction

Within the framework of the application of the European directive on non-financial reporting (French decree<sup>n</sup>2017-1265 of 9 August 2017 in application of Ordinance 2017-1180 of 19 July 2017), as a listed company with total assets and net sales of more than €100 million, and an average number of permanent employees of more than 500, Haulotte Group is required to include a statement of non-financial performance in its financial report.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### 1.2 The Haulotte Group business model



# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### 1.3 Identification of the main non-financial issues, risks and opportunities of Haulotte Group

#### 1.3.1 Methodology applied to identify the main non-financial risks and issues

To comply with its new obligations, in 2018 Haulotte Group produced for the first time a non-financial risk map. Supplementing the macro-risk map already produced by the Group, this new tool made it possible to identify its main non-financial risks.

The approach adopted by the Group, reflecting the existing risk management methodology, is organised into three major phases:

**1. Defining a non-financial risk universe:** identify 15 risks and issues which could have a material impact on the Group, its stakeholders and the environment in the broad sense.

Material and relevant risks are pre-selected in reference to:

- An assessment of the situation carried out in the 2018 first half which identified the business line risks.
- The major information categories provided for under II of article R225-105 of the French commercial code (employment, social and environmental information).
- Areas specifically covered by III of article L225-102-1 of the French commercial code (as a listed company).
- Sectorial benchmark information.
- Regulations to which the Group is subject (for example: ILO core conventions, the French Labour Code, the "Sapin 2" law, the French general data protection regulations, etc.).
- Recognised international reporting standards (GRI10, SASB11, etc.).

**2. Ranking the risks:** each risk is ranked by fifteen different Business Departments using an approach aligned with the approach applied by the Group Risk Management Department. All risks are assessed according to two criteria:

- The severity of the impact, ranked according to three criteria: financial, going concern and reputational risk according to a scale of 1 to 4.
- The probability of occurrence resulting in an impact. The rating scale also includes 4 levels.

**3. Ranking of risks:** based on the ratings produced, the Group identified five priority non-financial risks, in addition to those already monitored by the Group, as well as the six issues included by Haulotte for information purposes. All have been validated by the executive committee and policies adopted are presented in this document.

#### 1.3.2 Presentation of the main non-financial issues

Analysis has identified issues relating to the company's core business and its personnel which however remain noncritical.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

The five major risks are:

- Lack of attractiveness and failure to retain talent,;
- Management of skills mismatches.
- The absence of lasting relations with suppliers and subcontractors.
- An insufficiently robust R&D policy, inadequate or insufficient protection of the company's intellectual property rights and know-how, infringement of the intellectual property rights of third parties.
- Breach of IT systems and inadequate protection of personal data (customers and employees).

The seven other issues are as follows:

- The environmental consequences of the business.
- Respect of human rights.
- Combating corruption and tax evasion.
- Collective agreements.
- Diversity.
- Persons with disabilities.
- Climate change.

It has been verified that these issues cover the major areas required for disclosure provided for in II of Article R225-105 of the French commercial code (employment, social and environmental information), as well as those areas specifically provided for in III of Article L225-102-1 of this code for listed companies.

Among these specific areas, Haulotte Group does not provide information on the thematic of social engagement in favour of sustainable development, the circular economy, combating food wastage, as well as combating food insecurity, promoting animal welfare and fair and sustainable food practices on the grounds that these are not included in its main risks.

## 1.4 Non-financial issues of Haulotte Group

### 1.4.1 Breach of IT systems and inadequate protection of personal data (customers and employees)

#### Issues for the Group

With the management information systems representing an integral part of Haulotte's operations, computer security has become a major priority in recent years with the multiplication of threats. We have seen that IT security problems and insufficient data protection can result in significant financial losses.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Policy

For that reason it is vital to secure our IT systems by taking into account the continuous technological and organisational developments. In addition, the Group's IT system must be constantly updated to ensure maximum security.

**Our objective is to ensure the Group is equipped with an IT system constantly being improved to withstand potential cyber attacks and ensure the protection of personal data of our employees, customers as well as any other stakeholders.**

### Actions

- Raising awareness by having end-users sign when they join the company a "computer passport" authorising them to use the company's IT tools
- An audit planned in the coming years on physical IT security (conditions of storage, etc.),
- A penetration test (Pentest), simulating an attack by a third-party service provider in order to test our systems and identify areas for improvement,
- Reviewing the existing IT charter with the objective of producing an enforceable document binding on all employees,
- Launching the General Data Protection Regulation Project to ensure the protection of personal data.

### Results

- The IT charter is signed by all employees when they join the company,
- An anti-fraud working group has been set up to provide regular information on fraud throughout the company,
- All users are trained in good practices on how to deal with suspicious emails:
  - A warning message is sent to all employees when an attempted attack has been identified,
  - An alert platform the event of a breakdown in our computer system to prevent any security breaches.

### Key performance indicators

In 2018, we did not have an indicator to monitor the results of measures taken within the Group.

For 2019, we are planning to adopt key performance indicators to monitor:

- The maturity of our security procedures.
- The integrity of our data:
  - For workstations.
  - For servers.
  - For computer backup.
- The protection of personal data.



# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### 1.4.2 Lack of attractiveness and failure to retain talent

#### Issues for the Group

As expectations of employees and future employees are evolving, notably the new generations entering the job market, companies must adapt by proposing an environment capable of attracting and retaining talent.

To support its development the Group must successfully meet this challenge by promoting employee engagement.

#### Policy

It is for that reason essential that the Group has the appropriate resources for to succeed the transformation required to achieve the Group's vision.

***a) Our objective is to constantly improve the attractiveness of the company in order to attract and retain talent and provide the company with the skills required for its continuing development***

#### Actions

- Individualised integration processes in terms of content and form, including in particular a pre-on boarding phase.
- Reinforcing external communications initiatives, notably through social media.
- Reinforcing internal communications initiatives with impact in the local media (print, radio ...).
- Construction of a new headquarters in France to provide more than 300 employees optimal working conditions within the fully connected environment of a smart building.

#### Results

- The "Let's Dare" campaign highlighting the central role of employees in driving performance and boosting the company's development by leveraging employee engagement (collaborative approaches, engagement survey, value charter...),
- As part of this Let's Dare programme, extensive training has been provided on managerial practices.

#### Key performance indicators

Employee turnover rate: 12,46% in 2018.

Reporting boundary: Haulotte Group S.A (France).



# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

***b) To develop our objective of making employees the key performance drivers of the company we are notably promoting the development of employee engagement***

### **Actions**

- The next engagement survey is planned for the 2019 fourth quarter.
- Management training for all new managers on basic managerial skills already provided to those present in the company and continuation of the programme for other managers.
- Continuing deployment of the Foederis tool in 2019 (skills management), notably permitting the management and monitoring of annual interviews, talent reviews, management of job profiles and skills, training programmes requested, mobility, organisation charts – in China, Romania, Sweden and the Netherlands.

### **Results**

- With a participation rate of 92%, the engagement survey helped identify the strengths and areas for improvement of the organisation and employee engagement with workshops and associated action plans.
- Drafting a Charter of Values by employees.
- Gradual deployment of the Foederis tool in the sites of France, the United States, Singapore, Dubai, Australia, the United Kingdom and India.
- Group events addressing all employees (Pulseo, Intermat 2018, World Cup 2018, Iday...).

### **Key performance indicators**

Employee engagement rate for 2017: 57% (2017 being the first year of the survey).

*Reporting boundary: Group.*

### **1.4.3 Management of skills mismatches**

#### **Issues for the Group**

Within an increasingly competitive labour environment in which employees no longer hesitate to change companies to develop their skills and take advantage of interesting career opportunities, the challenge is to adopt internally tools designed to offer employees opportunities for career development within the Group.

#### **Policy**

The Group wishes in this way to acquire the necessary skills to meet the challenges of the evolving market, produce the Group's strategic plan and strengthen staff employability and engagement.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

***a) Our objective is to maintain and develop the skills of our employees to meet the strategic challenges through continuing and sustained training efforts***

### **Actions**

- Creation of Haulotte Academy to offer standardised training programs adapted to our business lines and priorities.
- Continuing to deploy management training programs.

### **Results**

- Signature in October 2018 in France of the "GPEC" agreement (forward-looking employment and skills management planning).
- A training plan designed to support the "Let's Dare" approach and support the strategic plan.

### **Key performance indicators**

Percentage of employees having received training: 70.83% in 2018.

*Reporting boundary: Haulotte Group S.A (France).*

***b) Are objective is to offer our employees career development opportunities within the Group through internal mobility***

### **Actions**

- International deployment of the Foederis HR talent management system.
- Communication of openings and internal mobility opportunities within the Group.

### **Results**

- Creation of business competencies (R&D) / career development trainers for selected business lines.
- Annual talent reviews to optimise talent management within the Group.
- Developing mobility within the Group, identifying and exploiting mobility wishes, publishing offers internally (intranet).

### **Key performance indicators**

Rate of persons having benefited from internal mobility (functional, hierarchical, geographic): 5.80 (versus 2.71% in 2017), or a change of 114%.

*Reporting boundary: Group.*

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### **1.4.4 An insufficiently robust R&D policy, inadequate or insufficient protection of the company's intellectual property rights and know-how, infringement of the intellectual property rights of third parties**

#### **Issues for the Group**

In response to market conditions, companies of the sector are redirecting projects and promoting more ambitious developments. Haulotte must innovate to ensure its growth and maintain its leadership in the market.

Multiple pressures (such as production costs, the growing complexity of competition, the accelerating pace of technological progress) are forcing us to place innovation at the heart of the Haulotte strategy, the key to its competitiveness.

#### **Policy**

For Haulotte, intellectual property must become an instrument for commercial conquest and communications. The right intellectual property policy can offer a very effective tool for Haulotte to defend its market positions and drive market growth.

In addition, the appropriate protection of intellectual property rights and know-how of the Group can offers benefits in terms of both profits and image.

#### ***a) Our objective is to maintain an increasingly dynamic R&D policy to meet the new challenges that the Group may be required to face***

#### **Actions**

- A continuing technology watch to remain up-to-date on the latest innovations available on the market.
- Implementation of an intellectual property risk management plan providing for the adoption of risk management tools by all departments concerned.
- Expanding the recognition of creators, beyond patentable inventions.

#### **Results**

- In the project creation process, an intellectual property recommendation is mandatory for certain steps.
- Existence of an Intellectual Property Committee to provide a forum for exchanges on subjects in progress and ensure that important information is communicated.
- Ensuring the recognition and respect of the creators of innovative ideas (a policy for employee inventions).

#### **Key performance indicators**

The percentage of sales devoted to R&D in 2018 was 2.47% (vs. 2.53% in 2017), or a decrease of 2% from the prior year.

*Reporting boundary: Group (centralised R&D within Haulotte Group).*

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

***b) Our objective is to continue to develop our products by taking into account the rights of third parties while ensuring the protection of our own intellectual property rights***

### **Actions**

- Getting all Haulotte employees involved in the subject of intellectual property (IP intelligence, confidentiality, etc.).
- Optimising our intellectual and industrial property policy.
- Competitive and technology watches to evaluate the availability of intellectual property rights and ensure that third parties respect our rights.

### **Results**

- Securing all relations of employees with third parties to establish a dialogue based on trust.

### **Key performance indicators**

In 2018, 7 applications were filed (patents, designs & models, Soleau envelopes) (vs. 19 in 2017), or a 12 less than the prior year.

This decline in large part reflect the absence of a person in charge of industrial property who was recruited only at the end of 2018.

*Reporting boundary: Group (centralised R&D within Haulotte Group).*

### **1.4.5 Non lasting relations with suppliers and subcontractors**

#### **Issues for the Group**

As a specialist in the design and assembly of lifting equipment, suppliers have a critical role for Haulotte. This requires quality collaboration in order to optimise the company's added value.

#### **Policy**

The strategic importance for Haulotte is to devote the necessary time and efforts to maintain quality and lasting relations with its suppliers.

***a) Our objective is to maintain lasting relations over time with all our suppliers***

### **Actions**

- A draft multi-year agreement for all new projects.
- For new suppliers, the signature of the partnership agreement in advance, before launching series production, and.
- For existing suppliers, organising a management meeting (business review with major suppliers).

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Results

- The supplier partnership agreement is in place.
- The procedure for inclusion in the panel of approved suppliers has been formalised.
- The results of the supplier audit are shared with all suppliers for corrective measures if necessary (to be included in the panel).

### Key performance indicators

The percentage of purchases from suppliers of more than 5 years was 80.09% in 2018 (vs. 70.44% in 2017).

The percentage of purchases from suppliers covered by a partnership agreement was 30.96% in 2018 (vs. 20.79% in 2017).

*Reporting boundary: Group (centralised Purchasing function within Haulotte Group).*

### **b) Our objective is to maintain ethical and responsible relations with our suppliers**

#### Actions

- The purpose of the Responsible Purchasing Charter is to create lasting and balanced relations that respect the rights and duties of each party.
- The confidentiality agreement is signed between Haulotte and all suppliers in order to protect the information of each of the parties.

### Results

The Responsible Purchasing Charter was formalised and validated by management and will be deployed in 2019.

### Key performance indicators

Because the Responsible Purchasing Charter had not yet been deployed in 2018, sales with suppliers who are signatories is zero.

The Charter will be signed by suppliers in 2019.

## 1.4.6 The environmental consequences of the business

### Issues for the Group

Within a context where the climate represents a fundamental issue requiring actions by each individual at their own scale to protect the environment, companies must integrate this thematic into their activities to have a positive impact.

### Policy

To contribute to this challenge, Haulotte has integrated this dimension in its strategy, notably by developing an innovative electric machine, PULSEO, more environmentally friendly and integrating the environmental thematic in the management of its industrial activity.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### **a) Our objective is to establish the environmental thematic as an integral part of company processes**

#### **Actions**

- Measuring and analysing the company's activities to identify those considered to be the most polluting.
- Raising awareness of our employees, stakeholders and customers on the importance of environmental protection.
- Developing increasingly sustainable machines addressing the environmental challenges.
- Encouraging energy consumption savings in the offices.

#### **Results**

A new environmental policy was developed and presented to all employees in the 2018 third-quarter, supporting this environmental approach through the management's CSR engagement, while involving all stakeholders. This policy was translated in 10 languages.

*Source: Group QSE policy on the Haulotte' main intranet page.*

In addition, Haulotte has initiated a Group process-based management approach to obtain Group 14001 certification for all plants and subsidiaries by 2023 (6 production sites and 22 distribution subsidiaries)

In early 2019, the 2015 version of the ISO 14001 certificate was available at five of the six production sites throughout the world

*Source: Certification on intranet Haulotteway2, certification section.*

### **b) Our objective is to recycle the majority of our non-hazardous industrial waste and reduce the volume of waste in tonnage per machine**

Haulotte also ensures that its production of waste is effectively managed at every stage of its activity, both at production sites and offices.

Haulotte distinguishes between two types of waste:

- Non-hazardous Industrial Waste (NHIW) which may be considered by its composition as comparable to household waste (inert and non-hazardous). This represents for example scrap material and packaging, and consists mainly of glass, plastics, metals, rubber, textiles, paper, wood, organic plant and animal waste.
- Hazardous Industrial Waste (HIW) which may generate nuisances for people and the environment by presenting one or more dangerous properties defined in appendix I of the French Decree 2002-540 of April 18, 2002 on hazardous waste. These characteristics warrants special precautions and are subject to reinforced administrative controls.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Actions

- Actions in progress to define a more reliable indicator for all our machines (example kg of waste / kg of machines) as there can be a significant difference in weight between one machine model and another.
- For each type of waste we apply sorting procedures to recover and recycle certain types of non-hazardous waste. For production sites, waste management is organised in terms of a number of key steps:
  - identifying waste with instructions that are provided through environmental training programs,
  - verifying the regulatory compliance of our waste management service providers,
  - a colour coding system: 1 waste = 1 bin = 1 colour; this method contributes to developing environmentally responsible reflexes and improving on-site sorting.
  - storage (storage containers for liquid waste, respecting the compatibility between products, identification for facilitating their evacuation, use of a cardboard compactor, etc.),
  - traceability (hazardous waste tracking forms, registers, declarations),
  - treatment, with a technical and regulatory knowledge of the waste processing channels, under the site's responsibility,
  - periodic monitoring through field inspections?
  - a waste elimination method depending on its composition: material or energy recovery, recycling, landfills or incineration.

### Results

- Haulotte has implemented a system for monitoring and managing waste which contributes to developing the circular economy, recycling and recovery.
- The recovery of our industrial waste in proportion to the level of production to permit its use in certain cases.

### Key performance indicators

The rate of recycled waste as a percentage of the total was 88.12% in 2018.

Recycled NHIW as a percentage of total NHIW was 91% (vs. 79% in 2017) or an increase of 15%.

The waste per machine in tons in 2018 was 0.2 T (stable in relation to 2017).

*Reporting boundary: Production sites in France (Reims, Le Creusot, L'Horme).*



# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### **c) Our objective is to significantly reduce Greenhouse Gas Emissions(GHG)**

The current scope used to determine our carbon footprint includes the three production sites in France and our site in Romania, which represents more than two thirds of our total energy bill.

For the time being Scopes 1 and 2 are used.

Our carbon footprint includes currently more than 80% gas (the painting process line and heating of the production facilities and offices)

Source : BEGES 2017.

The objective is to ensure a correlation with increases in production, thus increasing gas consumption and inevitably the carbon footprint, despite measures taken.

#### **Actions**

- A mobility plan to determine the carbon footprint of professional travel and commuting to trigger actions designed to reduce this impact (example: promoting carpooling, 50% of the cost of travel by public transport reimbursed by the company).
- Improving the painting process, changing the burners as part of the preventive maintenance process which had a positive impact in several plants, adjusting the furnace doors resulting in energy savings.
- Proposal for installing intermediate sub-meters at the production sites to determine actual consumption of the different locations of the plant to reduce energy consumption.

#### **Results**

Estimated electricity consumption in 2018 was 9,904,030 kWh.

Estimated gas consumption in 2018 was 38,733,409 kWh.

Reporting boundary: Production sites in France and Romania (Reims, Le Creusot, L'Horme, Argès).

#### **Key performance indicators**

Mt CO2e 7 551 in 2018 (vs. 7 619 in 2017).

Reporting boundary: Haulotte Group SA, i.e. production sites in France (Reims, Le Creusot, L'Horme).

### **d) Our objective is to limit volatile organic compounds (VOC) linked to solvents contained in our paints to a maximum level of 25% in order to improve air quality**

#### **Actions**

- We detect, measure and control the level of Volatile Organic Compounds (VOC) in the air.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Results

Concerning solvents in liquid paint:

A Solvents Management Plan (**SMP**) has been adopted at each plant to control the level of Volatile Organic Compounds (**VOC**) concentrated in the air within the production hall and evacuated outside. This control is performed by each plant in order to determine that the **threshold of 25%** is not exceeded.

### Key performance indicators

Level of Volatile Organic Compounds of 16.1% on average in 2018 (vs. 21.68% in 2017).

*Reporting boundary: Production sites of L'Horme and Creusot.*

### 1.4.7 Respect of human rights

#### Issues for the Group

As multinationals are exposed to diverse cultures and regulations resulting from their locations, the challenge in terms of Human Rights is to ensure they are respected within the Group's activities, regardless of the geographic location of the entities concerned.

#### Policy

It is for that reason important for Haulotte to ensure a uniform compliance with human rights over its entire value chain.

**Our objective is to ensure respect of human rights both our internal and external environments.**

#### Actions

As seen above, with the "Lets dare" approach and the associated Charter of Values, Haulotte Group has put people at the heart of its activities.

The Group values have been determined by the employees themselves through the different workshops in which all categories of staff from every level, country and department contributed.

Respect and confidence form the cornerstone of the Group's value.

These values reflect practices that apply to everyone and the specific practices of managers.

In addition to the values applied by the Group to people within the organisation, Haulotte Group also sought to develop a common vision of core fundamental values shared by its commercial partners.

Haulotte Group as in consequence adopted a Responsible Purchasing Charter inviting all its suppliers to apply core principles for sound and ethical business practices.

This charter contains notably a section on Haulotte's social engagements in thematic prohibiting child labour, combating undeclared work or discrimination and harassment.

Haulotte Group believes it is crucial that these engagements of the Group are also be adapted by its partners to ensure the application of an efficient and coherent global approach.

Haulotte believes that sharing these engagements will contribute to a more effective approach to building lasting partnerships.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Results

- The "Let's Dare" approach has been adopted within the Group and promoted through different communication channels (training, participative events, etc.).
- The Responsible Purchasing Charter was drafted in 2018 for validation and deployment in 2019.

### 1.4.8 Combating corruption and tax evasion

#### Issues for the Group

All multinational companies are exposed to various tax and related regulations which complicate accounting flows and controls.

The Group has six production sites and 20 subsidiaries which allow it to operate in more than 100 countries. This represents in consequence a significant diversity in terms of tax regulations.

In addition, multinational companies with operations in different parts of the world subject to different regulations, cultures and customs, face a significant challenge, namely combating corruption.

#### Policy

The company's policy in this area adopted within the Group is based on a corruption risk mapping process used to create action plans as well as tools and processes necessary for preventing tax evasion.

***a) The objective for Haulotte Group is to apply a sound business model that is consistent with our know-how and French regulations***

#### Actions

- Adoption of the anti-corruption code of conduct (Sapin 2 law) validated by management and in the process of being validated by employee representation bodies for the French scope.
- Adoption of an anonymous whistleblowing tool to report incidents which could represent acts of corruption.
- This tool also will be used for conducting anonymous surveys to assist in the decision-making process.

### Results

The work accomplished has allowed us to update the Code of Business Conduct which was several years old and also to put into place an anonymous whistleblowing system as a tool for reporting information and assisting decision-making processes.

The corruption risk map has provided a concrete demonstration of the health of our business model and will help us to test a reporting tool.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

RAPPORT 2018

## Key performance indicators

KPIs that may be adopted in 2019:

- Reducing the processing time for alerts.
- ... % of cases reported concerning solely the thematic of corruption.
- Out of this total number, xx % of these cases are dismissed.

***b) In this international environment, our objective is above all to respect the rules in force and not be exposed to risks relating to tax evasion (or double taxation)***

## Actions

To this purpose, the Group has adopted:

- a transfer pricing policy developed with the assistance of tax attorneys specialised in this area which is regularly updated. This policy was developed to ensure that the operating results of each company of the Group are determined on the basis of the arm's-length principle defined through studies of comparables and taking into account the functions, risks and responsibilities of each subsidiary,
- most of our subsidiaries file their own tax statements and as such may, as applicable, be subject to audits, and their employees have been accordingly made aware of these issues,
- at the Group level a review of current tax liabilities is performed,
- in the consolidated financial statements a tax calculation is performed supporting the level of the effective tax rate of the Group.

In addition, since 14 March 2019, the Group has entered into a form of partnership with the French tax authorities. This partnership is based on the principle of voluntary participation and is destined for large Group and medium-sized companies. This partnership is to take the form of regular and transparent dialogue between the companies and the tax authorities in order to obtain a firm position from the latter about complex tax questions which could involve in a financial or legal risk. This process will be conducted out with greater transparency on their part For the tax authorities, the objective is to ensure tax compliance by companies in a more cost-efficient manner and more efficiently combat fraud, while offering the companies greater legal security.

## Results

The results of the different tax audits under this system (some resulting in particular attention being given to the transfer pricing policy) have been positive: for example, the last two tax audits of the head of our tax group, Haulotte Group S.A, did not result in any tax adjustments.

## Key performance indicators

The change in the Group's effective tax rate in relation to the theoretical tax rate in force in France (34.43%): effective tax rate of 29.08% in 2018 vs. 16,04% in 2017), or an increase of 81.3%.

*Reporting boundary: Group.*

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### **1.4.9 The collective agreements concluded in the company and their impact on the company's economic performance as well as the working conditions of employees and actions taken to prevent discrimination and promote diversity**

#### ***a) On the Company's economic performance***

A company-level agreement on the forward management of employment and skills signed on 30 October 2018, notably for the purposes of:

- guaranteeing the continuing adaptation of employees to evolving technologies and market developments,
- ensuring a quantitative and qualitative match of resources and skills required to achieve the strategic plan,
- promoting professional and geographical mobility.

This agreement also provides for an external mobility component to promote the rapid adaptation of staff in cases of lower activity (Chapter II, External mobility in connection with mobility leave provisions).

A profit-sharing agreement based on the company's financial results but also on criteria of performance and operational efficiency: productivity, quality machines ready for use directly off the line, nature and the number of occupational accidents (on this last point, see developments further below in the section on safety)

#### ***b) Workplace quality of life and equal opportunity employment*** **Issues for the Group**

Attractiveness of the Company, ability to attract and retain talent.

#### **Creating an environment in the company which promotes well-being in the workplace.**

#### **Actions**

- Several initiatives implemented following the first engagement survey in 2017, with a new survey scheduled for the end of 2019, to measure progress and employee satisfaction.
- Engagements in the right to disconnect.
- Opening of negotiations on Teleworking in 2019.
- The construction of new headquarters.
- Engagements to promote equal employment opportunities between men and women.

#### **Results**

Worklife Quality company level agreement signed in October 2018.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### **c) Focus on safety**

Safety is a major priority of Haulotte Group supported by executive management at the level of the Group and its Divisions.

We have devoted significant attention to the subject of occupational health and safety

We are maintaining our efforts to significantly reduce the number of occupational accidents at all our sites throughout the world with a target for zero lost time injuries.

In 2018 we were engaged in a process of obtaining certification for all our sites: in the end all our industrial sites will be **45 0001** certified.

### **Results**

2 company-level agreements on safety:

- An agreement for the organising a security contest for the purpose of rewarding employees when there are no accidents.
- A profit-sharing agreement whose results take into account notably the number of occupational accidents per six-month period.

### **Key Performance Indicators:**

Despite the trainings organized in order to prevent occupational accidents, we notice the following rates for 2018:

- Frequency rate 2018 : 28,98%.
- Gravity rate 2018 : 1,50%.

This raise is linked to an important increase of our activity.

We implement all the necessary measure to reverse the current trend and achieve our target.

*Reporting boudary : Haulotte Group SA which includes French production sites (Reims, Le Creusot, L'Horme).*

### **1.4.10 Diversity**

#### **Issues for the Group**

Supporting the company's transformation by providing for complete gender diversity across the different workstations.

#### **Policy**

Convinced that diversity is a social performance driver which contributes to the overall success of the company, Haulotte Group is conducting a proactive strategy to promote gender balance and equal opportunity employment for men and women.

**One of the objectives is to increase gender diversity notably for those functions where men or women are underrepresented.**

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Actions

- A management program emphasising the contributions from diverse profiles within the team/company (DiSC assessment method).
- An equal opportunity and neutral recruitment policy (all genders, ages, etc.): regardless of the type of post proposed, the human resources department ensures that the content of the job announcements are drafted without reference to gender or family situation or any other terminology of a potentially discriminating nature.
- Agreement on workplace quality of life (signed in October 2018 with labour partners).
- Delegation of an internal coordinator tasked with combating sexist practices.

### Results

The Group operates in 21 different countries throughout the world with as many nationalities represented.

### Key performance indicators

Percentage of women in the total workforce of 23.51% (vs. 22.86% in 2017).

*Reporting boundary: French sites.*

#### 1.4.11 Disabled workers

### Issues for the Group

Complying with our legal obligations, conducting a proactive approach to maintaining disabled persons in the workplace by supportive measures and adjusting workstations and opening up positions more broadly to workers with disabilities.

**Our goal is to develop access to our job offers to workers with disabilities and develop employment of disabled workers within the Company**

### Actions

Haulotte has been fulfilling its obligations with respect to the employment of disabled persons for a number of years. The main actions carried out up till now have focused on maintaining persons with disabilities in the workplace. Actions must now be deployed to increase the percentage of recruitment of persons with disabilities.

Actions undertaken: lasting partnership with sheltered work facilities (ESAT), measures to adapt workstations, AGEFIP agency projects, collaboration with the CAP EMPLOI disabled workers agency.

Upcoming actions: publishing job offers at sites specifically devoted to workers with disabilities, a study on negotiating an agreement including commitments to promote the employment of disabled workers, appointing a workplace disability project leader



# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Results

A total of 50 "mandatory units" was set by law for Haulotte 2018 (6% of the total payroll) This was completed with a total of 50.6 beneficiary units (in the company or through subcontracting arrangements).

This achievement is linked to maintaining persons with disabilities in the workplace and lasting partnerships with sheltered work facilities (Subcontracting arrangements in various areas).

### Key performance indicators

Persons with disability account for 4.4% of the total workforce (vs. 4.2% in 2017).

*Reporting boundary: Haulotte Group S.A (France).*

### 1.4.12 Climate change

#### Issues for the Group

In the current environment where climate change is a key concern of indisputable importance, it is important to make this subject a priority for the future. However, in light of the Haulotte Group's role as an assembler, it is important to note that its activity has only a limited environmental impact and in consequence, marginal influence on climate change.

#### Policy

As a Group operating on different continents subject to various climatic constraints, Haulotte is nevertheless exposed to this challenge which is taken into account in its development processes.

**We seek to take into account climate change in our activities, both with respect to our products, their production sites and sale.**

#### Actions

When we set up our different subsidiaries, the climatic conditions of the area selected are taken into account in order to anticipate potential climatic events which could impact our business.

For the new installations, we take into account, for example, the seismic risks in the areas concerned and are assisted by our insurers for studies linked to the situation of the selected sites.

With respect to our products, Haulotte has fully integrated climatic factors and, on that basis, energy efficiency has become a key focus of development. Haulotte accordingly decided to integrate the "blue dimension" into its strategy, i.e. integrating more environmentally friendly "all electric solutions" into its business model.

### Results

- During the period of extreme cold experienced in Ohio (USA) at the end of 2018, no incident was recorded at our subsidiary relating to climatic conditions.
- Launch of our all electric PULSEO machine in line with the Group's "blue company" strategy.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### 1.5 Methodology note

#### 1.5.1 Information collection process

##### Departments involved

The reporting process for non-financial information is placed under the authority of the Legal Department tasked with collecting the requisite data and information from the relevant departments.

For 2018, the following departments were involved in this approach:

- Quality and Environment.
- Human Resources.
- Purchasing.
- Risk Management.
- Finance.
- Innovation and R&D.
- IT.

##### The collection and monitoring of indicators

The different indicators mentioned in this Statement of Non-Financial Performance originate from the information systems and internal reports maintained by the company's different departments.

By way of example, the employment indicators are produced by the Human Resources Department derived from outputs generated by the personnel and payroll management tool.

The environmental data or data relating to the purchasing department is monitored by means of internal reporting tools.

Each department is responsible for the data and information transmitted. The consistency control are in consequence performed at their levels.

#### 1.5.2 Reporting period

Data published covers the period from January 1, 2018 to December 31, 2018.

In those cases where physical data is not exhaustive, contributors have recourse to estimates or extrapolations to estimate the missing data.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### 1.6 Report of the Independent Third-Party assurance on the Statement of Non-Financial Performance

Hatdotte Group S.A.

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial statement included in the group management report

For the year ended December 31<sup>st</sup>, 2018.

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Haulotte Group S.A. annual shareholders meeting,

In our capacity as Statutory Auditor of Haulotte Group S.A. (hereinafter the "entity"), appointed as an independent third party and accredited by COFRAC under number 3-1060 rév.2 (whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated non-financial statement for the year ended December 31st 2018 (hereinafter the "Statement"), included in the group management report pursuant to the legal and regulatory provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

### The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on request from the entity's head office.

### Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

### Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code,
- the fairness of the information provided in accordance with article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation.
- The compliance of products and services with the applicable regulations.

### Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*.

Our procedures allowed us to assess the compliance of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities and the impact of these activities on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes.
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate,
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation,
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2,
- we verified that the Statement presents the business model and the principal risks associated with the all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators,
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II,
- we assessed the process used to identify and confirm the principal risks,
- we asked what internal control and risk management procedures the entity has put in place,
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented,

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement,
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information,
- for the key performance indicators and other quantitative outcomes that we considered to be the most important, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely L'Horme, Le Creusot, and Argès, and covered between 40% and 50% of the consolidated data relating to the key performance indicators and outcomes selected for these tests.
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important and which are listed in appendix,
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

### Means and ressources

Our work was carried out by a team of 6 people between end of February and mid-April 2019 and took a total of 3 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about a fortnight interviews with about ten people responsible for preparing the Statement, representing administration, legacy and compliance, human resources, IT, quality, health, safety and environment, purchasing departments.

### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Comment

Without qualifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comment:

- The following policies do not present any key performance indicator: information systems security and personal data protection; awareness of environmental consequences of the activity; human rights respect and standardization among the group; fight against corruption; collective agreements for company's performance and well-being; climate change consideration into company's strategy.

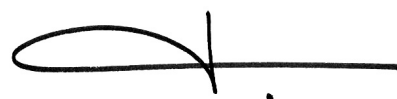
Lyon, April the 30th 2019

One of the Statutory Auditors

PricewaterhouseCoopers Audit



Natacha Pélisson  
Partner



Pascal Baranger  
Sustainable Development Director

### Appendix: List of the information we considered most important

Key performance indicators and other quantitative results:

- Turnover rate.
- Participation rate to engagement survey and collaborators' engagement rate.
- Percentage of collaborators who received a training this year, and those who benefitted from a mobility.
- Share of sales revenue dedicated to research and development.
- Evolution of number of patent filings.
- Share of supplier sales revenue covered by partnership principle, then covered by responsible purchase charter, then realized with supplier for which relationship dates back more than 5 years.
- Percentage of wastes recovered, common industrial wastes recovered, and total tonnage of wastes per machine.
- Number of sites covered by ISO 14001 certificate.
- Gas and electricity consumption.
- Tons of CO2 equivalent evolution (scope 1 and 2).
- VOC concentrated into the air inside production hall and rejected outside.
- Group effective tax rate.
- Total headcount as per 31/12 and share of women in total headcount.
- Frequency and gravity rates of accidents at work.
- Percentage of disabled collaborators in total headcount.

# STATEMENT OF NON-FINANCIAL PERFORMANCE

## RAPPORT 2018

### Qualitative information (actions and results):

- IT charter, GDPR and anti-fraud group.
- Audit of physical IT security and Pen Test.
- Users training to IT best practices, alert messages and platforms.
- “Let’s Dare” program and management practices development.
- Values charter realization and personalized onboarding course.
- New French headquarter.
- Foederis implementation and progressive expansion.
- Job and competency planning agreement signature.
- Annual talent review, Haulotte Academy, and mobility development.
- Continuous technological intelligence and intellectual property committee.
- Panel entry procedure and audits for suppliers.
- Management meeting, partnership contracts, responsible purchase charter and confidentiality agreement with suppliers.
- Quality Safety and Environment politics, solvents management plan and meters.
- Environmental issues analysis and employees awareness.
- Waste sorting and recovery.
- Code of conduct and corruption risks mapping.
- Anonymous corruption reporting tool and help in decision-making.
- Update of transfer price policy.
- Tax control results follow-up.
- Collective agreement for work life quality, professional equality, security.
- Logout right.
- Neutral and equal recruitment policy.
- Referent in charge of gender based discrimination.
- Climate context consideration for subsidiary settlement.
- “Blue” strategy and PULSEO launch.