



## **NON-FINANCIAL PERFORMANCE STATEMENT**

**2022**

*English translation is made for information, only the French version will be valid.*

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# 1 INTRODUCTORY REMARKS

## 1.1 CSR AND NON-FINANCIAL PERFORMANCE STATEMENT

### 1.1.1 Corporate Social Responsibility: “soft law”.

Corporate Social Responsibility<sup>1</sup> refers to a set of international best practices.

Although there are a number of reference frameworks, CSR is not strictly speaking a legal or regulatory obligation; this is why we refer to “soft law” when it comes to CSR.

Of all the converging definitions, we refer to the one given by the European Commission, which defines CSR as:

(...) **“the responsibility of enterprises**

**for their impacts on society”**. *Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:*

- ❖ *maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large,*
- ❖ *identifying, preventing and mitigating their possible adverse impacts.*<sup>2</sup>

In that same 2014 document, a list of the main pillars of a CSR policy is proposed (paragraph 3.2, ibidem):

- ❖ *the OECD Guidelines for Multinational Enterprises,*
- ❖ *the ten principles of the United Nations Global Compact,*
- ❖ *the ISO 26000 Guidance Standard on Social Responsibility,*
- ❖ *the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy,*
- ❖ *the United Nations Guiding Principles on Business and Human Rights.*

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<sup>1</sup> Hereinafter referred to as “CSR”.

<sup>2</sup> [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A renewed EU strategy 2011-14 for Corporate Social Responsibility](#), (§ 3.1).

CSR is therefore a “soft law”, which must be balanced, as mentioned above, whilst emphasising that a CSR policy necessarily involves compliance with the legal and regulatory obligations in force in each country of operation.

### 1.1.2 The Non-Financial Performance Statement: “hard law”.

The Non-Financial Performance Statement<sup>3</sup> is a legal obligation in France for companies or groups of companies that fall within the criteria laid down by law; this is why it is known as a “hard law”.

EPC Groupe is subject to this Non-Financial Performance Statement obligation as it meets the criteria set out by the French Commercial Code, i.e. it is a company listed on a regulated market that prepares consolidated financial statements - the threshold of EUR 20 million for the total balance sheet, or EUR 40 million for the net amount of turnover or 500 for the average number of permanent employees employed during the financial year.<sup>4</sup>

The regulatory scope of the Non-Financial Performance Statement is therefore all subsidiaries subject to full consolidation, which is the case in this EPC Groupe Non-Financial Performance Statement.

French law sets out the expectations and formalities for a Non-Financial Performance Statement, mainly at the end of Article R. 225-105 of the French Commercial Code.

The Non-Financial Performance Statement is therefore a “hard law”.

### 1.1.3 CSR and ESG

CSR, as we have seen, is a company policy.

ESG brings together all the **E**nvironmental, **S**ocial and **G**overnance criteria used to assess and analyse non-financial activity and CSR policies.

It is generally accepted that ESG criteria have their origins in the “United Nations Environment Programme Finance Initiative” (UNEP FI: [www.unepfi.org](http://www.unepfi.org)).

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<sup>3</sup> Hereinafter referred to as “NFPS”.

<sup>4</sup> Combination of Articles [L.225-102-1](#) and [R.225-104](#) of the French Commercial Code.

## 1.2 FROM THE NON-FINANCIAL PERFORMANCE STATEMENT TO THE SUSTAINABILITY REPORT: AN ONGOING DEVELOPMENT AT EPC GROUPE

### 1.2.1 The CSRD and the draft ESRS:

At the European level, the Non-Financial Performance Statement can be said to have its normative foundations in the NFRD:

*Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups.*

This directive has evolved as a result of the adoption of another directive known as the CSRD.

*Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting.*

Referring to the EU Council press release of 28 November 2022, the CSRD, which is part of the “European Green Deal” and the “Sustainable Finance Action Plan”, aims to require companies subject to it to “*report on how their business model affects their sustainability and how external sustainability factors (...) influence their activities*”.

This CSRD will be applicable to EPC Groupe for FY 2025 when the “sustainability report” is published in 2026, which should then replace the Non-Financial Performance Statement.

It should be noted that on 9 February 2023, the members of parliament and senators meeting in a joint committee authorised the French government to transpose the CSRD by ordinance.

In order to achieve the CSRD’s objectives of transparency, comparability and standardisation, as stated by the AMF in its news release of 17 January 2023 (website), harmonised standards are under consideration.

Drafted by the European Financial Reporting Advisory Group (EFRAG), these draft harmonised standards are referred to as ESRS (European Sustainability Reporting Standards).

These standards, which will be progressively adopted by way of delegated acts, are of several types:

- ✓ “Universal” standards applicable to all companies regardless of their sector of activity. They cover cross-cutting issues as well as all socio-environmental topics. These standards will be included in a delegated act scheduled for adoption in June 2023.

- ✓ Industry standards, which will be the subject of a second delegated act scheduled for adoption in June 2024.
- ✓ Specific standards for SMEs listed on regulated markets, also planned to be included in the June 2024 delegated act.

These draft harmonised standards, published on 23 November 2022, are available on the EFRAG website and are broken down as follows:

ESRS1	General requirements,
ESRS 2	General disclosures,
ESRS E1	Climate change,
ESRS E2	Pollution,
ESRS E3	Water and marine resources,
ESRS E4	Biodiversity and ecosystems,
ESRS E5	Resources use and circular economy,
ESRS S1	Own workforce,
ESRS S2	Workers in the value chain,
ESRS S3	Affected communities,
ESRS S4	Consumers and end-users,
ESRS G1	Business Conduct.

ESRS 1 *General requirements* mainly specifies the terms of application of ESRS (explanation of the structure of the draft standards, quality of information published, principle of double materiality, definition of the value chain, presentation of the sustainability report, etc.), whereas ESRS 2 *General disclosures* explains a number of common indicators and methodological approaches adopted, which will have to be published by all undertakings subject to sustainability reporting.

The other 10 draft standards define indicators for each of the ESG topics:

- ✓ Environment - 5 topics,
- ✓ Social - 4 topics,
- ✓ Governance - 1 topic.

It should be noted that other bodies such as the ISSB (International Sustainability Standards Board) and the GRI (Global Reporting Initiative) are also working on projects to standardise standards related to ESG criteria.

Discussions and work are under way between EFRAG, the ISSB and the GRI to harmonise the proposed standards and provide for their interoperability.

## 1.2.2 The phased integration of the ESRS reference framework into the EPC

### Groupe process

The draft ESRS standards have not yet been finalised or validated and are therefore not yet applicable. Nevertheless, given the complexity of this future reference framework and in order to increase the level of competence in its deployment, EPC Groupe decided to gradually integrate it into the Non-Financial Performance Statement for the financial years 2022 to 2024.



This year, the fundamental basis of the approach proposed by the ESRS will be deployed in this Non-Financial Performance Statement, i.e., the analysis of Impacts, Risks and Opportunities (IRO) in a double materiality approach.

This approach is applied to a scope defined as follows:

- A time horizon set at “+ 5 years”,
- A study horizon limited to the “explosives for civil use” activity of EPC Groupe. Indeed, in order to be able to integrate the upstream and downstream value chain of EPC Groupe in a reliable manner for this activity, it would be preferable for the undertakings upstream and downstream of the value chain to have already carried out this exercise and published their conclusions.

### 1.3 NO VALUE CREATION WITHOUT VALUES: THE VALUES OF EPC GROUPE

The values driving EPC Groupe have been associated with the same fundamental principles since the group was founded more than 125 years ago.

Over time, even though the principles have not changed, the values have been regularly redrafted to adapt to environmental changes with the aim of always being clearly understood by external and internal stakeholders.

In 2021, at the request of its Chief Executive Officer, EPC Groupe’s values were redrafted with this same objective of providing clarity to those at whom they are aimed.

Our employees, customers, suppliers and shareholders are among the internal and external stakeholders at whom EPC Groupe’s values are aimed.

In addition, however, these values are aimed at all civil society, authorities and communities as well as anyone who wants to understand the values that drive EPC Groupe.

EPC Groupe has carried out this demanding redrafting exercise with them in mind.

The 2021 Non-Financial Performance Statement was the first external document in which the latest redrafting of the values of EPC Groupe was presented.

From now on, each of EPC Groupe’s four values consists of two parts: first an action phrase which defines the value, followed by a short paragraph setting out the value at EPC Groupe.

### 1.3.1 Operate safely

#### **Operate safely**

We want to ensure a safe and healthy environment for our employees, customers, subcontractors and shareholders. To do this, we need to be a benchmark in terms of safety in each of our activities

### 1.3.2 Create value for the customer

#### **Create value for the customer**

We know that our sustainability requires satisfied and committed customers, which is why we are doing everything we can to enable our customers to improve their productivity and the quality of their operations by guaranteeing them high-performance, high-quality products and services.

### 1.3.3 Respect the environment

#### **Respect the environment**

We believe that society thrives through respect for individuals, communities and the environment; that is why we always act ethically by taking social and environmental responsibility into account in our actions and decisions. We are committed to a sustainable, durable dynamic of adapting industrial tools, practices and products concerning innovation, performance and respect for the environment.

### 1.3.4 Respect our employees

#### **Respect our employees**

We value individual contributions and initiatives, creating an environment of trust. We also believe that major achievements are the result of teamwork. As such, we want to attract, develop and retain the best talent for our company, motivate our employees, encourage them to give their best and to be efficient and treat each person in line with the values of EPC Groupe.

## 1.4 CSR AND NON-FINANCIAL PERFORMANCE GOVERNANCE AT EPC GROUPE

**Note** *A description of the governance bodies (Board of Directors, Audit Committee, Remuneration Committee, etc.) is provided in paragraphs 12 and 14 of the Universal Registration Document. We will focus here on the details of operational governance functions and how they are adapted to various matters covered by the Non-Financial Performance Statement.*

### 1.4.1 Organisation and operational governance of EPC Groupe

#### *1.4.1.1 Decentralisation inherited from our past, explained by our business lines and accentuated by regulatory constraints.*

The history of EPC Groupe largely explains its decentralised organisation.

Created more than 125 years ago, the Group has been established in several countries since its inception.

At that time, recent developments in telecommunications and IT did not allow for centralisation as we conceive it today.

EPC Groupe, which has inherited this lengthy history over an increasingly wide geographic area, has made decentralisation one of the key factors in its successful international expansion.

In addition to being a marker of EPC Groupe's corporate culture as well as a key to its rapid international expansion, decentralisation is also needed due to EPC Groupe's business lines.

EPC Groupe's core business is the manufacture and distribution of civil explosives for mines and quarries. The transport of explosives is complex and costly, so it is only economically viable to a certain extent, which explains the decentralisation of production unit locations and, therefore, of the associated decision-making centres.

Obviously, the production and implementation of explosives is a highly regulated activity which is closely monitored by public authorities in each country where EPC Groupe operates.

Even at the international and European level, regulations relating to State security and public security remain a prerogative of nation States and their local regulations. Therefore, a high level of regulatory requirements and associated administrative controls, and the absence of regional and international legal standards, have also helped to promote and legitimise decentralised governance.

#### *1.4.1.2 Decentralisation is a result of our values as well as being the best way of putting them into practice on a daily basis.*

Decentralised for the historical, commercial and regulatory reasons set out above (see paragraph 1.4.1.1), the organisation of EPC Groupe gives its subsidiaries management autonomy, which largely includes social, environmental and societal issues.

Decentralisation at EPC Groupe is not solely due to external reasons objectively imposed on EPC Groupe; it is possible to find different ways to organise similar activities and group sizes.

There is another very important reason for this decentralisation in EPC Groupe's culture: respect for the group's values.

As discussed above (paragraph 1.2.4), one of the four fundamental values of EPC Groupe is to **"Respect our employees"**. At EPC Groupe, this value is applied practically as follows: *"We value individual contributions and initiatives, creating an environment of trust." We also believe that major achievements are the result of teamwork. As such, we want to attract, develop and retain the best talent for our company, motivate our employees, encourage them to give their best and to be efficient and treat each person in line with the values of EPC Groupe.*

EPC Groupe believes that in order to promote the value of respect for employees:

- ❖ the best organisation is a decentralised organisation and the best level of human resources management proximity management;
- ❖ the best management of individuals is field service management;

The teamwork of our employees enables us to take up operational challenges for the benefit of our customers.

At the level of the EPC Groupe, decentralisation is proof of the trust placed in the men and women who make up its subsidiaries.

Therefore, through the human management of employees, the decentralised organisation of the EPC Groupe aims to serve employees as well as customers.

**"Create value for the customer"** is another one of EPC Groupe's four fundamental values. As we have seen above (paragraph 1.3.2), this is applied as follows: *"We know that our sustainability requires satisfied and committed customers, which is why we are doing everything we can to enable our customers to improve their productivity and the quality of their operations by guaranteeing them high-performance, high-quality products and services".*

EPC Groupe believes that the decentralised organisational model is well suited to keeping this value alive on a daily basis; in order to create value for the customer, it is essential to know them well - proximity obviously facilitates a good knowledge of their needs.

Our business lines are business lines in which product quality is only part of the high quality service. High quality implementation contributes to the high quality service

provided by our products. This strong conviction at EPC Groupe percolates throughout its business model.

Decentralisation means proximity to customers, where they live, their business model and their operating constraints. It is an essential lever for offering the customer the most efficient and most suitable product.

Explosives and deconstruction are EPC Groupe's two business lines. In each of those two business lines, high quality implementation as well as high quality products and equipment contribute to the high performance service provided.

These two business lines are both exposed to high-risk products and environments.

Even though the four fundamental values of EPC Groupe are equally important, "**Operate Safely**" is the primary value in the sense that:

- ❖ It is primary because it comes before the others: nothing is possible without safety;
- ❖ It is primary because it extends to the others: guaranteeing safety means respecting staff, customers, stakeholders and the global environment;
- ❖ It is primary because it is a concern every second, every minute of every day;
- ❖ It is primary because it is the one that is most shared: every employee takes heed of it because it's about them, their colleagues, their family and their human, professional and general environment;
- ❖ It is primary because it is the first value presented, even though all the values are equally important: it comes first and always will!

This value is applied very simply and very clearly at EPC Groupe and this is what helps make implementation of this value an absolute requirement: *"We want to ensure a safe and healthy environment for our employees, customers, subcontractors and shareholders. To do this we must be a benchmark in terms of safety in each of our activities"*.

A decentralised organisation served by a common culture is a way of bringing employees, customers and our local environment as close as possible to the resources, skills and mechanisms necessary to ensure a safe and healthy environment.

The last of EPC Groupe's four fundamental values is the one that provides access to the world, our world: "**Respect the environment**".

This value is worded for EPC Groupe as follows: *"We believe that society thrives through respect for individuals, communities and the environment; that is why we consistently strive to act ethically by including social and environmental responsibility in our actions and decisions. We are committed to a sustainable, durable dynamic of adapting industrial tools, practices and products in our concern for innovation, performance and respect for the environment"*.

Commitment to the environment requires concrete actions and it is the combined sum of local commitments that will enable global objectives to be collectively achieved.

#### *1.4.1.3 Decentralisation, the effectiveness of which is largely due to consistency, coordination and convergence at area and head office level: agility and subsidiarity.*

In its internal structure, the group focuses mainly on operational management through area divisions and on support and control by other central divisions (Finance Department, Human Resources, Health and Safety Environment, CSR Compliance and Information System, Industrial Division, Development Division, Internal Audit, etc.).

An executive committee, management committee and specialised committees bringing together all or some of these resources around the Chief Executive Officer are set up to ensure proper overall coordination.

For EPC Groupe, the primary focus during decentralisation is subsidiarity: only escalate to the central level whatever cannot be effectively decided at the local level.

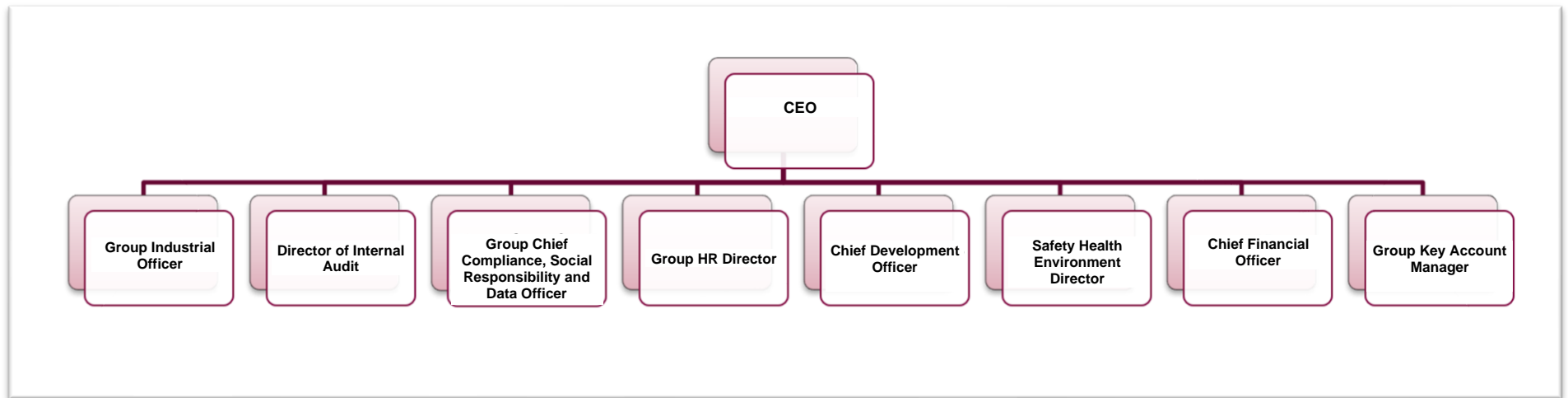
In addition, to form a group, subsidiaries have to be part of this autonomy - based on the principle of responsibility and encouraged (rather than imposed) respect for decision-making - within a common framework and a shared identity: this is the role of coordination and management held by the group through its organisation into areas and central departments at the head office.

It is therefore the group's responsibility as well as its prerogative, to set a course, to define standards, to set up frameworks and procedures and to verify that they are properly being taken into consideration and adapted at the local level.

The agility offered by decentralisation is an asset, provided that a common course is set in accordance with the Group's values and objectives, because we believe that agility is a means, not an end.

Central roles and the area/divisional managements are responsible for deployment and management under the supervision of the Chief Executive Officer.

The organisation structure is described in the below organisation chart:



Organisation chart of head office central departments and divisions.

## 1.4.2 CSR/NFPS governance at EPC Groupe: introductory remarks

As we have seen in paragraph 1.1.1, CSR covers several concerns relating to:

- ❖ social matters;
- ❖ environmental matters;
- ❖ ethics;
- ❖ human rights;
- ❖ consumer rights (for EPC Groupe, which does not distribute any products to consumers, this refers to business customers).

Guided by its values, EPC Groupe has set up and strengthened its organisation at the central level to address these concerns.

In 2020, the Group created an autonomous Group Human Resources Department role to address new matters - those specific to a group HR department - and to take on existing matters that were previously filtered down to other central roles.

In 2021, this Group role was supplemented by the hiring of an HR Development Manager.

In 2020, the Group also created a Compliance and Regulatory Department. In 2021, this Compliance and Regulatory Department took on jurisdiction over the Group's information system.

**In 2022**, this department also covers the Group's CSR role.

**In 2022**, a Group internal audit and compliance project manager was added (50% of his time) to the Compliance, CSR and Information Systems department.

At the end of 2020, at the central level, in order to strengthen the governance of EPC Groupe's CSR policy, the Chief Executive Officer set up a working group with suitable employees from among his immediate employees.

This working group, referred to as "G7 - CSR", is composed, under the chairmanship of the CEO, of:

- ❖ The Group Chief Financial Officer;
- ❖ The Chief Development Officer;
- ❖ The Group HR Director;
- ❖ The Safety Health Environment Director;
- ❖ The Director of Internal Audit; and
- ❖ The Group Chief Compliance, Social Responsibility and Data Officer, who also coordinates this "G7 - CSR".

The organisation chart presented in paragraph 1.4.1.3 above identifies the positioning of central divisions that report to the Chief Executive Officer, which helps guarantee their independence and autonomy.



During 2022, the “G7 - CSR” met on several occasions, as determined by the CEO.

It mainly worked on the EPC Groupe Carbon Plan 2022:

- ❖ Collecting data for the calculation of GHG emissions;
- ❖ Calculating EPC Groupe’s GHG emissions;
- ❖ Calculating EPC Groupe’s carbon trajectories;
- ❖ Working on the action plan to reduce EPC Groupe’s carbon footprint;
- ❖ Redefining the methodology for drafting the Non-Financial Performance Statement;
- ❖ Analysing the GHG emissions, CSR and Non-Financial Performance Statement reports of the main economic operators in the explosives sector;
- ❖ Studying CSR reports and policies analysed by the association Middenext (which includes French companies listed on the second Euronext and Euronext Growth markets);

**During 2022**, two of the members of the “G7-CSR” group, the Group Director of Internal Audit and the Group Chief Compliance, Social Responsibility and Data Officer, actively participated in Middenext’s “anti-corruption” and “CSR” working groups. They were supported by the Group’s “Internal Audit and Compliance” Project Manager.

The Group is now committed to the gradual implementation of a CSR monitoring tool, which will allow for more detailed monitoring of these issues in the future.

### 1.4.3 Social governance at EPC Groupe

#### 1.4.3.1 *The Board of Directors*

The Group’s Board of Directors is committed to taking all matters into consideration, including social matters.

Since 2021, some of its members have regularly received EPC Groupe’s social indicators.

To do this, the Group’s accounting reporting and consolidation software (SAP FC) has been configured so that subsidiaries can also enter social data in the Group’s financial reporting and financial consolidation.

#### 1.4.3.2 *Senior management*

Senior management, led by EPC Groupe’s Chief Executive Officer, receives various summary elements covering the scope of social concerns targeted by CSR/the Non-Financial Performance Statement.

This information emanates from EPC Groupe’s Human Resources Department, as well as the Health, Safety and Environment Department of EPC Groupe and the various Area directors or Division directors of EPC Groupe.

#### 1.4.3.3 EPC Groupe's central departments

The monitoring and management of social matters by EPC Groupe's central departments are mainly the responsibility of two departments:

- ❖ The Group's Human Resources Department<sup>5</sup>; and
- ❖ The Group's Health, Safety and Environment<sup>6</sup> Department.

In 2021, a *Group Gender Equality Committee* was created at the request of the Chief Executive Officer. Composed of 6 members - 3 women and 3 men, including the Chief Executive Officer - this committee meets on a regular basis. It therefore met for the first time in 2021.

In 2022, it met twice (January and September).

In 2022, the Group Gender Equality Committee was changed:

- It was replaced by a **Diversity, Equality & Inclusion Committee**,
- This new committee is now composed of 4 men - including the CEO, and 5 women.

In 2022, this committee drafted a "Diversity, Equality & Inclusion Policy", and that "D, E & I" policy was presented to and validated by the Board of Directors of EPC SA at its meeting on 13 December 2022.

- ❖ The below table summarises, by social matter, the involvement of the central HR department and subsidiaries in social matters<sup>7</sup>:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Audit or training or monitoring by head office on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main social matters:	Group Human Resources Department	Senior management of subsidiaries or area management
<b>Employees</b>		
Total number of employees and breakdown of employees by sex, age and geographical area.	A	X
Hires and fires.	X	X
Remuneration (including changes).	X	X
<b>Organisation of work</b>		
Organisation of working time.	A	X
Absenteeism.		X
<b>Health and Safety</b>		
Occupational health and safety conditions.		X

<sup>5</sup> Hereinafter referred to as "HR"

<sup>6</sup> Hereinafter referred to as "HSE"

<sup>7</sup> Article R.225-102 of the French Commercial Code.

Main social matters:	Group Human Resources Department	Senior management of subsidiaries or area management
Occupational accidents, including frequency and severity, as well as occupational illnesses.		X
<b>Labour relations</b>		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with employees.	A	X
Review of collective agreements, particularly with regard to occupational health and safety.	A	X
<b>Training</b>		
Training policies implemented, including those on environmental protection.	A	X
Total number of training hours.	A	X
<b>Equal treatment</b>		
Measures adopted to promote gender equality.	X	X
Measures adopted to promote the employment and integration of disabled persons.	A	X
Anti-discrimination policy.	A	X

- ❖ The below table below summarises, by social matter, the involvement of the HSE central division in social matters:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Auditing or training or monitoring by head office on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main social matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
<b>Employees</b>		
Total number of employees and breakdown of employees by sex, age and geographical area.		X
Hires and fires.		X
Remuneration (including changes).		X
<b>Organisation of work</b>		
Organisation of working time.		X
Absenteeism.	X	X
<b>Health and Safety</b>		
Occupational health and safety conditions.	X	X
Occupational accidents, including frequency and severity, as well as occupational illnesses.	X	X
<b>Labour relations</b>		
Organisation of social dialogue, including procedures for informing, consulting and negotiating with employees.		X
Review of collective agreements, particularly with regard to occupational health and safety.		X
<b>Training</b>		

Main social matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
Training policies implemented, including those on environmental protection.	X	X
Total number of training hours.		X
<b>Equal treatment</b>		
Measures adopted to promote gender equality.		X
Measures adopted to promote the employment and integration of disabled persons.		X
Anti-discrimination policy.		X

#### *1.4.3.4 General departments of subsidiaries and areas or divisions*

Operational management of human resources is carried out, still in accordance with the principle of subsidiarity described in paragraph 1.4.1.3, at the subsidiary or area level and within the framework of a general policy coordinated at the Group level by EPC Groupe's Human Resources Department.

The same applies, for reasons of effectiveness and relevance explained in paragraph 1.4.1, to the day-to-day application of the health and safety policy coordinated, managed and audited by the central Health, Safety and Environment department.

These departments rely on a network of subsidiary correspondents, generally referred to as "HR support staff" and "HSE support staff".

### **1.4.4 Environmental governance at EPC Groupe**

#### *1.4.4.1 The Board of Directors*

The Group's Board of Directors is committed to taking all matters into consideration, including environmental matters.

#### *1.4.4.2 Senior management*

Senior management, led by EPC Groupe's Chief Executive Officer, receives various summary elements covering the scope of environmental and industrial concerns targeted by CSR.

These elements emanate from EPC Groupe's Health, Safety and Environmental Department and the various area or divisional directors of EPC Groupe, as well as from the network of "HSE correspondents" set up within subsidiaries by the Group's Health, Safety and Environment Director.

#### *1.4.4.3 EPC Groupe's central departments*

The monitoring and management of environmental at the EPC Groupe central department level are mainly the responsibility of the Group's Health, Safety and Environment Department.

As seen in paragraph 1.4.3.2, the Group's Health, Safety and Environment director is a member of the "G7 - CSR" group.

- ❖ The below table shows, for each topic, the involvement of the Health, Safety and Environment central division in environmental matters<sup>8</sup>:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Auditing, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main environmental matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
<b>General environmental policy</b>		
Organisation of the company to take into account environmental issues and, where applicable, assessment or certification procedures in environmental matters.	X	X
Resources dedicated to the prevention of environmental risks and pollution.	A	X
Amount of provisions and guarantees for environmental risks (provided that this information is not likely to cause serious harm to the company in an ongoing dispute).	X (with the Group CFO)	
<b>Pollution</b>		
Measures to prevent, reduce or remedy discharges into the air, water and soil that adversely impact the environment.	X (with the Group CFO)	
Taking into account any form of pollution specific to an activity, in particular noise and light pollution.	X	X
<b>Circular economy:</b>		
<b>Waste prevention and management</b>		
Prevention, recycling, reuse and other forms of waste recovery and disposal.	A	X
Fight against food waste.		N/A
<b>Circular economy:</b>		
<b>Sustainable use of resources</b>		
Water consumption and water supply according to local constraints.		X
Consumption of commodities and measures adopted to improve their efficient use.		X
Energy consumption and measures adopted to improve energy efficiency and the use of renewable energies.		X
Land use.	X (with the Group CFO)	X
<b>Climate change</b>		
Significant sources of greenhouse gas emissions generated by the company's activity, particularly through use of the goods and services it produces.		X
Measures adopted to adapt to the consequences of climate change.	N/E	N/E
Reduction targets set voluntarily in the medium and long term to reduce greenhouse gas emissions and the resources implemented to achieve this.	N/E	N/E

<sup>8</sup> Article R.225-102 of the French Commercial Code.

Main environmental matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
<b>Protection of biodiversity</b>		
Measures adopted to preserve or restore biodiversity.	A	X

#### *1.4.4.4 Senior managements of subsidiaries and areas or divisions*

Operational management of the Health, Safety and Environment policy is carried out, still in accordance with the principle of subsidiarity described in paragraph 1.4.1.3, at the subsidiary or area level and within the framework of a general policy coordinated by the Group, by EPC Groupe's Health, Safety and Environment Department.

This department relies on a network of subsidiary correspondents, generally referred to as "HSE support staff".

### **1.4.5 Societal governance at EPC Groupe**

#### *1.4.5.1 The Board of Directors*

The Group's Board of Directors is committed to taking all matters into consideration, including societal matters.

#### *1.4.5.2 Senior management*

Senior management, led by EPC Groupe's Chief Executive Officer, receives various summary elements covering the scope of social concerns targeted by CSR.

These elements emanate from EPC Groupe's Health, Safety and Environment Department and the various area or divisional directors of EPC Groupe, as well as from the network of "HSE correspondents" set up within subsidiaries by the Group's Health, Safety and Environment Director and also the Group Finance Department and the Compliance, CSR and Information Systems Department of EPC Groupe.

### 1.4.5.3 EPC Groupe's central departments

The monitoring and management of societal matters by EPC Groupe's central divisions are mainly the responsibility of three departments:

- ❖ The Group's Health, Safety and Environment Department;
  - ❖ The Group's Finance Department; and
  - ❖ The Group's Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit role.
- ❖ The below table shows, for each subject matter, the involvement of the Health, Safety and Environment central division in societal matters<sup>9</sup>:

Key to below table:

X	Responsibility or joint responsibility for the matter (including audit and control).
N/A	Not applicable.
A	Audit, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main societal matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
<b>Societal information:</b>		
<b>Societal commitments to sustainable development.</b>		
Impact of the company's activity on employment and local development.	A	X
Impact of the company's activity on local and neighbouring populations.	A	X
Relationships and dialogue maintained with the company's stakeholders.		X
Partnership or sponsorship actions.		N/E
<b>Societal information:</b>		
<b>Outsourcing and suppliers.</b>		
Consideration of social and environmental issues in the procurement policy.		
Consideration, in relationships with suppliers and subcontractors, of their social and environmental responsibility.		
<b>Societal information:</b>		
<b>Fair practices.</b>		
Measures adopted to promote consumer health and safety.	N/A	N/A

<sup>9</sup> Article R.225-102 of the French Commercial Code.

- ❖ The below table shows, for each subject matter, the involvement of the Group's central Finance department:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Audit, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main societal matters:	Group's Finance Department	Senior management of subsidiaries or area management
<b>Societal information:</b>		
<b>Societal commitments to sustainable development.</b>		
Impact of the company's activity on employment and local development.		X
Impact of the company's activity on local and neighbouring populations.		X
Relationships and dialogue maintained with the company's stakeholders.		X
Partnership or sponsorship actions.		N/E
<b>Societal information:</b>		
<b>Outsourcing and suppliers.</b>		
Consideration of social and environmental issues in the procurement policy.	N/E	
Consideration, in relationships with suppliers and subcontractors, of their social and environmental responsibility.	N/E	
<b>Societal information:</b>		
<b>Fair practices.</b>		
Measures adopted to promote consumer health and safety.	N/A	N/A

- ❖ The below table shows, for each topic, the involvement of the central Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit role, in societal matters:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Audit, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.



Main societal matters:	Group Compliance, CSR and Information Systems Department	Senior management of subsidiaries or area management
<b>Societal information:</b>		
<b>Societal commitments to sustainable development.</b>		
Impact of the company's activity on employment and local development.		X
Impact of the company's activity on local and neighbouring populations.		X
Relationships and dialogue maintained with the company's stakeholders.		X
Partnership or sponsorship actions.		N/E
<b>Societal information:</b>		
<b>Outsourcing and suppliers.</b>		
Consideration of social and environmental issues in the procurement policy.	N/E	
Consideration, in relationships with suppliers and subcontractors, of their social and environmental responsibility.	N/E	
<b>Societal information:</b>		
<b>Fair practices.</b>		
Measures adopted to promote consumer health and safety.	N/A	N/A

#### 1.4.5.4 Senior managements of subsidiaries and areas or divisions

Operational management of the Societal policy is carried out, still in accordance with the principle of subsidiarity described in paragraph 1.4.1.3, at the subsidiary or area level and within the framework of a general policy coordinated by the Group by the following departments:

- ❖ Group Health, Safety and Environment;
- ❖ Group Finance;
- ❖ The Group's Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit role.

These departments rely on a network of subsidiary correspondents generally referred to as "HSE support staff" and "Subsidiary CFO/ Finance Manager".

#### 1.4.6 Ethical governance at EPC Groupe

In 2020, an ethics committee was created at the request of the Chief Executive Officer of EPC Groupe.

Its main task is to receive alerts recorded by the whistleblowing system set up within the group and which is accessible to everyone from EPC Groupe's public website.

The first elements of the ethics committee charter accessible on the EPC Group's public website are reproduced below; the charter clearly specifies the tasks and operation of this committee (appointment).

## Ethics Committee Charter

🔑 **The role of the ethics committee** is to receive and process alerts reported to it via the internal whistleblowing system. The company is responsible for adopting all necessary measures to establish the framework of its duties and for providing the Committee with the resources to fully exercise its duties.

### 🔑 Appointment of members of the ethics committee

There are to be preferably at least two, preferably three members of the ethics committee. They are appointed by the CEO for a period of three years, a period which may be renewed without restrictions.

The term of office of a member of the Ethics Committee ends

- When decided by the CEO;
- Automatically in the event of termination of their employment contract at the group;
- When requested by the member.

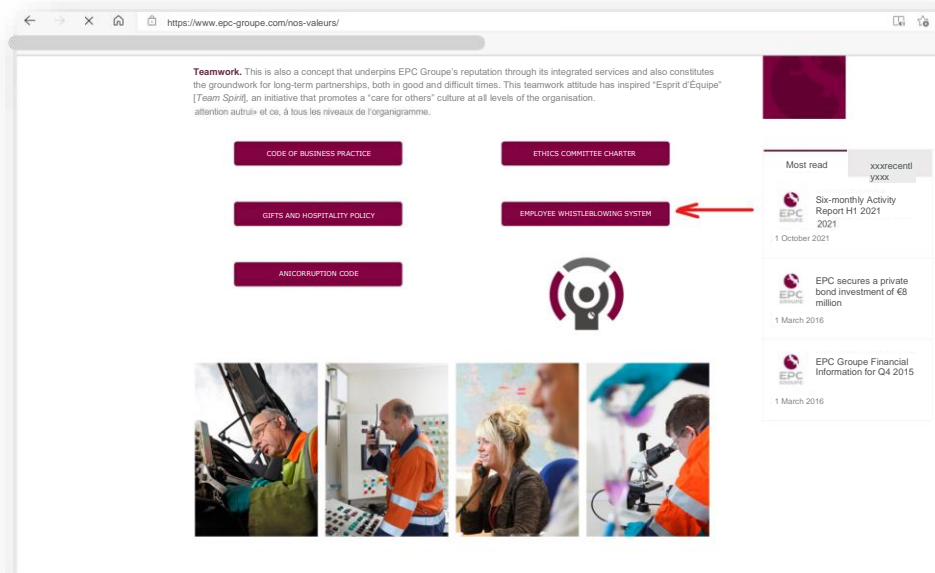
They receive specific training on the application of all legislative and regulatory texts.

They are recognised within the company for their skills and good knowledge of the company.

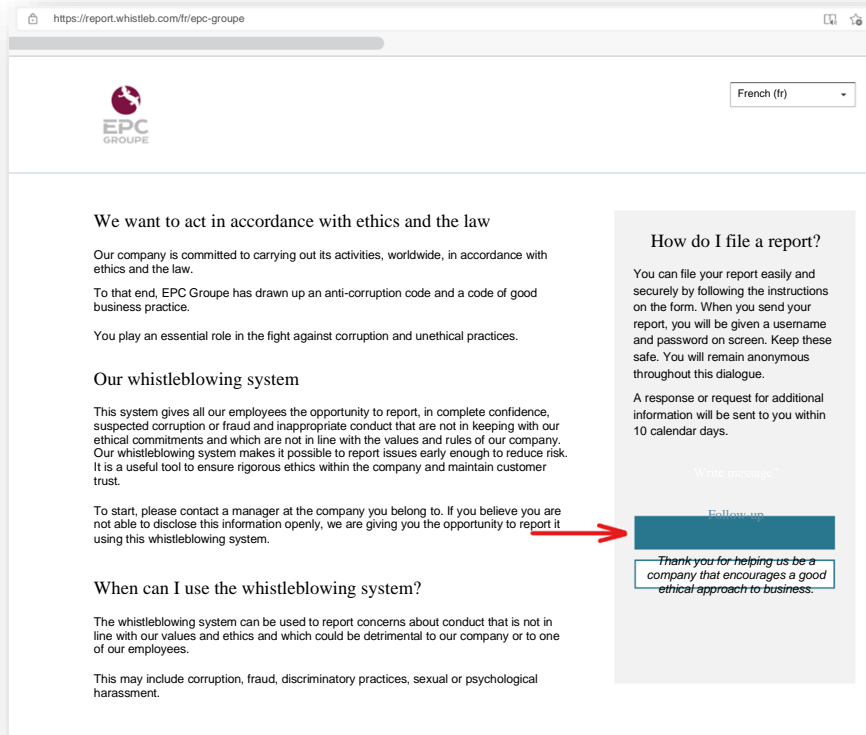
The following are currently permanent members of EPC Groupe's Ethics Committee:

- ❖ The Group Human Resources Director;
- ❖ The Group Chief Financial Officer;
- ❖ The Group's Director of Health, Safety and the Environment.

The Group's legal department acts as secretary.



*Screenshot of the public page of the EPC Groupe website: ethics committee charter and access to the whistleblowing system.*



*Screenshot of the public page of the EPC Groupe website: whistleblowing system homepage.*

The screenshot shows the "Whistleblowing system" form on the EPC Groupe website. The URL in the browser is <https://report.whistleb.com/fr/message/epc-groupe>. The page features the EPC GROUPE logo and a language selector set to "French (fr)".

**Whistleblowing system**

**Describe situation**

Please describe the events in detail.

What are you concerned about?

Corruption

When did this happen?

Where did this happen?

**Event details (required)**

Please describe what happened and why you are filing this report.

Add attachment (optional). Metadata have been deleted to ensure your anonymity. Encrypted or password-protected files cannot be downloaded due to antivirus protection and metadata cleaning.

*Screenshot of the public page of the EPC Groupe website: interface used to enter an alert.*

#### *1.4.6.1 The Board of Directors*

The Group's Board of Directors is committed to taking all matters into consideration, including matters dealt with by the Ethics Committee.

At a meeting of the EPC Groupe's Board of Directors, matters dealt with by the Ethics Committee are presented to the directors.

In 2022, these matters were presented during the Board of Directors meeting on 13 December.

#### *1.4.6.2 Senior management*

The Chief Executive Officer of EPC Groupe receives the various work carried out by the Ethics Committee and makes decisions regarding any follow-up.

If he deems it necessary, the Chief Executive Officer may also refer the matter to the Ethics Committee for its opinion.

It should be noted that an alert may be referred to the Chief Executive Officer in person by anyone who would prefer to contact him as opposed to using the whistleblowing system available on the public area of the EPC Groupe website.

"Reports to the Chairman" may also be referred to regional directors, area directors or the directors of central departments.

#### *1.4.6.3 EPC Groupe's central departments*

As part of its work and due diligence, the Ethics Committee may sound out the Group's central departments.

In 2022, it sounded out the following departments:

- ❖ The Group's internal audit department; and
- ❖ The Compliance, CSR and Information Systems department.

EPC Groupe's central departments may refer matters to the Ethics Committee via the Chairman and CEO.

### **1.4.7 Anti-corruption governance at EPC Groupe**

#### *1.4.7.1 The Board of Directors*

The Group's Board of Directors is committed to taking all matters into consideration, including anti-corruption and influence peddling matters.

#### *1.4.7.2 Senior management*

Senior management, led by EPC Groupe's Chief Executive Officer, receives various summary elements covering the scope of anti-corruption and influence peddling concerns targeted by CSR.

This information emanates from the Group's Compliance, CSR and Information Systems Department supported by the Group's central Internal Audit department.

#### 1.4.7.3 EPC Groupe's central departments

The monitoring and management of anti-corruption and influence peddling mainly fall within the remit, at the level of EPC Groupe's central departments, of the Group's Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit department.

- ❖ The below table shows the involvement of the Group's Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit department<sup>10</sup>:

Key to below table:

X	Responsibility or joint responsibility for the matter (including auditing and oversight).
N/A	Not applicable.
A	Auditing, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main anti-corruption matters:	Compliance, CSR and Information Systems department supported by the Group's Internal Audit department	Senior management of subsidiaries or area management
<b>Anti-corruption information</b>		
Actions taken to prevent corruption	X	X

#### 1.4.7.4 Senior managements of subsidiaries and areas or divisions

Operational management of anti-corruption and influence peddling is carried out, still in accordance with the principle of subsidiarity described in paragraph 1.4.1.3, at the subsidiary or area level and within the framework of a general policy coordinated by the Group through the following department:

- ❖ The Group's Compliance, CSR and Information Systems Department, supported by the Group's central Internal Audit department.

These departments rely on a network of correspondents in subsidiaries generally referred to as "Subsidiary CFO/Finance Manager".

<sup>10</sup> Article R.225-102 of the French Commercial Code.

## 1.4.8 Human Rights Governance at EPC Groupe

### 1.4.8.1 The Board of Directors

The Group's Board of Directors is committed to taking all matters into consideration, including human rights matters.

### 1.4.8.2 Senior management

Senior management, led by EPC Groupe's Chief Executive Officer, receives various summary elements covering the scope of human rights concerns targeted by CSR.

These elements emanate from EPC Groupe's Health, Safety and Environment Department and the various area or divisional directors of EPC Groupe, as well as from the network of "HSE correspondents" set up within subsidiaries by the Group's Health, Safety and Environment Director and the Group's Human Resources department.

### 1.4.8.3 EPC Groupe's central departments

The monitoring and management of human rights matters by EPC Groupe's central departments are mainly the responsibility of three departments:

- ❖ The Group's Health, Safety and Environment Department;
  - ❖ The Group's Human Resources Department; and
  - ❖ The Procurement Department.
- 
- ❖ The below table shows, for each subject matter, the involvement of the Health, Safety and Environment central division in human rights matters<sup>11</sup>:

#### Key to below table:

X	Responsibility or joint responsibility for the matter (including audit and control).
N/A	Not applicable.
A	Auditing, training and monitoring on the matter.
N/E	Not currently effective within the Group: measures to be put in place.

Main human rights matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
<b>Information on human rights actions</b>		
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on respect for freedom of association and the right to collective bargaining.		X
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the elimination of discrimination in employment and occupations.		X

<sup>11</sup> Article R.225-102 of the French Commercial Code.

Main human rights matters:	Group Health, Safety and Environment Department	Senior management of subsidiaries or area management
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the elimination of forced or mandatory labour.	A	X
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the effective abolition of child labour.	A	X

❖ The below table shows, for each subject matter, the involvement of the Group's central Human Resources department in human rights matters<sup>12</sup>:

Key to below table:

- X Responsibility or joint responsibility for the matter (including auditing and oversight).  
N/A Not applicable.  
A Auditing, training and monitoring on the matter.  
N/E Not currently effective within the Group: measures to be put in place.

Main human rights matters:	Group Human Resources Department	Senior management of subsidiaries or regional management
<b>Information on human rights actions</b>		
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on respect for freedom of association and the right to collective bargaining.	A	X
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the elimination of discrimination in employment and occupations.	A	X
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the elimination of forced or mandatory labour.		X
Promotion and compliance with provisions of the International Labour Organisation's fundamental conventions on the effective abolition of child labour.		X

<sup>12</sup> Article R.225-102 of the French Commercial Code.

## 2 BUSINESS MODEL

The business model aims to answer three successive questions:

- ❖ What resources does EPC Groupe have and need?
- ❖ How does EPC Groupe create value through its business?
- ❖ What are the results of the business and the objectives of EPC Groupe?

We will see that there can only be one valid answer to the first and third questions, the second question requires that two types of value creation chain be distinguished for the two main business lines of EPC Groupe, civil explosives and deconstruction.

### 2.1 RESOURCES

#### 2.1.1 Human resources: employees and skills

##### *2.1.1.1 Employees*

There are various types of employees, such as FTEs (Full-Time Equivalents), active employees at the end of the period (31/12/2022) and the list of employees under contract at the end of the period (31/12/2022).

There is no standard definition of an employee type such as employees who are not under contract with subsidiaries (e.g., temporary staff) or employees who are under contract (but who may be part-time) in all the countries in which EPC Groupe operates. As a result, employees are not recorded in the same way in all EPC Groupe subsidiaries.

In addition, the number of employees differs greatly from one subsidiary to another and depends on their activity.

Finally, the principle employed to recognise the equity-method portion of subsidiaries in which EPC Groupe is not the majority shareholder and therefore does not have control of these subsidiaries, provides an additional element of complexity. Because, even though those minority subsidiaries do not fall within the scope of consolidation - and therefore do not strictly fall within the scope of this Non-Financial Performance Statement - certain policies and actions carried out by EPC Groupe cannot be adapted to the limits of the consolidation scope. Examples of this are Health and Safety audits, and various training and awareness programmes.

The figures for employees are presented in paragraph 4.2.

##### *2.1.1.2 Skills*

EPC Groupe operates in business lines that are often referred to as “niche”, mainly characterised by the very high level of regulatory constraints and the relatively low number of economic operators in these sectors.



These “niche” sectors in which EPC Groupe operates are:

- ❖ Explosives and others (as defined in this Non-Financial Performance Statement, the “additives” business and the “innovation” business are linked to the “explosives and others” business),
- ❖ Demolition;
- ❖ The circular economy.

The highly specialised skills required to conduct these activities are virtually unable to be found directly in the initial training offered in countries where EPC Groupe is located, regardless of education level.

EPC Groupe employees are therefore people who are trained by subsidiaries in their own business lines and whose experience, both prior to recruitment and throughout the period they work at EPC Groupe, is essential. Training efforts in the strict sense of the term do not reflect the entire process whereby EPC Groupe employees acquire such skills.

Figures on average age, average length of service and training received are presented in paragraph 4.2.

### 2.1.2 Techniques and know-how

EPC Groupe has accumulated a significant number of techniques and know-how over more than 125 years.

One of EPC Groupe’s recurring themes, since it was created, is to rely as little as possible on third-party technologies in its core business lines, particularly in its main sector, civil explosives.

This concern for technological and technical independence can be illustrated by three key elements:

- ❖ First, an innovation department which for a number of years, has taken the form of a dedicated subsidiary, Nitrates and Innovation;
- ❖ Second, the number of trademarks and components of protected trademarks as defined in intellectual property law: there are currently no fewer than 46 elements protected for classes<sup>13</sup> as diverse as classes 1 (chemicals), 2 (paint), 5 (pharmaceutical products), 6 (common metals and their packaging), 9 (scientific apparatus and instruments), 13 (pyrotechnic products), 16 (print products), 17 (rubber), 19 (non-metallic construction materials), 35 (advertising), 36 (insurance), 37 (construction), 38 (telecommunications), 39 (transport), 40 (asbestos removal), 42 (engineering services in the field of pyrotechnics), and for countries on almost every continent;

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<sup>13</sup> See Overview of the contents of the 11th edition of the International Classification of Goods and Services for the Purposes of the Registration of Marks, version 11-2021, available on the INPI website and of which, by convention, we quote the first element of the class in this Non-Financial Performance Statement.

- ❖ And, lastly, by means of internationally protected patents whose inventors are almost all EPC Groupe employees who are still part of the Group's workforce.

These trademarks, trademark elements and patents cover techniques, technologies, production methods and products.

### 2.1.3 Financial resources

Although the purpose of the Non-Financial Performance Statement - as its name clearly indicates - is not intended to address in detail the financial elements of EPC Groupe (for this we refer the reader to the other components of the Single Registration Document), it is obvious that financial resources are one of the significant resources on which EPC Groupe is able to rely on, in order to carry on its business.

EPC Groupe is therefore able to rely on:

- ❖ its shareholders, including its majority shareholder Argos Wityu SAS;
- ❖ turnover of €467.5 million, up 23.8% over 2021.

## 2.2 “EXPLOSIVES” BUSINESS MODEL AND VALUE CHAIN

EPC Groupe's business model for its explosives business can be summarised graphically as shown in paragraph 2.2.4 below.

The explosives business value chain can be described in three parts:

- ❖ Suppliers and logistics upstream of the explosives business
- ❖ Economic operations of the explosives business
- ❖ Customers of the explosives business

### 2.2.1 Suppliers and logistics upstream of the explosives business

The commodities of the explosives business are obviously modelled on the chemistry and physics of explosives.

Chemically speaking, an explosive requires the intimate and sustainable presence of oxygen and carbon atoms.

The main commodities purchased by EPC Groupe for the manufacture of explosives are therefore:

- ❖ Oxidisers, which provide oxygen atoms: in this case, mainly ammonium nitrate;
- ❖ Fuels, which provide carbon atoms; in this case, fuel and mineral oils;
- ❖ Binders; in this case, surfactants; and
- ❖ Certain ingredients, such as aluminium powder.

However, for many of the civil explosives manufactured by EPC Group, a physical dimension must also be included because it is necessary, for the range of explosives known as mixtures, to introduce porosities, i.e. gas microbubbles.

Therefore, the commodities purchased by EPC Groupe also contain elements used to create such porosities.

By far the primary commodity, in terms of volume, is nitrates and mostly ammonium nitrate.

Manufactured almost exclusively using natural gas, the price of ammonium nitrate is closely correlated to the volatility of hydrocarbon and energy prices, which explains the variations in the price of this commodity and its impact on the production prices of civil explosives manufactured by EPC Groupe.

Ammonium nitrate is no longer manufactured in France. It must therefore be imported from producing countries. This also explains the significant amount of upstream logistics in the value chain of EPC Groupe's explosives business.

Lastly, in order to prime a civil explosives column, it is necessary to use explosives known as primers and detonators which are hardly if ever manufactured by EPC Groupe. These so-called trading products are also imported by subsidiaries from producing countries when the country of in which said subsidiaries are established does not have any booster explosives manufacturers.

Lastly, some of the explosives manufactured are packaged. EPC Groupe therefore procures packaging products and transports these to its factories.

## 2.2.2 Economic operations of EPC Groupe's explosives business

### 2.2.2.1 *Manufacture of civil explosives*

Without going into detail as to how civil explosives are manufactured, we can recall three points on the processes used in EPC Groupe's subsidiaries:

#### ❖ Static plants

A large portion of civil explosives produced by subsidiaries manufacturing explosives are produced at static plants. Cartridge explosives and bulk explosives are produced at such plants. They also produce an intermediary commonly referred to as a "non-explosive matrix" which will then be used by MEMUs (see below).

#### ❖ EMPs

Specific to the technological know-how of EPC Groupe, EMPs (Euro-Modular Plants) are containerised manufacturing units (ISO-type shipping containers). These EMPs can be installed on appropriate land more quickly than a traditional "static" plant, and be authorised to produce almost all of EPC Groupe's explosives range.



*Photo of an EMP (source: EPC Groupe website)*

#### ❖ MEMUs

The Decree of 29 May 2009 on the carriage of dangerous goods by land (known as the “ADR decree”) is appended to the ADR (European Agreement concerning the International Carriage of Dangerous Goods by Road concluded on 30 September 1957, known as the ADR Regulation). Paragraph 1.2.1 ADR defines MEMUs as follows:

- *“Mobile Explosive Manufacturing Unit” (MEMU)\*, a unit, or a vehicle mounted with a unit, for manufacturing explosives from dangerous goods that are not explosives and loading them in blast holes. The unit consists of various tanks and bulk containers and equipment for the manufacture of explosives, as well as pumps and related equipment. The MEMU may have special compartments for packaged explosives.*
- Reference shall therefore be made herein to UMFe or MEMU since, as stated in the ADR: *“The acronym “MEMU” corresponds to the English term “Mobile Explosives Manufacturing Unit”.*

MEMUs are therefore “factory trucks” that manufacture explosives from a non-explosive intermediary called a “non-explosive matrix”. As explained above, the non-explosive matrix can be manufactured either in static plants or at EPC Groupe EMPs.



*Photo of a MEMU (source: EPC Belgium website)*

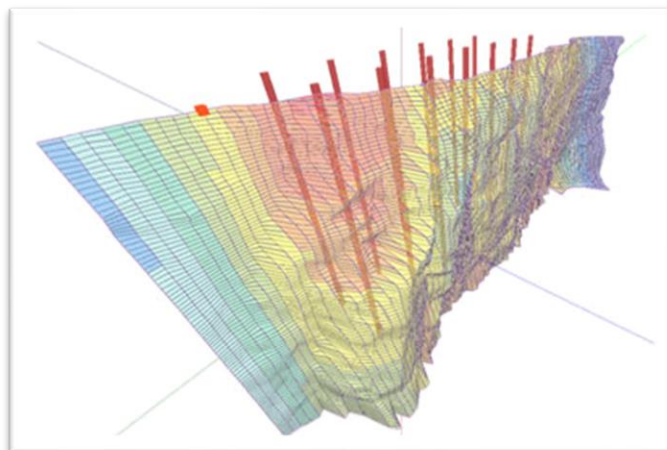
#### *2.2.2.2 Implementation of civil explosives*

In the vast majority of cases, civil explosives are used to break rock.

This takes place either in quarries, to extract aggregates of a size defined by the carrier, in an aerial or underground mine to extract ore, or, finally, for public works, also on the surface or underground (tunnel).

The operation therefore consists of successively carrying out the following operations:

- ❖ Producing a **design of the fire plan** (3D relief of the tunnel face, diameter, depth, angle and mesh of blast holes, determination of the explosive(s) to be used - including explosives and boosters);



*3D representation of a fire plan (source: EPC Groupe website)*



- ❖ **Drilling** of blast holes in accordance with the fire plan. This operation is, ultimately, very important, on the one hand, because highly useful information can be gathered during drilling (presence of cracks, hardness of drilled rock, presence of water, deviation of drilling, etc.), and, on the other hand, because the information gathered may require readjustment of the original fire plan;



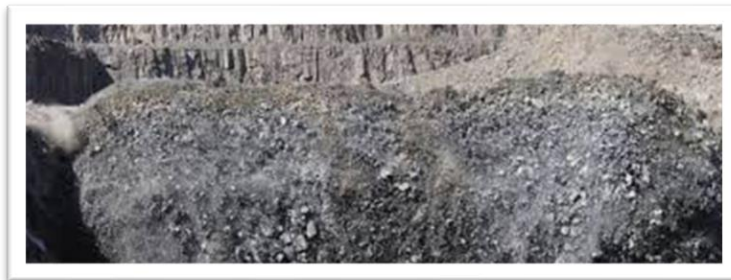
*Preparing for drilling and quarrying (source: EPC Groupe website)*

- ❖ **Blasting**; i.e. placing detonators and boosters, inserting the right amount of suitable explosives, not only for the geological conditions, but also for the desired effects (brisance and thrust) within the constraints imposed (vibrations, projection, cracking, underground ventilation, etc.) or sustained (static and dynamic pressure) in order to achieve the determined objectives (preservation of the fire front for subsequent shotfiring, positioning of the blast, calibre of the blasted rock, fine percentage, etc.),



*A quarry mining operation using a MEMU (source: EPC France website)*

- ❖ The last operation in this simplified civil explosive implementation sequence, **shotfiring**, is the tricky part for several reasons; firstly, because the immediate or deferred risk (missed shot) is largely linked to this final sequence, secondly, because the success of the shot depends on it, and finally because the shooter must assume significant legal liability.



*Shotfiring operation (source: EPC France website)*

Design, drilling and blasting can be provided to EPC Groupe customers as an independent service.

These constitute a fundamental link in the production chain of a site, mine or quarry. As we have seen, adapting this service to the specific conditions of an operation and its objectives requires a high capacity to mobilise resources and genuine technicality. In addition to offering a range of high-quality explosives, EPC Groupe provides its customers with its expertise and knowledge to adapt shotfiring parameters in order to continuously improve the blasting process.

Teams of experienced EPC Groupe engineers, technicians and operators work at over 20 specialised subsidiaries in Europe, North America, Africa and the Middle East, equipped with state-of-the-art tools and technologies, enabling them to intervene both in front-end profiling and in the control of environmental shotfiring issues, as well as in the design of fire plans, the loading of explosives and blasting services to the nearest cubic metre.

On-site safety is a major growth driver of EPC Groupe's drilling and blasting activities, the Group having developed multiple technologies which enable it to provide advanced and high value-added solutions to its network of customers in over 25 countries.

These technologies include the EXPERTIR 3D software, developed internally by miners for miners. In this software, EPC Groupe has compiled the expertise of its engineers and technicians. The software is able to integrate the 3D profiles of fronts, regardless of the type of technology used (lasers, digital photograms, drones). Once obtained, these geometrical data can be used to directly model the location, coordinates, tilt, azimuth and depth of blast holes.

The drilling parameters as well as the drilling report can also be imported into the EXPERTIR 3D software, thereby assisting in gathering a set of shot-related data in a single database that enables a loading plan and shotfiring sequence to be created.

EPC Groupe's drilling-blasting service also includes checking the exact position of each hole (GPS location system, inclinometer probe). Using EXPERTIR 3D, geometrical information and field data are collected and reconciled, providing engineers with all available information to produce a safe fire plan, guaranteeing optimum block size distribution and respect for the environment by controlling vibrations.

EXPERTIR 3D makes it possible to obtain a hole loading plan for high quality blasting. All fire plans are integrated into a comprehensive topographic model, enabling continuous monitoring of the blasting operation.

EPC Groupe also offers this service to those of its customers who carry out their own design, drilling, blasting and/or shotfiring operations.

### 2.2.3 Customers of EPC Groupe's explosive business

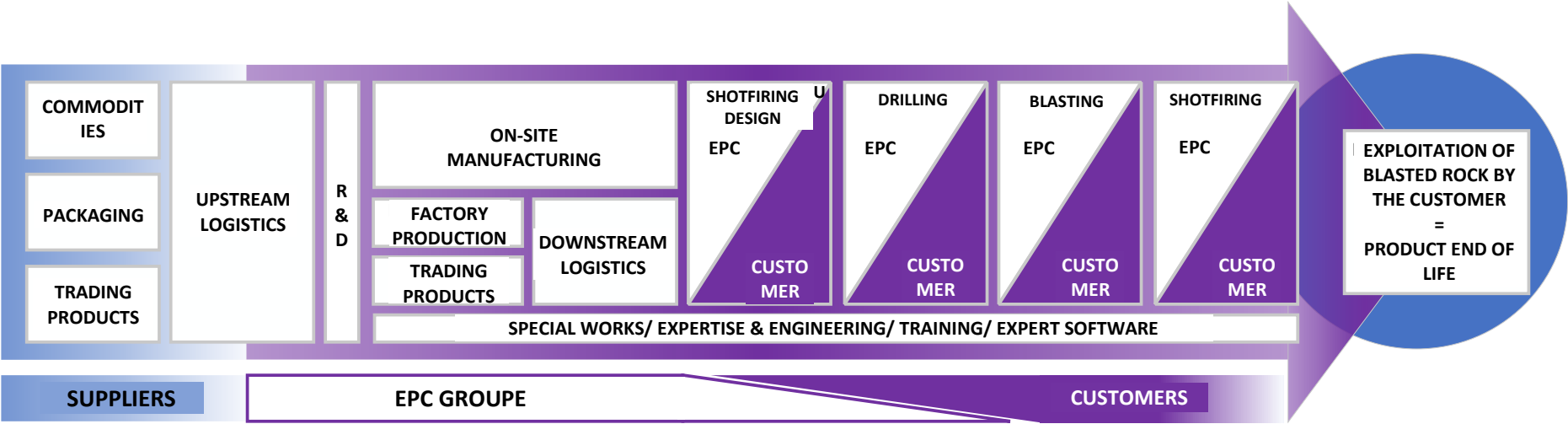
The customers of EPC Groupe's explosive business are quarrymen, mining companies and public works operators, as well as some of these end operators' subcontractors,

such as drillers and blasters and, less frequently, other operators in the manufacture of civil explosives.

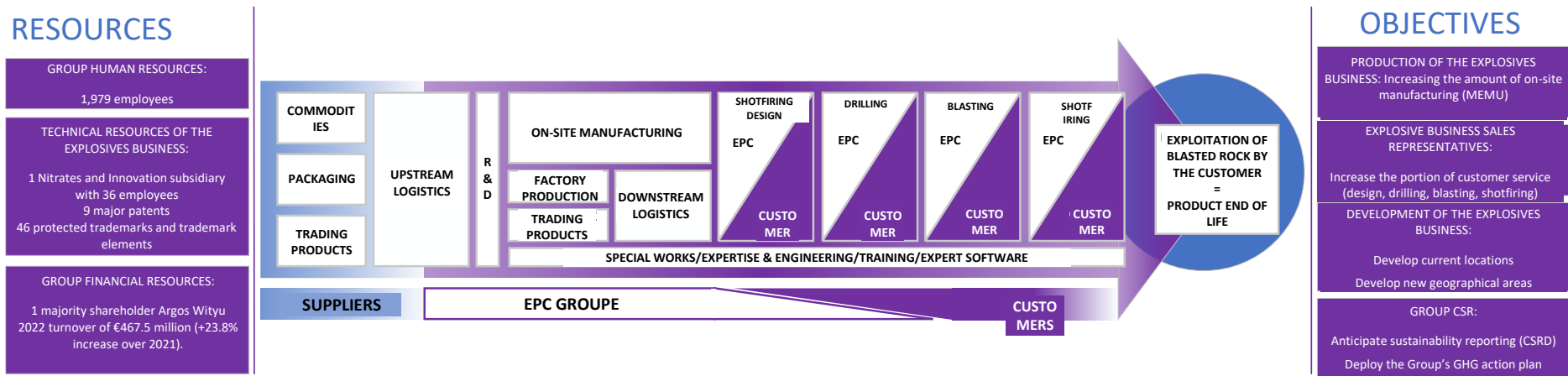
Finally, there is a not insignificant trading volume between EPC Groupe subsidiaries.



2.2.4 Summary and graphical representation of the value chain of EPC Groupe’s “explosives” business



2.2.5 Summary and graphical representation of the business model of EPC Groupe’s “explosives” business



## 2.3 “DECONSTRUCTION” BUSINESS MODEL AND VALUE CHAIN

Companies in the demolition division carry out two main types of activities:

- ❖ Demolition, deconstruction, asbestos removal and lead removal operations;
- ❖ Recycling operations and the creation of second-hand commodities strictly within the framework of what is referred to as the “circular economy”.

### 2.3.1 Demolition, deconstruction, asbestos removal, lead removal and recycling - the circular economy

EPC Groupe’s demolition division operates throughout France in all types of industrial, urban, commercial and engineering projects, both public and private.

#### 2.3.1.1 *ATD*

Located in the heart of the Seine Valley since 1945, ATD has invested in the industrial sector in operations which are always very specific. In this highly constrained context, ATD has developed excellent know-how, a strong ability to adapt and creativity.

Over the years, ATD has expanded its capabilities to cover all business applications, without exception: deconstruction, dismantling, asbestos and lead treatment, decontamination.

In the city, in industry, on sensitive or heritage sites and throughout the country, ATD takes advantage of its broad range of experience on all public and private projects.

#### 2.3.1.2 *Occamat*

For more than 30 years, Occamat has been developing and mastering techniques and expertise related to demolition, dismantling and deconstruction.

Historically located in the Angevin region, Occamat is spread out across the country, mainly in the Greater Paris region, the Grand Ouest region and the Greater Lyon region through its Rhône-Alpes branch. OCCAMAT is involved in all types of operation: private, public, urban, heavy or commercial industry, total or partial demolition, dismantling or restoration etc.

Its extensive experience in the management of highly technical and large-scale projects has enabled it to develop expertise in the management and steering of high-profile projects. Due to its history, the number and complexity of operations carried out and all its specific skills, Occamat's model is unique in the French landscape of demolition and deconstruction businesses.

#### *2.3.1.3 PRODEMO*

PRODEMO has been operating in demolition in the Greater Paris region for over 40 years.

PRODEMO specialises in hyper-urban projects of all sizes and provides its private and public clients with a local service, high-quality performance and respect for objectives.

In support of changes to its business line, PRODEMO has diversified into the following applications: Asbestos removal/ Lead removal/ Cleaning/ Re-use.

#### *2.3.1.4 Occamiente*

Occamiente is a long-standing player in the French decontamination, asbestos removal and lead removal markets.

Occamiente supports its customers in their decontamination projects on occupied and unoccupied sites, in industrial and urban areas, with restoration, maintenance and deconstruction work.

With experience in concurrent work, Occamiente operates throughout the country on all types of projects, environments and materials.

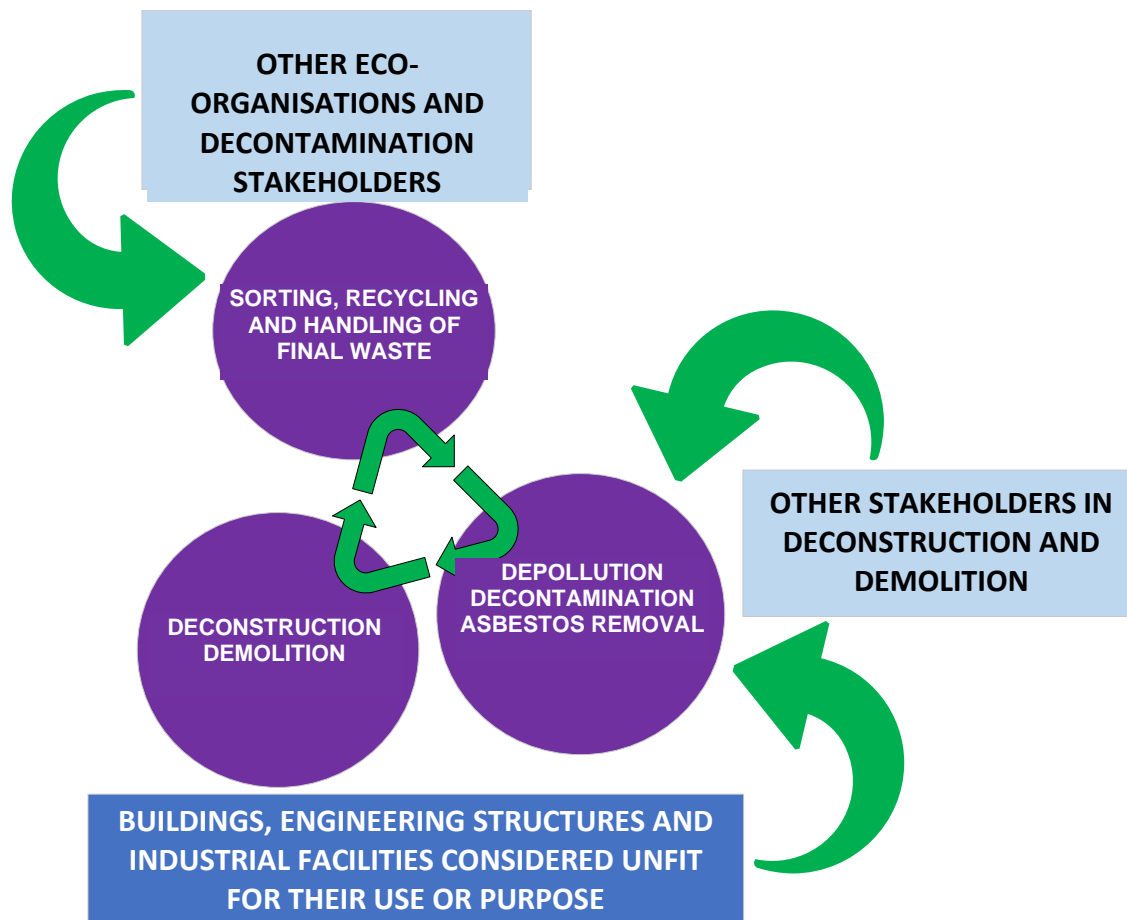
Based on risk analysis work, Occamiente is working on the deployment of pragmatic solutions adapted to its customers' constraints in compliance with regulations and traceability.

#### *2.3.1.5 2B Recyclage*

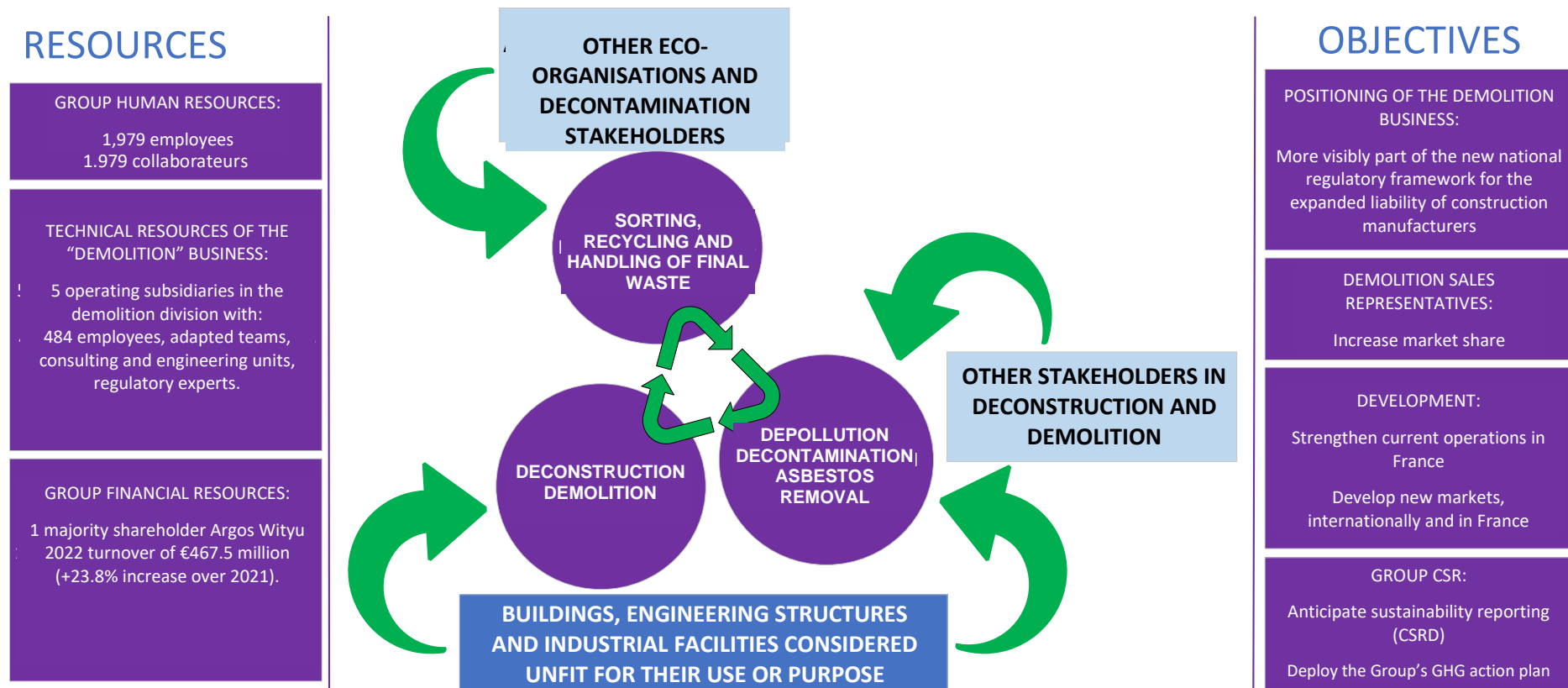
Since 2000, 2B Recyclage has supported construction and public works companies, manufacturers and local authorities in optimising and managing their waste.

The 4 independent and complementary business lines of 2B Recyclage are: mobile crushing, the management of polluted sites and soils, the management of construction and public works waste and the management of waste containing asbestos.

### 2.3.2 Summary and graphical representation of the value chain of EPC Groupe's "Demolition" business



### 2.3.3 Summary and graphical representation of the business model of EPC Groupe's "Demolition" business



## 3 RISKS AND CHALLENGES

In this section, we will discuss the described risk analysis, the stakeholder ecosystem and EPC Groupe's materiality matrix.

### 3.1 DOUBLE MATERIALITY RISK ANALYSIS

**N.B.:** the term commonly used to refer to the analysis of risks and opportunities recommended by the ESRS is, in common parlance "double materiality analysis". Here, we prefer the translation enshrined by the European Union in its French version of the CSRD of "double materiality".

#### 3.1.1 The methodology used

EPC Groupe's risk framework is common to the documents that make up the Single Registration Statement.

We therefore refer the reader to paragraph 3 of the SRS.

It should be noted that while in the SRS, risks are rated in terms of probability of occurrence, impact and criticality, in this Non-Financial Performance Statement we have modified the methodology for risk analysis by using the one proposed by the ESRS (see 1.2).

##### 3.1.1.1 Approach and reference frameworks used

*In its press release of 8 March 2023, the AMF states that "(...) with a view to the entry into force of the new European non-financial reporting framework and in particular the new reporting standards resulting from the CSRD, the AMF calls on listed companies to take account, as far as possible, of these new requirements in the preparation of their non-financial reporting and their climate strategy."*

This is why, although the ESRS (which are the new reporting standards resulting from the CSRD mentioned by the AMF) have not yet been finalised, the drafts issued in November 2022 make it possible to anticipate the structure of the sustainability report.

The ESRS 1 *General requirements* provides methodological guidance on the approach to be implemented, namely a double materiality analysis, to determine and justify which indicators should be disclosed in the undertaking's sustainability report.

Double materiality consists of the following two dimensions:

- impact materiality
- and financial materiality.

The objective of the double materiality analysis is to identify the main IROs (Impacts, Risks, Opportunities) from an ESG perspective to which the undertaking is exposed.

The following definitions are derived from the ESRS 1 *General requirements*, Appendix A:

- Impact materiality: “A sustainability matter is material from an impact perspective when it pertains to the undertaking’s material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term time horizons.” A material sustainability matter from an impact perspective includes impacts caused or contributed to by the undertaking and impacts which are directly linked to the undertaking’s operations, products, and services through its business relationships.
- Financial materiality: “A sustainability matter is material from a financial perspective if it triggers or may trigger material financial effects on the undertaking.”

Following this IRO<sup>14</sup> analysis, the indicators related to the matters considered to be the most “material” must be disclosed in the sustainability report.

Lastly, paragraph 32 of ESRS 1 *General requirements* states that certain indicators must be disclosed irrespective of the outcome of the conclusions of the double materiality analysis:

- All indicators presented in the body of ESRS 2 *General disclosures*,
- The indicators presented in Appendix C of ESRS 2 *General disclosures*, which are derived from EU legislation,
- All indicators presented in ESRS E1 *Climate Change*,
- All S1-1 to S1-9 indicators from ESRS S1 *Own workforce*, for undertakings with more than 250 employees, which is the case for EPC Groupe.

#### 3.1.1.2 Methodology adopted

In order to prepare for the adoption of the ESRS and to get to grips with the methodology presented, EPC Groupe has formalised a double materiality analysis within an established scope.

Thus, the CSR Department conducted this analysis:

- at the Group level,
- on the production/sale of explosives,
- over a 5-year time horizon,
- outside the value chain. In order to integrate the value chain into the analysis in a reliable manner, it would be preferable for the undertakings upstream and downstream of the value chain to have already carried out this exercise and published their conclusions.

The exercise was based on a matrix of 117 sub-topics, mainly derived from the classification presented in paragraph AR 12 of ESRS 1 *General Requirements*, supplemented where necessary for certain topics.

Opportunities that may be associated with risks were identified and rated on their financial dimension only. A future exercise may enable impact opportunities to be taken into account.

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<sup>14</sup> IRO: Impacts, Risks and Opportunities.



Some sub-topics were not adopted after being assessed, for the following reasons:

- Combined with other sub-topics that were very similar taking into account the activity and core business of EPC Groupe;
- Relating to the value chain and therefore, by hypothesis, excluded from the established scope of analysis. This is the case for the sub-topics associated with ESRS S2 *Workers in the value chain*,
- Assessed as non-material taking into account the core business of EPC Groupe, such as the sub-topics associated with ESRS S4 *Consumers and end-users*, which applies to retail customers.

The study of the 117 sub-topics identified 54 impacts/risks and 25 financial opportunities, which were assessed on a scale of 1 to 4 for the following dimensions:

- Scale of impact materiality of IR<sup>15</sup> and probability of occurrence,
- Scale of financial materiality of IR and probability of occurrence,
- Scale of financial opportunity identified and probability of occurrence.

The scale and probability are multiplied to assign to each impact, risk and opportunity (IRO), if applicable, a rating of impact materiality, financial materiality and financial opportunity.

It should be noted that, in accordance with paragraph 48 of ESRS 1 *General requirements*, “*In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood*”.

Thus, some human rights impacts/risks, as is the case for most of those related to ESRS topic S3: *Affected Communities*, have the highest impact materiality scale.

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<sup>15</sup> IR: Impacts and Risks

### 3.1.1.3 Distribution of IROs (Impacts, Risks, Opportunities) taken into account:

#### IMPACTS AND RISKS (IR)

Number of sub-topics taken into account:	117
Of which: Combined	22
Not applicable	23
Value chain	18
Number of impacts and risks assessed	54
Of which: Financial materiality only	18
Impact materiality only	7
Impact and financial materiality	29

#### OPPORTUNITY (O)

Number of opportunities identified	26
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### 3.2 LIST OF SUB-TOPICS IDENTIFIED AS IMPACTS, RISKS AND/OR OPPORTUNITIES (IRO):

Topic	Number	Sub-topic	Financial materiality	Impact materiality	Financial opportunity
Climate change	E1.1	Temperature-related natural phenomena (temperature change, heat stress, temperature variability, permafrost thawing)	✓	✓	✓
	E1.2	Wind-related natural phenomena (wind changes, cyclones, hurricanes, typhoons, storms, tornadoes)	✓	✓	✓
	E1.3	Water-related natural phenomena (drought, heavy rainfall, flooding, glacial lake overflow)	✓	✓	✓
	E1.4	Natural phenomena related to solid mass (coastal erosion, soil degradation, soil erosion, solifluction, avalanche, landslide, subsidence)	✓	✓	✓
	E1.5	Policy and legal - Increased pricing of GHG emissions	✓		✓
	E1.6	Policy and legal - Enhanced emissions-reporting obligations	✓		✓
	E1.7	Policy and legal - Change in mandates on and regulation of existing products and services	✓		
	E1.8	Policy and legal - Change in mandates on and regulation of existing production processes	✓		
	E1.9	Policy and legal - Litigation exposure	✓		✓
	E1.10	Technology - Replacement of existing products and services with low emission options		✓	✓
	E1.11	Technology - Unsuccessful investment in new technologies	✓	✓	
	E1.12	Technology - Costs of transition to lower emissions technology	✓		✓
	E1.13	Market - Changing customer behaviour	✓		✓
	E1.14	Market - Uncertainty of market signals	✓		✓
	E1.15	Market - Increase in the cost of raw materials	✓		✓
	E1.16	Energy - Increase in energy costs	✓		✓
	E1.17	Energy - Reduction in available energy supply	✓		✓
Pollution	E2.1	Policy and Legal - Changes in regulations	✓		✓

Topic	Number	Sub-topic	Financial materiality	Impact materiality	Financial opportunity
	E2.2	Policy and Legal - Increased exposure to litigation	✓		
	E2.3	Market - Change in customer behaviour/increase in the level of expectations on the topic	✓		
	E2.4	Air pollution	✓	✓	
	E2.5	Water pollution	✓	✓	
	E2.6	Soil pollution	✓	✓	
Water and marine resources	E3.1	Policy and Legal - Changes in regulations	✓		
	E3.2	Water consumption	✓	✓	✓
Biodiversity and ecosystems	E4.1	Impacts on species status		✓	
	E4.2	Land degradation	✓	✓	
Resource use and circular economy	E5.1	Resource inputs, including resource use	✓		
	E5.2	Resource outputs related to products and services	✓		
	E5.3	Waste	✓		
Own workforce	S1.1	Job security	✓	✓	
	S1.2	Working hours	✓	✓	
	S1.3	Adequate wages	✓	✓	
	S1.4	Social dialogue		✓	✓
	S1.5	Freedom of association, existence of works councils and workers' information, consultation and participation rights		✓	✓
	S1.6	Collective bargaining, including the proportion of workers covered by collective agreements		✓	
	S1.7	Work-life balance		✓	✓
	S1.8	Health and safety	✓	✓	
	S1.9	Gender equality and equal pay for work of equal value	✓	✓	
	S1.10	Training and skills development	✓	✓	✓
	S1.11	Employment and inclusion of people with disabilities	✓	✓	

Topic	Number	Sub-topic	Financial materiality	Impact materiality	Financial opportunity
	S1.12	Measures against violence and harassment at work	✓	✓	
	S1.13	Diversity	✓	✓	
	S1.14	Child labour	✓	✓	
	S1.15	Forced labour	✓	✓	
	S1.16	Adequate housing	✓	✓	
Affected communities	S3.1	Adequate housing	✓	✓	✓
	S3.2	Freedom of expression	✓	✓	
	S3.3	Free, prior and informed consent	✓	✓	
Business conduct	G1.1	Corporate culture	✓	✓	✓
	G1.2	Whistleblower protection	✓	✓	✓
	G1.3	Political engagement and lobbying activities		✓	✓
	G1.4	Supplier relationship management, including payment practices	✓	✓	✓
	G1.5	Prevention and detection, including training	✓	✓	✓

### 3.2.1 Tools developed

An initial internal EPC Groupe tool has been developed to formalise this Impacts, Risks and Opportunities (IRO) analysis.

This tool is mainly based on three Microsoft® Office® software packages: Excel®, Access® and Power BI®.

This tool used for this first approach is expected to be improved with a view, in particular, to be shared within the Group.

It should be noted that the use of Power BI® makes it possible to monitor the progress of the IROs assessment in real time and to generate the visual representation of the double materiality matrix presented in 3.3.1 of this document.

## 3.3 RESULTS OF THE DOUBLE MATERIALITY ANALYSIS

### 3.3.1 Graphical output: methodological note

Each bubble, representing a risk family topic borrowed from the ESRS, has been positioned on the graph according to the average of the materiality and financial impact ratings of the assessed impacts/risks (top right of the graph) and the financial opportunities identified (bottom left of the graph).

Each topic may therefore appear twice on the graph since the impact/risk ratings are distinguished from the opportunity ratings.

As a reminder, as stated in the presentation of the methodology adopted, two of the ten topics of the ESRS were discarded and are therefore absent from the graph: ESRS S2 *Workers in the value chain* and ESRS S4 *Consumers and end-users*,

This is because it concerns topics whose financial materiality and impact materiality have been assessed as high:

- Own workforce,
- Affected Communities,
- Business conduct.

On the other hand, the main financial opportunities identified concern the following topics:

- Affected Communities,
- Business conduct,
- Climate change.

Thus, some topics are common between the impact/risk and opportunity analyses. When both lists are combined, the following four topics stand out:

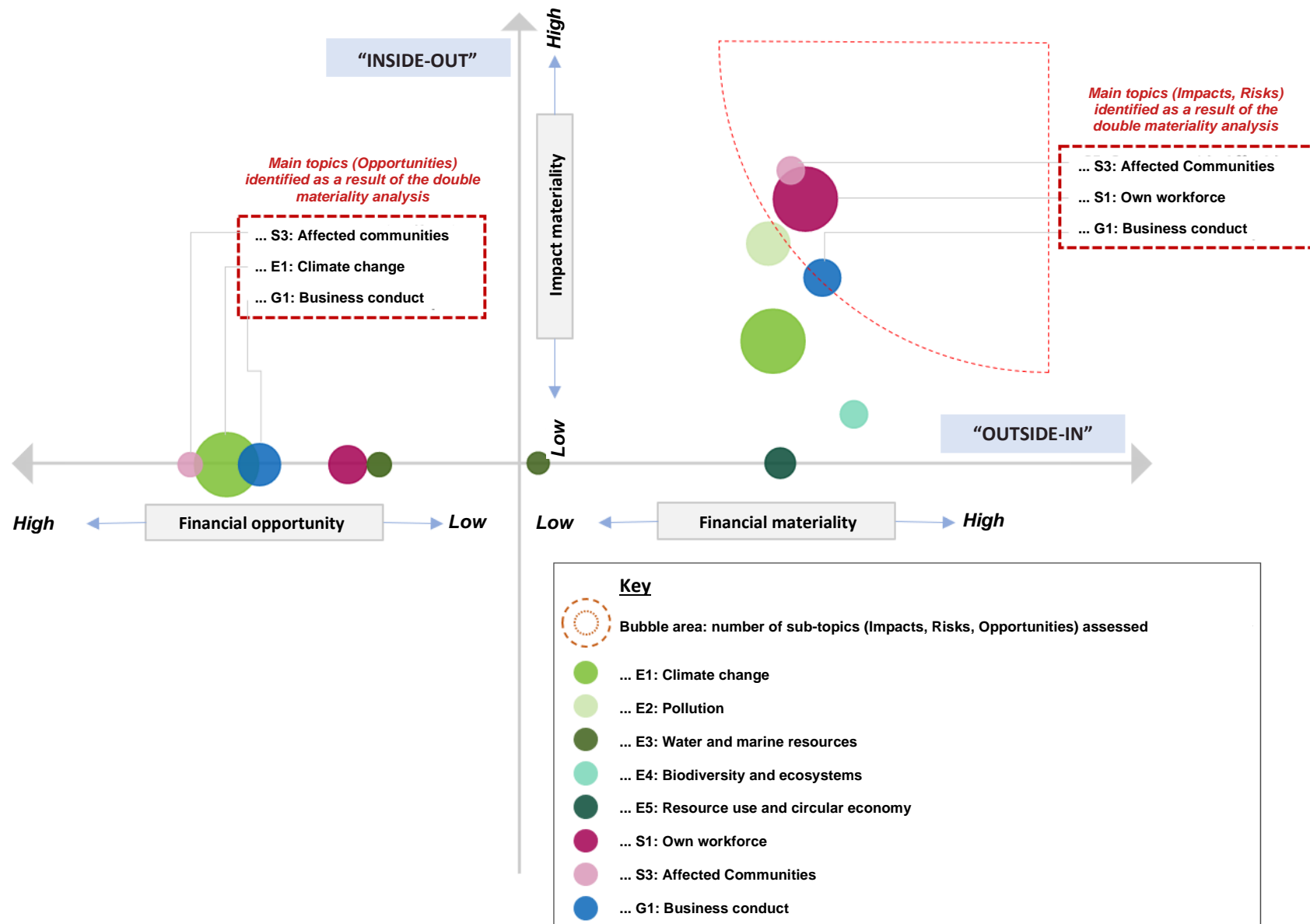
- Climate change,
- Own workforce,
- Affected Communities,
- Business conduct.

### 3.3.2 Graphical output: graphic representation of the results

As a reminder, this exercise was carried out within the following scope:

- EPC Groupe, on the production and sale of explosives,
- Financial materiality and impact materiality assessed over a 5-year time horizon on the 54 impacts/risks selected out of the 117 formalised in the established matrix,
- Value chain not taken into account at this stage,
- Identification of financial opportunities but no impact.

As the draft ESRS have not been finalised, the methodology adopted and the approach adopted are likely to change.





## 3.4 OBJECTIVES OF THE ESRS: METHODOLOGICAL NOTE

In order to facilitate the understanding of the identified topics and the content of the associated draft standards, the descriptions of the objectives of each draft ESRS are set out below.

### 3.4.1 ESRS E1: Climate change

The objective of this draft Standard is to specify Disclosure Requirements which will enable users of sustainability statements to understand:

- how the undertaking affects climate change, in terms of material positive and negative actual and potential impacts;
- the undertaking's past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and limiting global warming to 1.5 °C;
- the plans and capacity of the undertaking to adapt its strategy business model(s) and in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5 °C;
- any other actions taken by the undertaking, and the result of such actions to prevent, mitigate or remediate actual or potential negative impacts;
- the nature, type and extent of the undertaking's material risks and opportunities arising from the undertaking's impacts and dependencies on climate change, and how the undertaking manages them; and
- the financial effects on the undertaking over the short-, medium- and long-term time horizons of risks and opportunities arising from the undertaking's impacts and dependencies on climate change.

### 3.4.2 ESRS S1: Own workforce

The objective of this draft Standard is to specify disclosure requirements which will enable users of the sustainability statements to understand the undertaking's material impacts on its workforce, as well as related material risks and opportunities, including:

- how the undertaking affects its own workforce, in terms of material positive and negative actual or potential impacts;
- any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts;
- the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on its own workforce, and how the undertaking manages them; and
- the financial effects on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities arising from the undertaking's impacts and dependencies on its own workforce.

### 3.4.3 ESRS S3: Affected Communities

The objective of this draft Standard is to specify disclosure requirements which will enable users of the sustainability statements to understand material impacts on affected communities caused or contributed to by the undertaking, as well as, material impacts which are directly linked to the undertaking's own operations, products or services through its business relationships and its related material risks and opportunities, including:

- how the undertaking affects communities, in areas where risks are most likely to be present and severe, in terms of material positive and negative actual or potential impacts;
- any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts;
- the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on affected communities, and how the undertaking manages them; and
- the financial effects on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities arising from the undertaking's impacts and dependencies on affected communities.

### 3.4.4 ESRS G1: Business conduct

The objective of this draft Standard is to specify disclosure requirements which will enable users of the undertaking's sustainability statements to understand the undertaking's strategy and approach, processes and procedures as well as its performance in respect of business conduct.

## 3.5 MAIN IMPACTS, RISKS AND OPPORTUNITIES RELATED TO THE IDENTIFIED TOPICS

### 3.5.1 Table of the main impact and financial risks identified:

The table below presents the main impacts and risks related to the topics identified as a result of the double materiality analysis. The pale yellow boxes correspond to impacts/risks that are also considered in the list of main financial opportunities.

Number	Topic	Main impacts and risks identified in the double materiality analysis
E1.5	Climate change - Policy and legal	Increased pricing of GHG emissions
E1.6	Climate change - Policy and legal	Enhanced emissions-reporting obligations
E1.7	Climate change - Policy and legal	Change in mandates on and regulation of existing products and services
E1.12	Climate change - Technology	Costs of transition to lower emissions technology
E1.13	Climate change - Market	Changing customer behaviour
E1.15	Climate change - Market	Increased cost of raw materials
S1.2	Own workforce - Working conditions	Insufficient, too partial or excessive working hours
S1.8	Own workforce - Working conditions	Health and safety shortcomings
S1.9	Own workforce - Equal treatment and opportunities for all	Gender discrimination and unequal pay for work of equal value
S1.14	Own workforce - Other labour rights	Child labour
S1.15	Own workforce - Other labour rights	Forced labour
S3.2	Affected communities - Civil and political rights of communities	Failure to respect the freedom of expression of affected communities
S3.3	Affected communities - Specific rights of indigenous communities	Absence or lack of free, prior and informed consent
G1.4	Business conduct - Supplier relationship management including payment practices	Mismanagement of relationships with suppliers
G1.5	Business conduct - Corruption	Lack of prevention and detection, including training

### 3.5.2 Table of main financial opportunities identified:

The table below shows the main opportunities related to the topics identified as a result of the double materiality analysis. The pale yellow boxes correspond to opportunities that are also considered in the list of main impacts and risks.

Number	Topic	Main financial opportunities identified in the double materiality analysis
E1.5	Climate change - Policy and legal	Increased pricing of GHG emissions
E1.6	Climate change - Policy and legal	Enhanced emissions-reporting obligations
E1.12	Climate change - Technology	Costs of transition to lower emissions technology
E1.13	Climate change - Market	Changing customer behaviour
E1.15	Climate change - Market	Increased cost of raw materials
S3.1	Affected Communities	Adequate housing
G1.3	Business conduct	Political engagement and lobbying activities
G1.4	Business conduct	Supplier relationship management, including payment practices

### 3.6 INDICATORS, DUE DILIGENCE, POLICIES AND LEVEL OF RISK CONTROL/MANAGEMENT:

The table below presents the main impacts and risks related to the topics identified as a result of the double materiality analysis.

TOPIC	DESCRIPTION OF THE MAIN QUALITATIVE AND QUANTITATIVE INDICATORS	MAIN INDICATORS OF THIS NON-FINANCIAL PERFORMANCE STATEMENT 2022	ASSOCIATED GROUP POLICIES	ASSOCIATED DUE DILIGENCE	LEVEL OF CONTROL: RISK MANAGEMENT
General information	<ul style="list-style-type: none"> <li>- General basis for the preparation of sustainability statements</li> <li>- Role of the administrative, management and supervisory bodies</li> <li>- Market position, strategy, business model(s) and value chain</li> <li>- Information provided to the administrative, management and supervisory bodies of the company and handling sustainability issues</li> <li>- Risk management and internal sustainability controls</li> <li>- Description of processes for identifying and assessing material impacts, risks and opportunities</li> <li>- Monitoring the effectiveness of policies and actions through targets</li> </ul>	<ul style="list-style-type: none"> <li>- Qualitative elements of introductory remarks (Group values, CSR governance within the Group)</li> <li>- Business models and value chain description of the “explosives” and “deconstruction” activities</li> <li>- Double materiality analysis within a defined scope</li> </ul>	<p>Not applicable:</p> <p>General information to be provided</p>		

TOPIC	DESCRIPTION OF THE MAIN QUALITATIVE AND QUANTITATIVE INDICATORS	MAIN INDICATORS OF THIS NON-FINANCIAL PERFORMANCE STATEMENT 2022	ASSOCIATED GROUP POLICIES	ASSOCIATED DUE DILIGENCE	LEVEL OF CONTROL: RISK MANAGEMENT
Climate change	<ul style="list-style-type: none"> <li>- Climate change mitigation transition plan</li> <li>- Actions and resources related to climate change policies</li> <li>- Consumption (energy mix, renewable and non-renewable sources, etc.)</li> <li>- GHG emissions (scopes 1, 2 and 3), GHG mitigation projects, internal carbon pricing</li> <li>- Potential financial effects of material physical and transition risks and potential climate-related opportunities</li> </ul>	<ul style="list-style-type: none"> <li>- GHG emissions (scopes 1, 2 and 3) and details of the methodology adopted</li> <li>- Analysis of climate change risks as part of the double materiality analysis</li> </ul>	<p>Code of good business practice:</p> <ul style="list-style-type: none"> <li>- 2 - Respecting the environment</li> </ul>	<ul style="list-style-type: none"> <li>- Diversification of geographical locations reducing potential physical risks</li> <li>- Group insurance programme</li> <li>- Mechanisms for passing on price increases if raw material prices rise</li> <li>- Calculation of the "social" carbon footprint of each subsidiary for the first time and consolidation at Group level (scopes 1, 2 and 3 upstream and downstream)</li> <li>- Raising the awareness of teams when collecting data to calculate the carbon footprint</li> <li>- Implementation of a Group-wide action plan</li> <li>- Various initiatives of the subsidiaries</li> </ul>	+++

TOPIC	DESCRIPTION OF THE MAIN QUALITATIVE AND QUANTITATIVE INDICATORS	MAIN INDICATORS OF THIS NON-FINANCIAL PERFORMANCE STATEMENT 2022	ASSOCIATED GROUP POLICIES	ASSOCIATED DUE DILIGENCE	LEVEL OF CONTROL: RISK MANAGEMENT
Own workforce	<ul style="list-style-type: none"> <li>- Own workforce policies</li> <li>- Processes for engagement with own workers and worker representatives on impacts and remediation</li> <li>- Characteristics of company employees (turnover, number, gender breakdown, type of contract, etc.) as well as self-employed workers in the company's own workforce</li> <li>- Social protection, collective bargaining coverage and social dialogue</li> <li>- Diversity indicators, on wages, people with disabilities, training and skills development, etc.</li> <li>- Health and safety indicators</li> <li>- Human rights incidents, complaints and impacts and serious incidents</li> </ul>	<ul style="list-style-type: none"> <li>- HR 1.1 - Number of employees</li> <li>- HR 1.2 - Age pyramid</li> <li>- HR 1.3 - Average salary in euros</li> <li>- HR 1.4 - Average seniority and turnover</li> <li>- HR 2.1 - Percentage of subsidiaries with social agreements</li> <li>- HR 2.2 - Percentage of subsidiaries with equality measures</li> <li>- HR 2.3 - Percentage of subsidiaries with disability measures</li> <li>- CSR 1.2 - Subsidiaries with a health and safety management system</li> <li>- CSR 1.3 - Subsidiaries with a quality management system</li> <li>- CSR 1.4 - Subsidiaries with health and safety certification</li> <li>- CSR 3.1 - Subsidiaries with a protection and alarm system</li> <li>- CSR 3.2 - Subsidiaries that provide PPE to their employees</li> <li>- CSR 3.3 - Subsidiaries with safety meetings</li> <li>- CSR 3.4 - Subsidiaries with a right of withdrawal for their employees</li> <li>- CSR 4.1 - Subsidiaries that provide safety training to self-employed workers</li> <li>- HSE.1 - Monitoring of absenteeism rate</li> <li>- HSE.2 - Workplace accident frequency index</li> <li>- HSE.3 - Workplace accident severity index</li> <li>- HSE.4 - Number of HIPOs</li> </ul>	<p>Code of good business practice:</p> <ul style="list-style-type: none"> <li>- 1.1 - Prohibition of child labour</li> <li>- 1.2 - Prohibition of forced labour</li> <li>- 1.3 - Health and safety</li> <li>- 1.4 - Equal opportunities</li> <li>- 1.5 - Prohibition of discrimination and harassment</li> <li>- 1.6 - Freedom of association, right to collective bargaining</li> <li>- 1.7 - Protection of personal data</li> </ul>	<ul style="list-style-type: none"> <li>- Checks during the recruitment process of own workforce (fair salary offered, age, etc.)</li> <li>- Annual appraisals and development of training plans</li> <li>- Checks by local authorities on compliance with social legislation</li> <li>- Health and safety reporting (monthly) including indicators communicated to teams</li> <li>- Prevention and team awareness</li> <li>- Safety audits</li> <li>- Group insurance programme</li> <li>- Environmental reporting to detect and anticipate incidents</li> </ul>	++

TOPIC	DESCRIPTION OF THE MAIN QUALITATIVE AND QUANTITATIVE INDICATORS	MAIN INDICATORS OF THIS NON-FINANCIAL PERFORMANCE STATEMENT 2022	ASSOCIATED GROUP POLICIES	ASSOCIATED DUE DILIGENCE	LEVEL OF CONTROL: RISK MANAGEMENT
Affected Communities	<ul style="list-style-type: none"> <li>- Policies relating to affected communities</li> <li>- Processes for engaging with affected communities on impacts and remediation</li> <li>- Measures regarding material impacts on affected communities, as well as approaches to mitigating material risks and addressing significant opportunities related to affected communities, and the effectiveness of these measures</li> </ul>	<ul style="list-style-type: none"> <li>- HR 2.4 - Subsidiaries with societal initiatives</li> </ul>	<p>Code of good business practice:</p> <ul style="list-style-type: none"> <li>- 2 - Respecting the environment</li> </ul>	<ul style="list-style-type: none"> <li>- Numerous societal initiatives managed by subsidiaries</li> <li>- Consideration of the needs of affected communities: sponsorship/patronage and donations to local associations</li> <li>- Open access to complaints/claims for all</li> </ul>	<p><b>+(+)</b></p> <p><i>NB: many initiatives not covered by a centralised reporting system to date</i></p>



TOPIC	DESCRIPTION OF THE MAIN QUALITATIVE AND QUANTITATIVE INDICATORS	MAIN INDICATORS OF THIS NON-FINANCIAL PERFORMANCE STATEMENT 2022	ASSOCIATED GROUP POLICIES	ASSOCIATED DUE DILIGENCE	LEVEL OF CONTROL: RISK MANAGEMENT
Business conduct	<ul style="list-style-type: none"> <li>- Corporate culture and business conduct policies,</li> <li>- Management of relationships with suppliers,</li> <li>- Prevention and detection of corruption or bribery, Confirmed incidents,</li> <li>- Political influence and lobbying activities,</li> <li>- Payment practices.</li> </ul>	<ul style="list-style-type: none"> <li>- GOV.1 - Percentage of subsidiaries with bylaws</li> <li>- GOV.3 - Percentage of subsidiaries that have distributed the anti-corruption procedure to their employees</li> <li>- GOV.4 - Percentage of subsidiaries with access to an employee whistleblowing system</li> <li>- CSR 2.3 - Subsidiaries with quality certification</li> <li>- CSR 2.4 - Subsidiaries that are members of national trade associations</li> </ul>	<ul style="list-style-type: none"> <li>- Employee whistleblowing system</li> <li>- Gifts and hospitality policy</li> <li>- Anti-corruption code</li> <li>- Ethics Committee Charter</li> </ul>	<ul style="list-style-type: none"> <li>- Seminars (purchasing, finance, Group convention, zone convention) for the dissemination of the corporate culture</li> <li>- Signing of conflict of interest declarations by exposed staff</li> <li>- Reminders of the policies in place during internal audit assignments</li> <li>- Process for checking and validating expense reports and invoices</li> <li>- Monitoring of payment deadlines by subsidiaries (supplier ageing balance) and the Group (centralised reporting)</li> <li>- Quality management systems in some subsidiaries</li> <li>- Purchasing and KPI reports</li> </ul>	+

### 3.7 COMMON RISK FRAMEWORK

This common risk framework lists all the risks dealt with in the management report and in this Non-Financial Performance Statement, for which the last two columns refer to the aforementioned documents.

It should be noted that the methodologies are, by nature and in fact, distinct:

- the methodology used to assess the “financial” risks dealt with in the management report is one that has been used by the Group for several years and which seeks to maintain a “consistent method”,
- the methodology used to assess the “non-financial” and “sustainability” risks is the methodology proposed by the aforementioned ESRS.

Topic	Main risks identified	Management Report Reference	NFPS Reference
Company's activity and strategy	Dependence of the Group on certain suppliers	SRS § 3.1.1	G1.4
	Joint ventures entered into by the Group and joint venture situations	SRS § 31.2	S1.8
Operations	Occurrence of industrial accidents	SRS § 3.2.1	E5.1
	Availability of certain raw materials	SRS § 3.2.2	
	IT failure	SRS § 3.2.3	
Finance	Fluctuation in raw material prices	SRS § 3.3.1	E1.15
	Liquidity	SRS § 3.3.2	
Market and company environment	Occurrence of a pandemic	SRS § 3.4.1	
	Structural changes in consumption patterns	SRS § 3.4.2	E1.13
	Policies	SRS § 3.4.3	
Own workforce	Insufficient, too partial or excessive working hours		S1.2
	Gender discrimination and unequal pay for work of equal value		S1.9
	Child labour		S1.14
	Forced labour		S1.15
Affected communities	Failure to respect the freedom of expression of affected communities		S3.2
	Absence or lack of free, prior and informed consent		S3.3
Business conduct - Corruption	Lack of prevention and detection, including training		G1.4
	Incidents		G1.5

### 3.8 METHODOLOGICAL ELEMENTS OF THE NEXT STAGES

As stated in the introduction to the double materiality analysis, the draft ESRS are not yet available in their final form. It is likely that these standards will continue to evolve before their adoption in mid-2023, so it is possible that some clarifications and changes will be made. These changes should be integrated over the next few financial years.

In order to continue to increase competence in the methodology, the following avenues are gradually being considered in the coming years:

- Conducting a double materiality analysis within the scope of deconstruction - circular economy,
- Varying the time horizon taken into account in order to assess the main risks over a 20-year time horizon, for example,
- Training and supporting one area of the Group to carry out the analysis,
- Developing some of the indicators presented in the ESRS, which will be applicable to EPC Groupe based on the results of this first materiality analysis.

The difficulty in integrating the value chain in the analysis is explicitly mentioned in paragraph 133 of the ESRS 1 *General requirements*, which provides for an additional period of three years from the expected implementation date. Thus, it will have to be included from FY 2027 onwards.

However, it will be necessary from FY 2024 onwards to specify the efforts made to obtain the necessary information by questioning the value chain (contacting customers and suppliers, meetings organised, analysis and retrieval of data from sustainability reports, etc.).

Once the main players in EPC Groupe's value chain have formalised and published a double materiality analysis, their risks may be integrated into the Group's double materiality analysis.

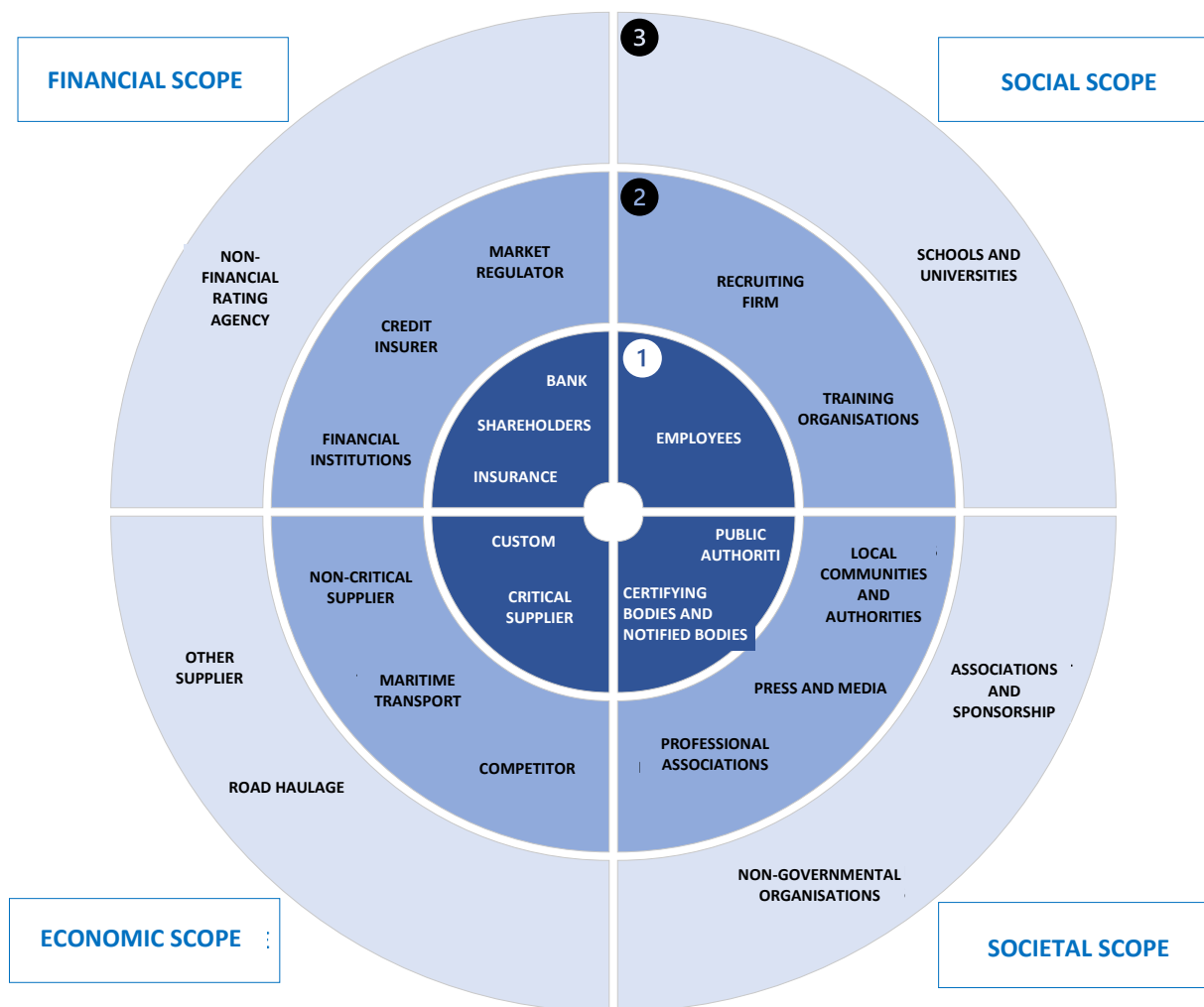
### 3.9 DESCRIPTION OF THE ECOSYSTEM: STAKEHOLDERS

The below diagram shows EPC Groupe's ecosystem.

Distinguishing the 4 main scopes of the most significant stakeholders with which EPC Groupe interacts, the scheme consists of three concentric levels, respectively referred to as "1", "2" and "3".

These three levels correspond to:

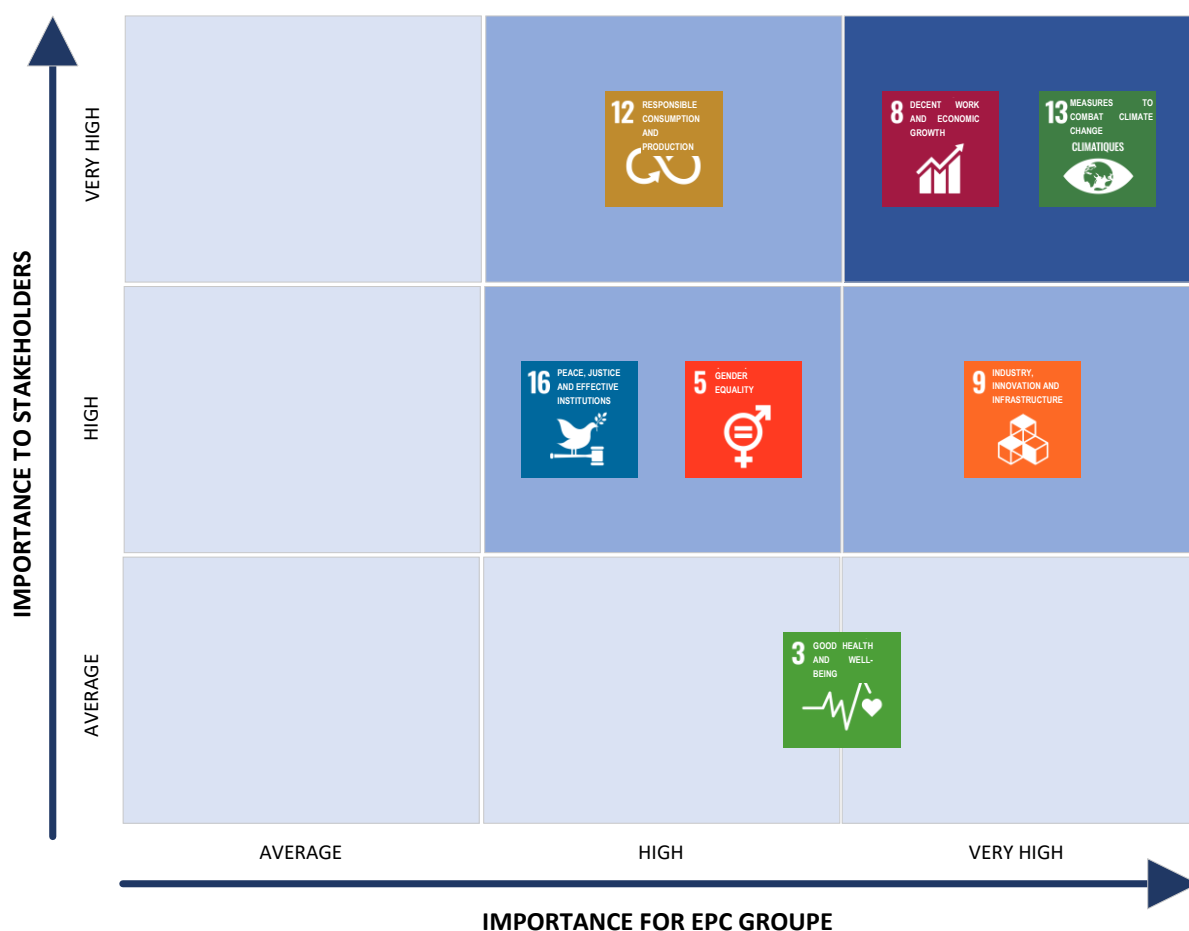
- ❖ Level 1 (the most central): the stakeholders vital to EPC Groupe's business;
- ❖ Level 2 (in the middle): stakeholders that have a major impact on EPC Groupe's core projects; and
- ❖ Level 3 (the most peripheral): stakeholders that have a significant impact on EPC Groupe's projects.



### 3.10 MATERIALITY GRID

In this 2022 Non-Financial Performance Statement, in view of its knowledge of its stakeholders and the close relations the Group maintains with them, EPC Groupe has drawn up a simplified materiality matrix based on SDGs combining impact types, as identified in the risk mapping process.

This exercise enables EPC Groupe to improve its understanding of action priorities using a twofold approach based on its own objectives and the expectations of stakeholders with which it interacts.



### 3.11 OBJECTIVES OF THE EUROPEAN GREEN TAXONOMY

The European Green Taxonomy primarily refers to European Regulation 2020/852 of 18 June 2020 *on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088*, Article 9 of which sets out six environmental objectives:

- ❖ Climate change mitigation;
- ❖ Climate change adaptation;
- ❖ The sustainable use and protection of water and marine resources;
- ❖ The transition to a circular economy;
- ❖ Pollution prevention and control;
- ❖ The protection and restoration of biodiversity and ecosystems.

Neither the delegated acts published on or after 4 June 2021 by the committee, nor the work of the Technical Experts Group appointed by the committee, make it possible at this stage to directly and indisputably link the activities of EPC Groupe to activities that substantially contribute to climate change mitigation and adaptation.

The AMF's presentation on this point also seems clear to us since it recalls that *“an economic activity is considered to be “eligible” **if it is included in the evolving list of activities included in the delegated acts of the Taxonomy Regulation.**”* These are the activities selected at this stage by the European Commission, which are likely to make a substantial contribution to each environmental objective. An eligible economic activity does not necessarily meet the technical criteria to be considered aligned with the European taxonomy.

The activities thus listed are listed, in addition to the delegated acts themselves, in an Excel© file made available on the European Commission's website.

Within the industrial activities of production (codified 3.1 to 3.17) and construction (codified 7.1 to 7.7), the Group's activities are not listed. These same doctrinal elements likewise do not make it possible to explicitly link the activities of EPC Groupe to so-called “enabling” or “transitional” activities. Consequently, the following have not been identified:

- turnover from products or services, including intangible assets, associated with taxonomy-aligned or enabling economic activities; in accordance with paragraphs 1.1.1 a) and b) on the turnover KPI,
- capital expenditure related to assets or processes associated with taxonomy-aligned economic activities or as part of a plan to expand taxonomy-aligned economic activities, or to enable taxonomy-eligible economic activities to become taxonomy-aligned; in accordance with paragraphs 1.1.2 a) and b) on the capital expenditure KPI,
- operating expenditure related to assets or processes associated with taxonomy-aligned economic activities or part of the CapEx plan to expand taxonomy-aligned economic activities or to enable taxonomy-eligible economic activities

to be aligned with the taxonomy; in accordance with paragraphs 1.1.3 a) and b) on the operating expenditure KPI.

As a result of the analyses carried out on CapEx and OpEx respectively, it was not possible to identify:

- capital expenditure related to the purchase of the output of taxonomy-aligned economic activities and individual measures that enable the targeted activities to become low-carbon or result in greenhouse gas emission reductions; in line with paragraph 1.1.2 c) on the capital expenditure KPI,
- operating expenditure related to the purchase of the output of taxonomy-aligned economic activities and individual measures that enable the targeted activities to become low-carbon or result in greenhouse gas emission reductions, as well as to building renovation measures listed in the delegated acts; in accordance with paragraph 1.1.3 c) on the operating expenditure KPI.

In conclusion, the three indicators of the European green taxonomy are therefore as follows for the financial year 2022:

- Share of turnover aligned: 0
- Share of OpEx aligned: 0
- Share of CapEx aligned: 0

## 4 KEY PERFORMANCE INDICATORS

Indicators are presented in two separate groups:

- ❖ Social indicators; and
- ❖ Environmental and societal indicators.

The indicators presented cover part of the policies cited in this 2022 Non-Financial Performance Statement, with other internal and unpublished indicators covering other policies.

The indicators are based:

- 1) For social indicators, on fully consolidated subsidiaries falling within the scope of this 2022 Non-Financial Performance Statement; and
- 2) For environmental indicators, on all fully consolidated subsidiaries, except for indicators that are the subject of the following legend, *“Indicators whose denominator only includes subsidiaries with an industrial and/or commercial activity”* which only take into account subsidiaries that are both fully integrated and which have an industrial and/ or commercial activity.

### 4.1 METHODOLOGICAL NOTE ON INDICATORS

The indicators below were presented in the paragraph on qualitative and quantitative indicators related to the identified topics, due diligence, policies and level of control/management. For the vast majority of them, a comparison is available with the year n-1.

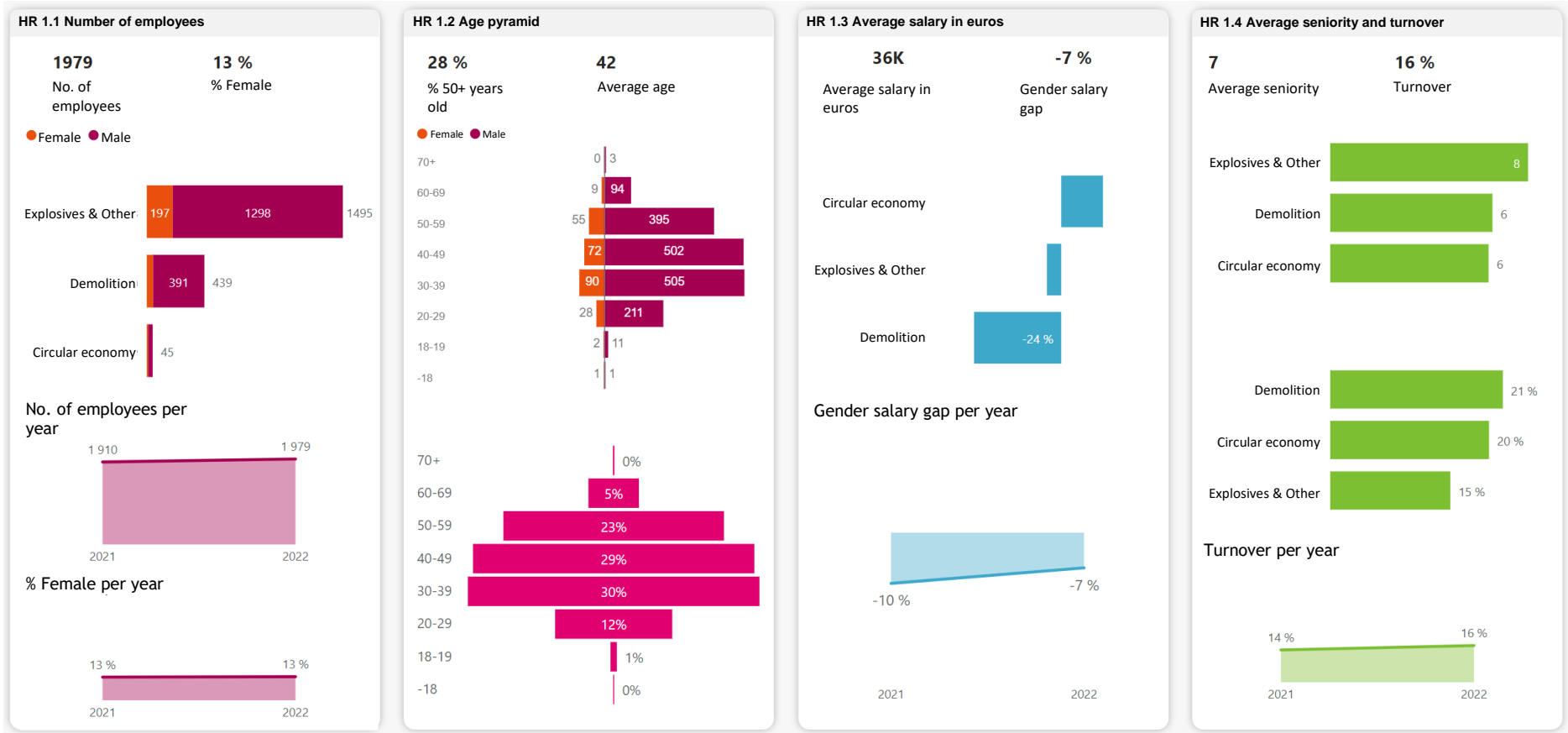
These indicators correspond to the topics identified in the double materiality analysis, namely climate change, own workforce, affected communities and business conduct. Some indicators are associated with other topics, as is the case, for example, for the indicators “CSR 4.2 - Subsidiaries with an environmental charter and CSR 4.3 - Subsidiaries that have no fines for environmental infringement”, which correspond to the biodiversity and ecosystems topic.

Information for calculating the indicators was collected by the subsidiaries and was subject to a consistency check when consolidated at Head Office level.


The Power BI© tool made these checks more reliable by reducing the number of entries, and generating graphs to display the data.

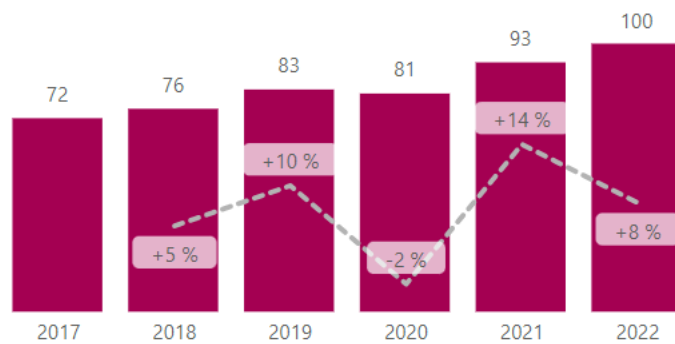


4.2 SOCIAL INDICATORS



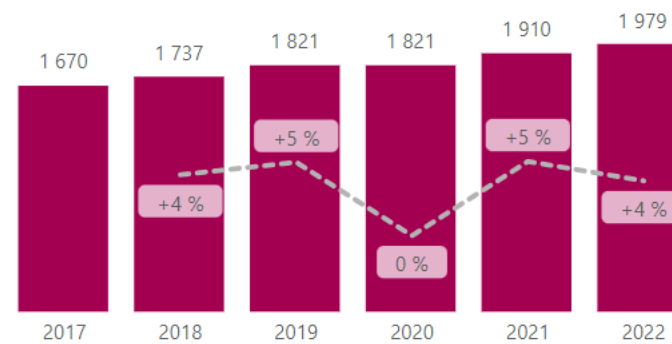
### HR 3.1 Personnel expenses (based on 100 in 2022)

**+8 %**   
Vs previous year



### HR 3.2 No. of employees (end of period)

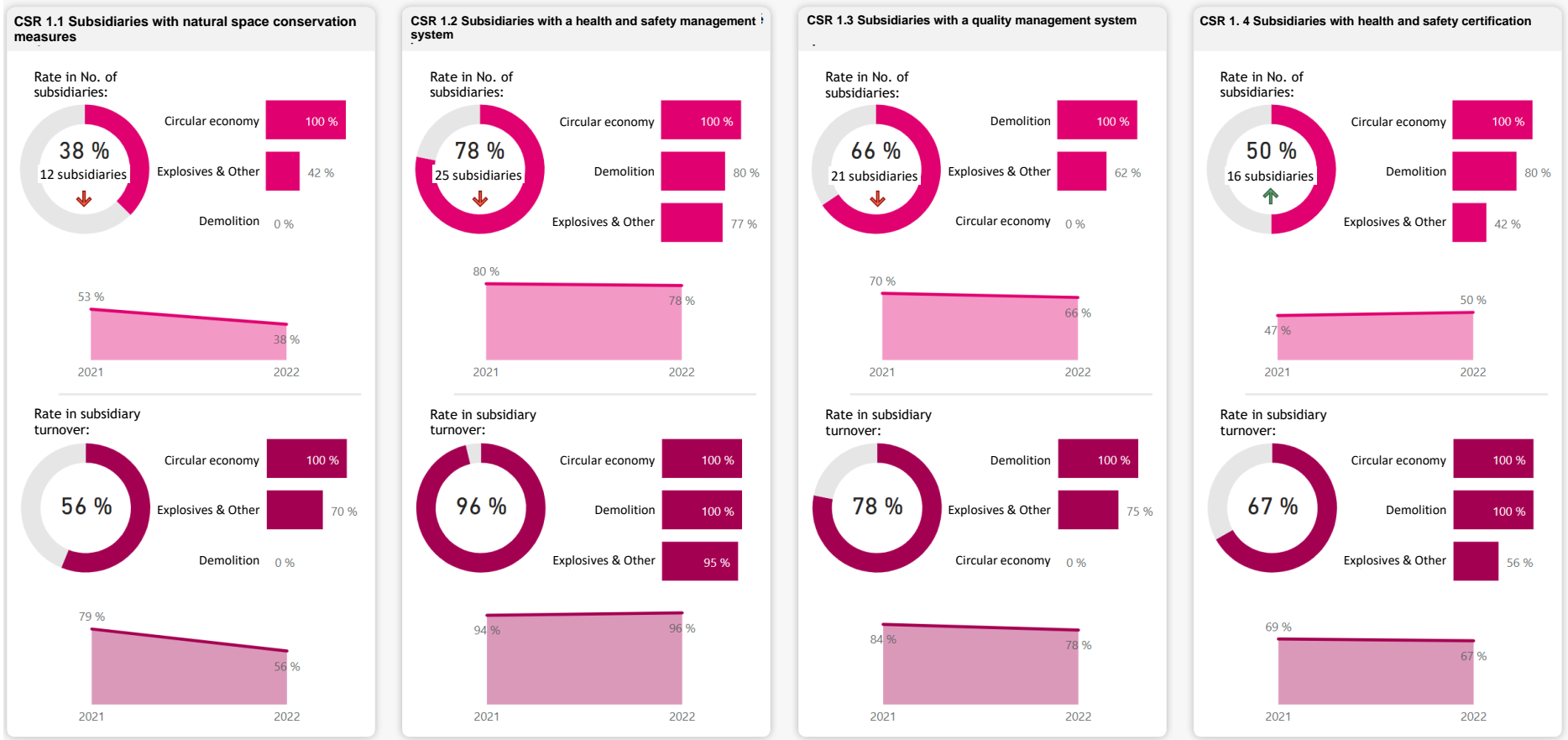
**1 979**   
Employees



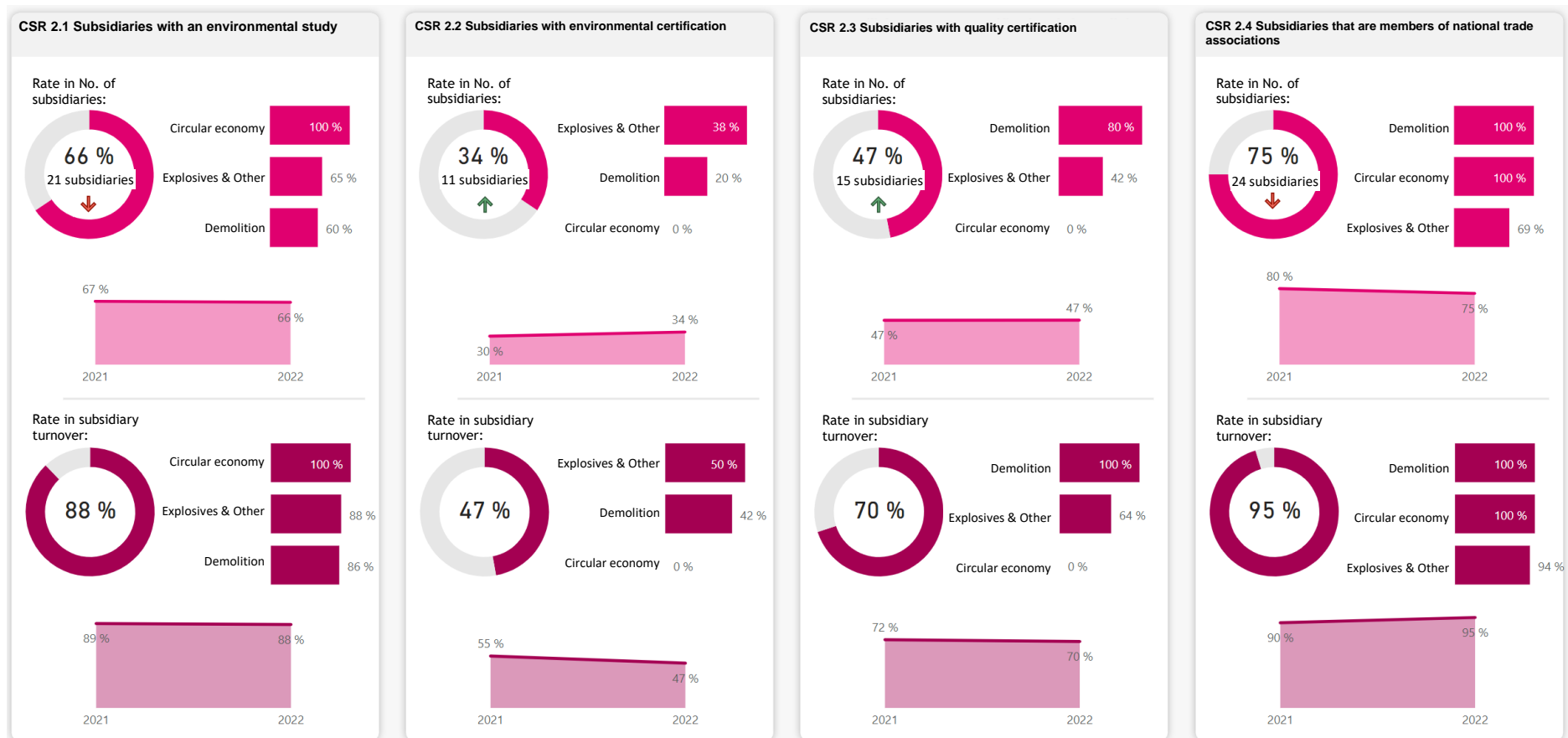
4.3 GOVERNANCE INDICATORS



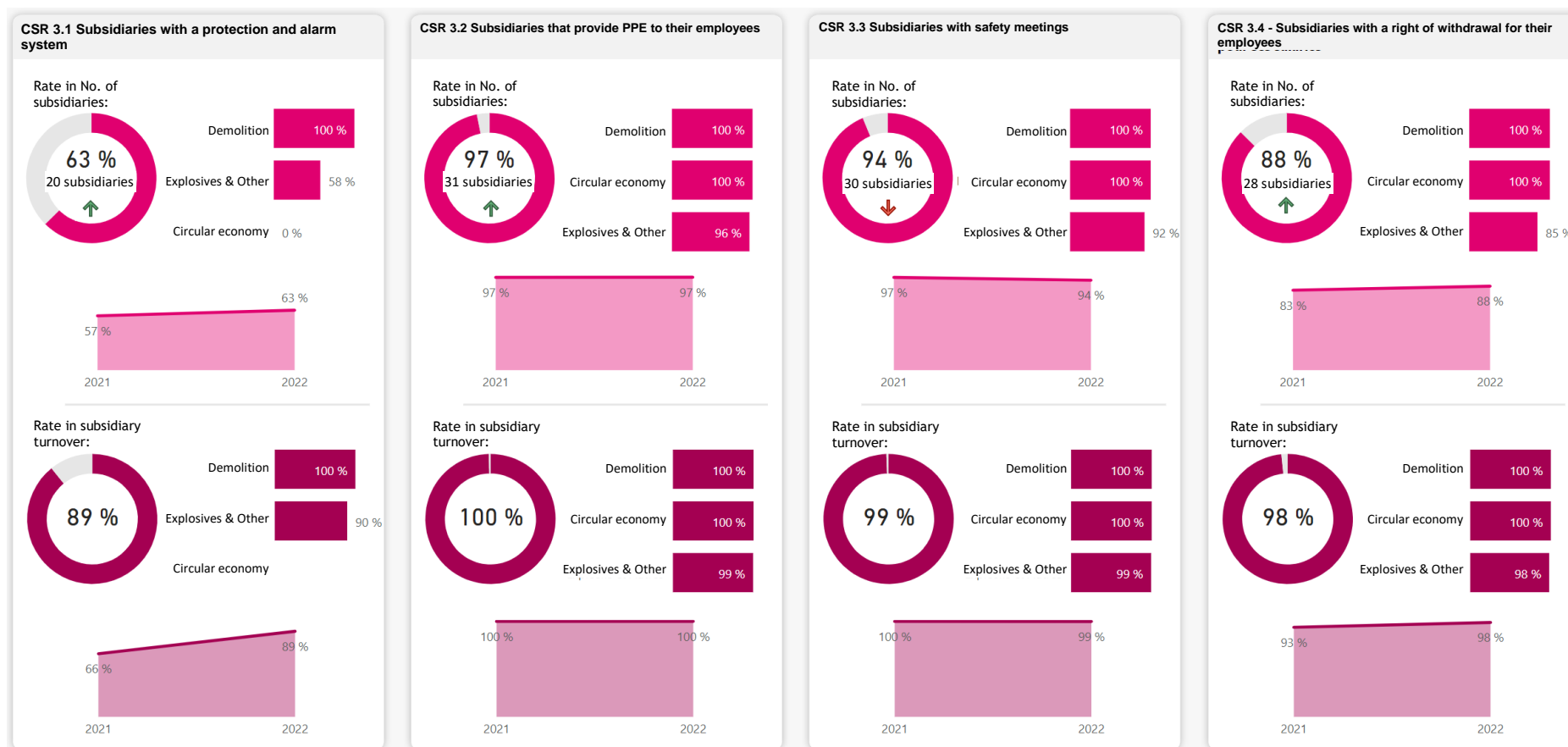
4.4 ENVIRONMENTAL AND SOCIETAL INDICATORS



Indicators whose denominator only includes subsidiaries with an industrial and/or commercial activity

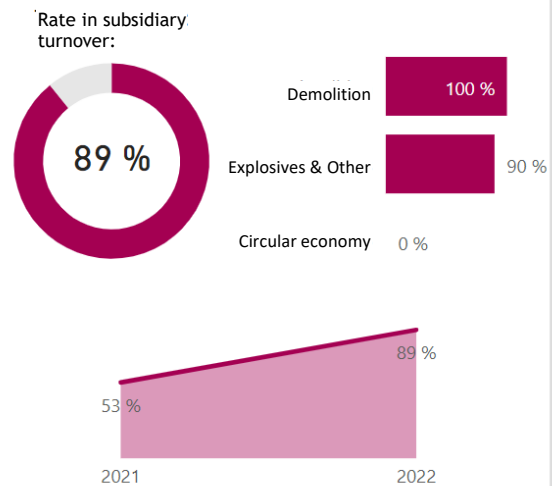
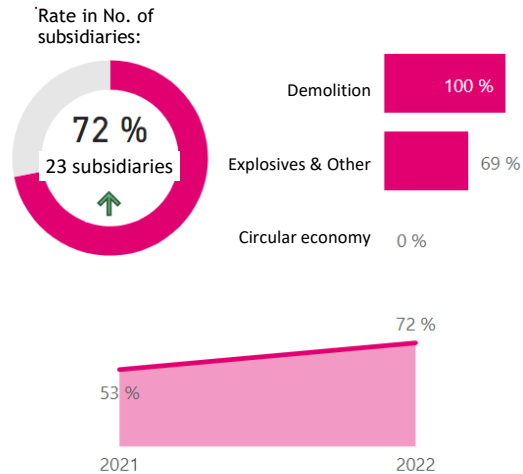


Indicators whose denominator only includes subsidiaries with an industrial and/or commercial activity.

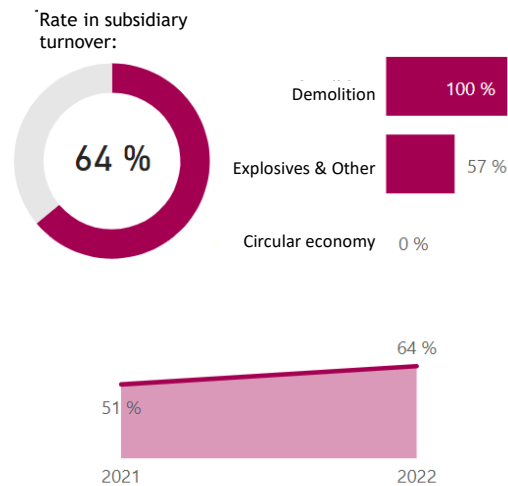
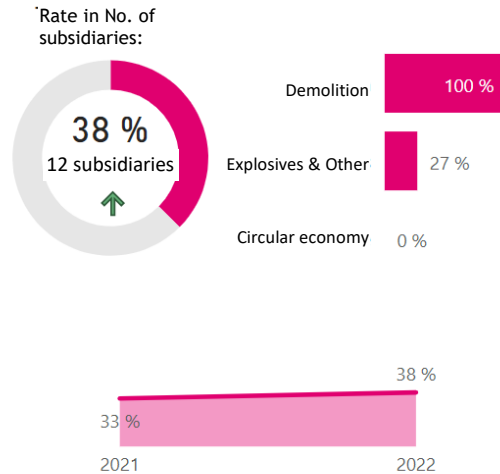


*Indicators whose denominator only includes subsidiaries with an industrial and/or commercial activity.*

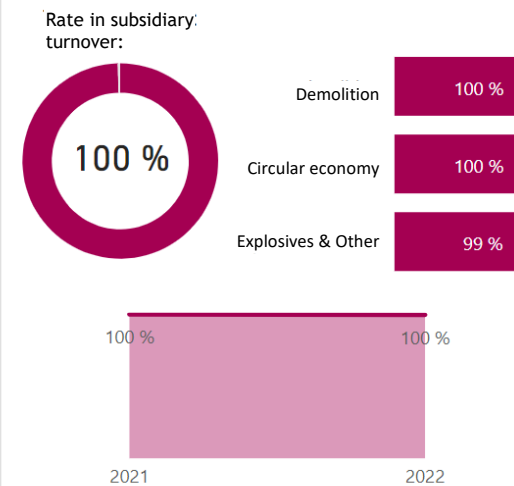
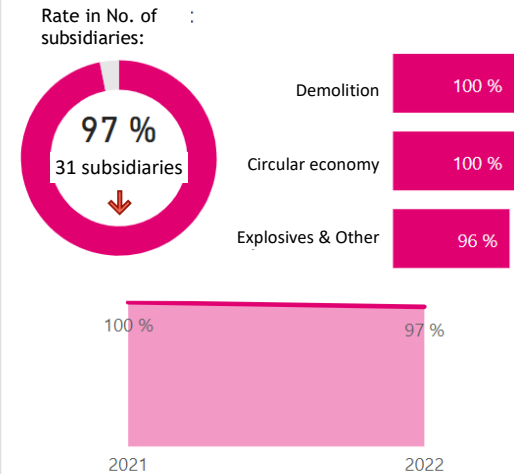
**CSR 4.1 - Subsidiaries that provide safety training to self-employed workers**



**CSR 4.2 Subsidiaries with an environmental charter**



**CSR 4.3 Subsidiaries that have no fines for environmental infringement**

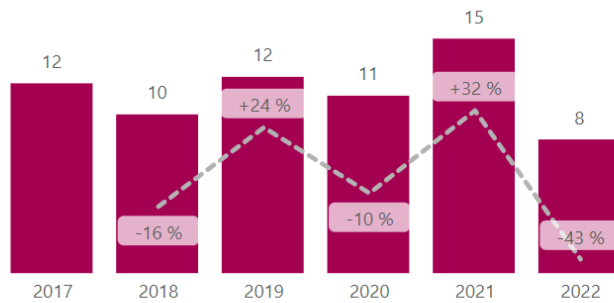


*Indicators whose denominator only includes subsidiaries with an industrial and/or commercial activity.*

#### HSE 1.1 Occupational accident frequency index

8

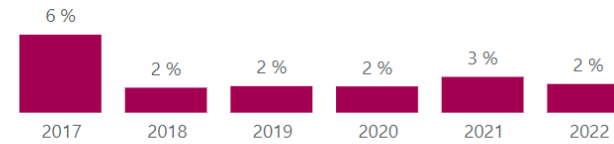
... TF1



#### HSE 1.2 Monitoring of absenteeism

2 %

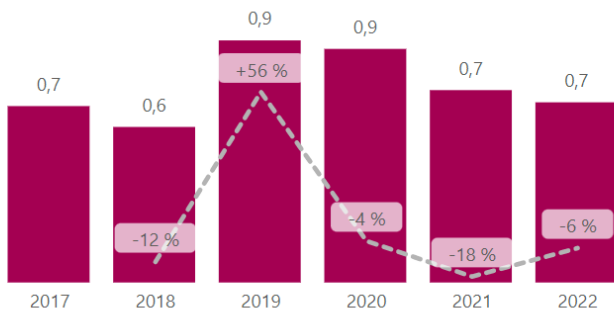
Absenteeism rate



#### HSE 1.3 Occupational accident severity index

0,7

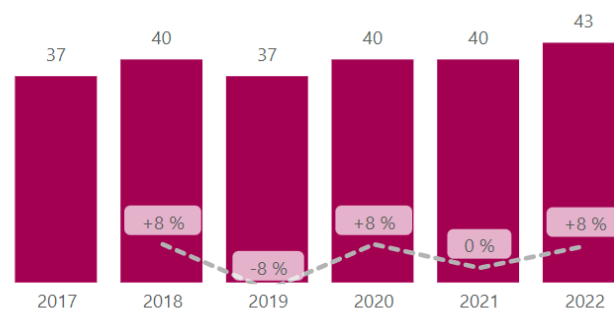
TG



#### HSE 1.4 Number of HIPOs

43

No. HIPOs

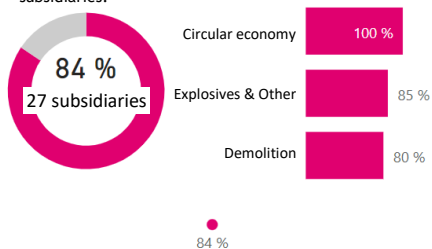


**NOTE:** HIPO: High Potential incident.



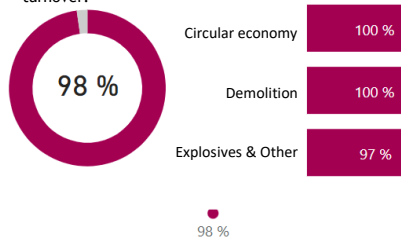
### HSE 2.1 Subsidiaries subject to audit

Rate in No. of subsidiaries:



2022

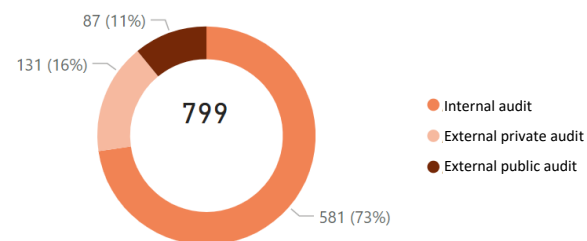
Rate in subsidiary turnover:



2022

### HSE 2.2 Number of audits carried out in subsidiaries

By type of auditor



Number of audits per topic:



### HSE 2.3 Audits in subsidiaries

14

Average number of audits per year



5 months

Average age of audits



## 5 EPC GROUPE'S GREENHOUSE GAS EMISSIONS

### 5.1 CONTEXT OF THE GHG EMISSIONS CALCULATION PROCESS

#### 5.1.1 Genealogy of the approach: values, principles, senior management and the Group's Board of Directors

##### *5.1.1.1 Values: respect the environment*

Respect for the environment is one of the Group's values.

As we have seen in paragraph 1.3.3 of this document, one of the cardinal values of EPC Groupe, which is the environment, was redrafted in 2021 to adapt its wording to current issues:

#### **Respect the environment**

We believe that society thrives through respect for individuals, communities and the environment; that is why we always act ethically by taking social and environmental responsibility into account in our actions and decisions. We are committed to a sustainable, durable dynamic of adapting industrial tools, practices and products concerning innovation, performance and respect for the environment.

##### *5.1.1.2 Principles: in-house management of the Group's key techniques*

Another strong feature of the Group can be found in the major principles established since its creation 130 years ago: to internalise and control the key techniques.

This principle is obviously particularly true in the field of Research & Development applied to industrial production.

Indeed, the Group controls its technologies and processes, and is the inventor (see the intellectual property assets presented in paragraph 2.1.2).

As with industrial know-how, the Group wants to be proficient in recent techniques related to the environment, such as the methodology for collecting and calculating GHG (greenhouse gas) emissions.

The reason for this is quite simple: the Group is convinced that in order to make a concrete commitment to transforming its business and making further progress in line with its values, and in particular respect for the environment, it is essential for it to master the know-how related to calculating the GHG footprint in order to then manage its reduction by means of a truly operational and effective plan.

#### *5.1.1.3 Senior management*

The creation of the “G7” working group (see paragraph 1.4.2 of this document) was a decision that enabled the Group to initiate a brainstorming exercise at the highest level on concrete steps to improve its environmental impact.

The creation of a CSR department **in 2022** was a further step in providing the Group with its own resources.

The Group’s first major CSR action **in 2022** was to calculate its GHG emissions.

#### *5.1.1.4 The Board of Directors*

The Board of Directors of EPC SA has unanimously decided to calculate the Group’s carbon footprint and to set out an action plan to reduce its carbon footprint.

Assessing the carbon footprint makes it possible to identify the main levers of action to reduce emissions, within each “scope”, with a view to determining a trajectory.

This exercise is essential for making the company’s commitment to its CSR approach real, whether it be to employees or to the main third parties (customers, suppliers, financial partners, shareholders, etc.).

## **5.2 METHODOLOGY**

### **5.2.1 Data collection method**

#### *5.2.1.1 Principles and dedicated team*

A decision was made to bring the process in-house in order to acquire the skills and gain proficiency in the techniques, in particular in order to:

- make the calculation of the carbon footprint sustainable in the long term, according to a frequency that has yet to be determined,
- justify the approach and the results to third parties,
- establish an action plan on the mechanisms and results of the greenhouse gas assessment.

The G7 followed the work of the Group’s CSR department, which led this GHG assessment exercise.

Deployment was decentralised by sending CSR Auditors to the operational subsidiaries for a period of six months.

A total of four HEC Paris interns were responsible for collecting data and calculating carbon footprints, with on-site periods ranging from a few days to several weeks, depending on the size and complexity of the subsidiaries.

The employees of the subsidiaries were the main contacts for the interns in order to provide them with the documentation required to calculate the carbon footprint.

In addition, the Group was supported by a specialised consultancy firm, in particular to train the head office team, answer specific questions and provide expertise on complex methodological issues.

### *5.2.1.2 Main principles of data collection*

Wherever possible and available, all data collected should be:

- physical (kg, tonne, kW, litre, m2, m3, km, etc.) when available, or an amount when the method requires and/or allows it,
- traceable (invoices, ERP, Excel files, meter readings, surveys, interviews, etc.),
- meaningful (e.g. the weight of paper for purchased stamps will not be meaningful in our field of activity),
- comprehensive (full reports, possibly supplemented by monetary ratios using the 80/20 method)
- assessed with respect to uncertainty. The uncertainty rates associated with the data collected are as follows:
  - 0% to 15% for data derived from a direct measurement (invoice or meters),
  - 15% for unmeasured reliable data,
  - 30% for recalculated data (extrapolation),
  - 50% for approximate data (statistical data),
  - 80% for data known in order of magnitude.

In order to harmonise the collection, preserve the auditability of the approach and ensure that the aforementioned objectives are met, a model collection file has been created by the Group. This is where all the physical and monetary data required for the calculation is entered.

The main sources of data are as follows:

- interviews with employees, which are an essential step in understanding where to obtain the various data and their degree of reliability (financial, operational, logistics, sales, maintenance, QHSE managers, etc.)
- accounting items (general balance, general ledger, fixed assets),
- invoices (digital or paper) in order to retrieve physical information when specified,
- management control reports.

Collection and calculation within EPC Groupe represent:

- 34 subsidiaries within the scope of full consolidation,
- A total 2021 turnover of 369 million euros out of a total of 377 million euros (98%),
- More than 700 Excel sheets,
- ❖ 2 full-time equivalents (interns in subsidiaries).

## 5.3 CALCULATION OF THE GROUP'S GHG EMISSIONS

### 5.3.1 Methodology adopted

The Group has decided to follow the Bilan Carbone method, recommended by the French Ministry of the Environment, a method of the ADEME (French Agency for the Environment and Energy Management), which also makes it possible to obtain deliverables in specific ISO and GHG Protocol formats.

Although highly international, EPC Groupe is based in France and the regulations applicable to it are French regulations.

The calculation file used is v8.7.2, which includes a database of emission factors that has been supplemented over time, particularly with feedback from certain suppliers that have been contacted on this matter.

Of course, this database of emission factors is regularly updated to take into account both the improvement in knowledge and the evolution of production techniques.

For information purposes, the consolidation of data for the calculation of the Group's carbon footprint required the identification and elimination of "inter-company carbon flows" (sale of explosives from one subsidiary to another, for example), using Power BI©.

### 5.3.2 Methodological difference between the "ADEME" and "GHG Protocol" assessments

Strictly speaking, the "scopes" are specific to the GHG Protocol method and not to the Bilan Carbone method.

The totals, with an identical scope, vary slightly due to certain methodological differences.

On the other hand, the grouping categories are slightly different while the names of these categories are completely different.

An example of these methodological differences is the treatment of the carbon footprint of fixed assets:

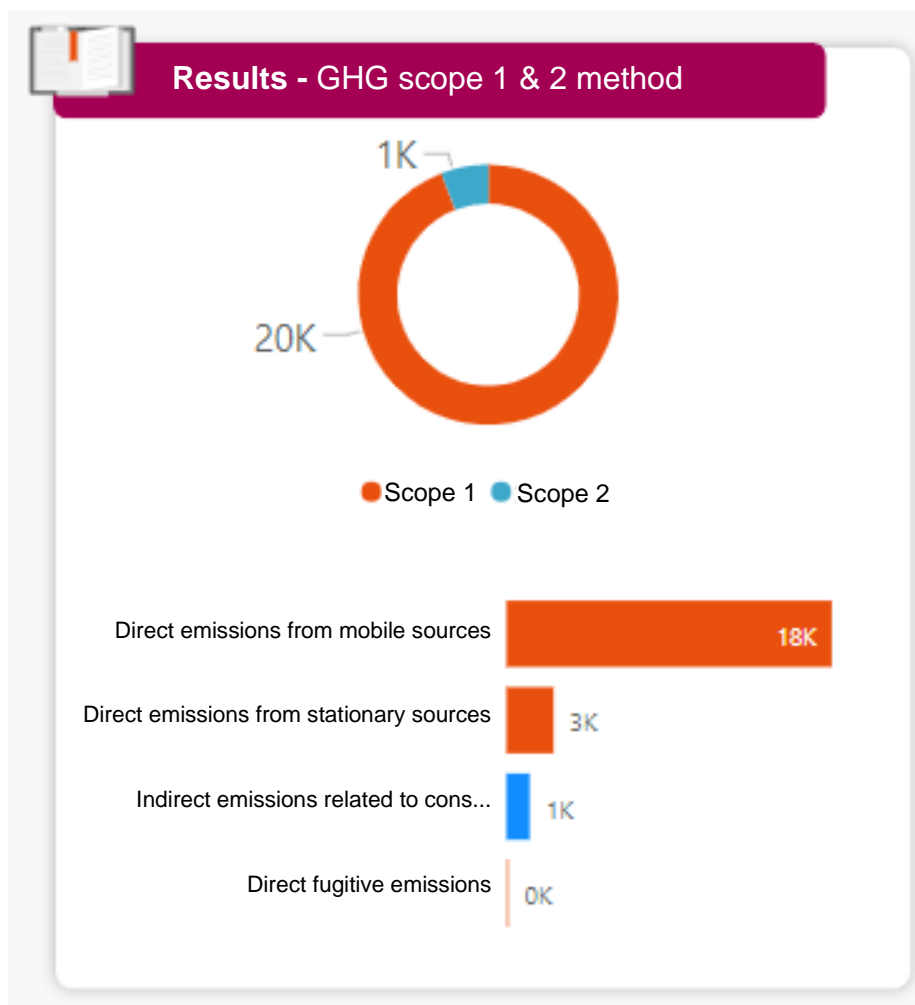
- ❖ In the ADEME method, the carbon footprint of fixed assets is spread over the same time frame as the accounting depreciation periods.
- ❖ In contrast, in the GHG Protocol method, the carbon footprint of a fixed asset is fully allocated to the balance sheet in the year of its acquisition.

Thus, if the manufacture of a new truck has a carbon footprint of 10 tCO<sub>2</sub>e, and it is depreciated in the accounts over 10 years by the subsidiary that uses it:

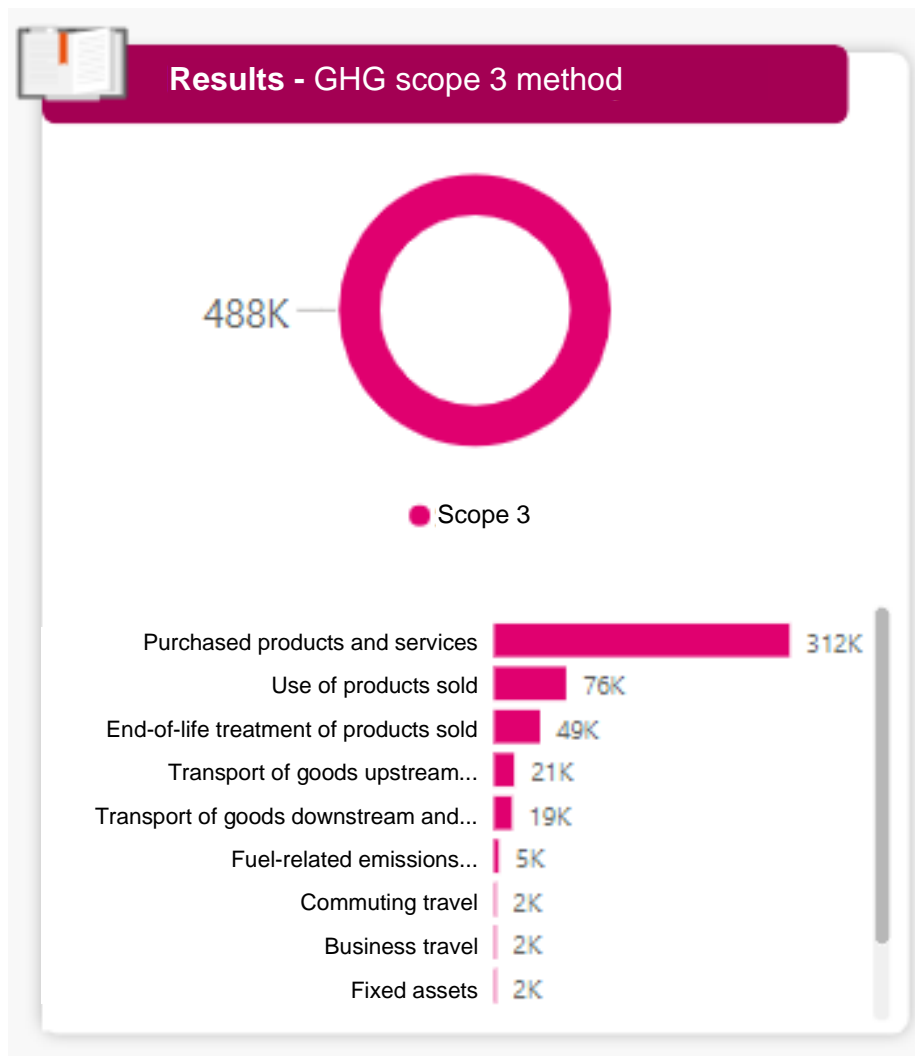
- in the ADEME method, 1 tCO<sub>2</sub>e will be recorded for 10 years,
- whereas in the GHG Protocol method, the 10 tCO<sub>2</sub>e will be recorded in the GHG balance sheet for the year of purchase.

## 5.4 RESULTS OF THE CALCULATION OF THE GROUP'S GHG EMISSIONS

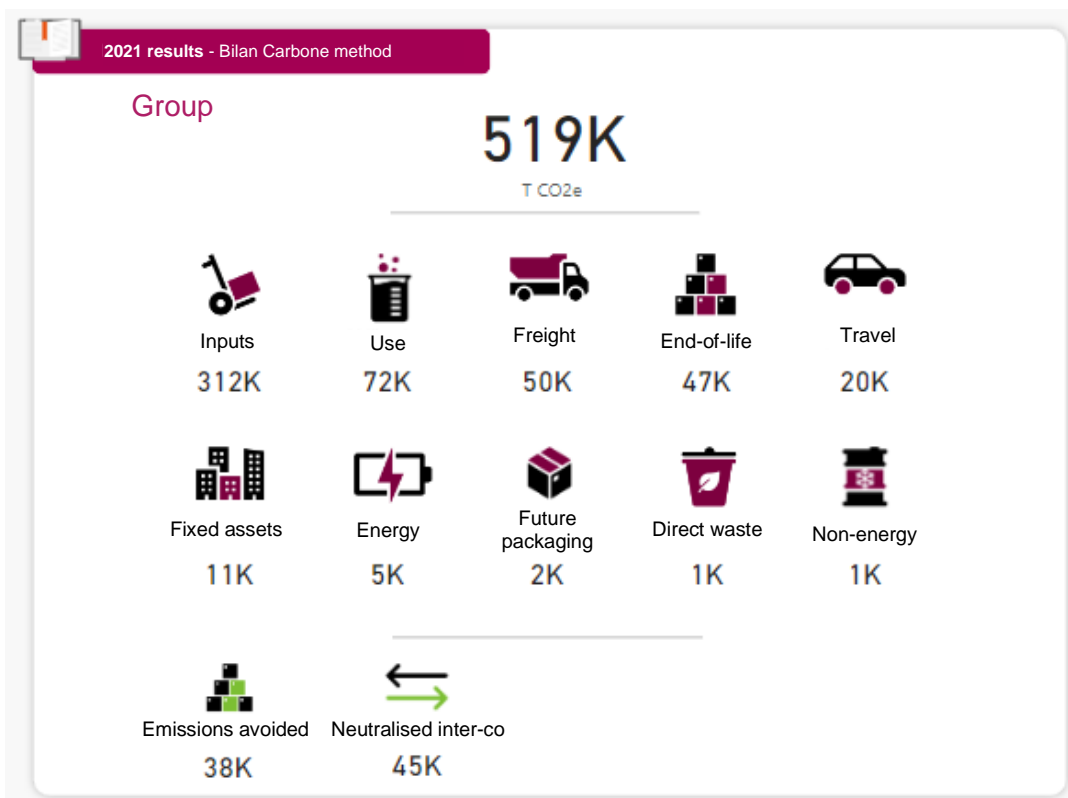
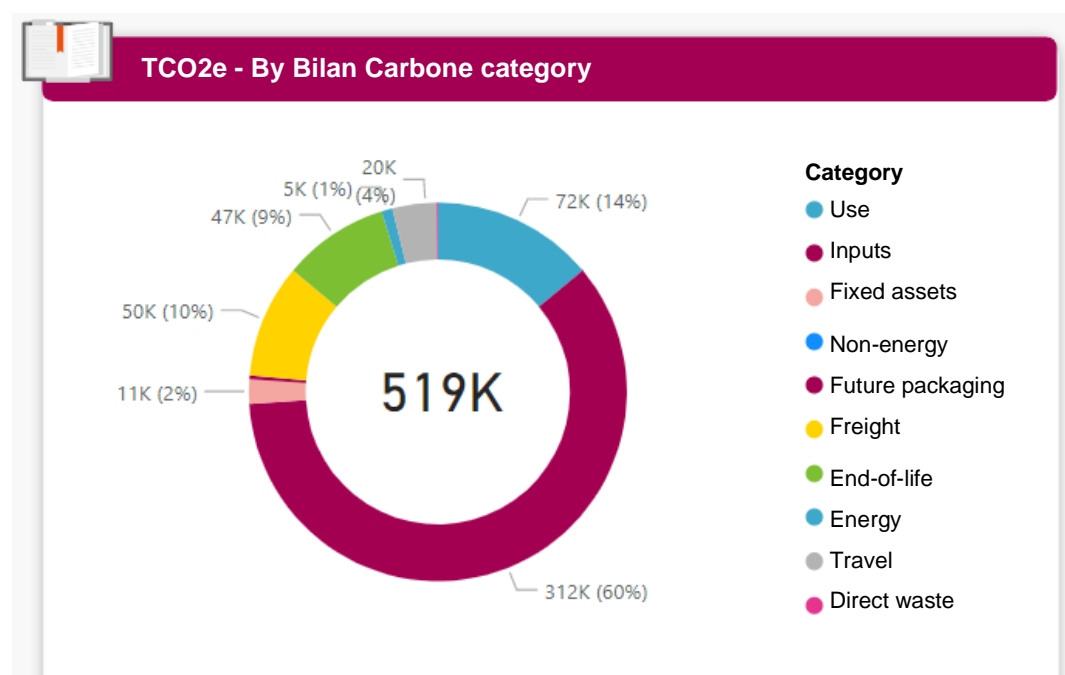
### 5.4.1 Scopes 1 and 2 (GHG Protocol)



## 5.4.2 Scope 3 (GHG Protocol)



5.4.3 ADEME method (Association Bilan Carbone)





## 5.5 ACTION PLAN AND OPERATIONAL PLAN TO REDUCE THE CARBON FOOTPRINT

### 5.5.1 The action plan to reduce EPC Groupe's GHG footprint

As stated in paragraph 5.1.1.4 of this document, the Group's Board of Directors requested that an action plan be drawn up to commit the Group to a process of controlling and reducing its GHG footprint.

The Group's CSR department has therefore conducted a process following the successive stages below:

- 1) Create a tool to project the evolution of the Group's explosives production over a time scale of 2020 to 2050 with a five-year frequency of changes in the percentage of production of tonnes of explosives sold in order to be able to simulate different scenarios,
- 2) Collect data on market developments, in particular by taking into account public data from the IEA (International Energy Agency) on the evolution of demand and needs for minerals in the context of the energy transition (electrification), which is a major focus of the climate transition,
- 3) Collect data on the massification of low-carbon production technologies for the inputs used by the Group (for example, the impact of green hydrogen on the reduction of ammonium nitrate emission factors),
- 4) Model the scenarios for reducing endogenous emission factors (internal consumption, choice of low-carbon suppliers, use of products, etc.) and exogenous emission factors (energy mix, international supply chain, industrial production of Scope 3 upstream, how the products manufactured are used and implemented by the Group in Scope 3 downstream, etc.) according to three sets of assumptions: low, medium and high at a five-year frequency with two major deadlines: 2030 (Fit for 55) and 2050 (Paris Agreement/COP 21),
- 5) Propose GHG footprint intensity factors to inform the projected change in the gross footprint of CO<sub>2</sub> emissions naturally impacted by the Group's organic growth,
- 6) Identify as many elements as possible that could impact the Group's GHG trajectory and propose a simple scale for rating the impact of the various elements identified by scope.

A cardinal principle governs this entire approach:

- ❖ Maintain a conservative and cautious approach:
  - do not take into consideration internal or external technological disruptions that have not yet been proven,
  - do not use the "0 carbon" scenarios of third parties,
  - do not integrate avoided emissions (also known as "pillar B" or "Scope 4") or carbon contributions (also known as "pillar C"),
  - the principle of overall achievement of the Fit for 55 targets.

### 5.5.2 EPC Groupe's operational plan to reduce its GHG footprint

The work of the CSR department has led to the development of an action plan.

In order for the CSR department's action plan to be translated into concrete and effective action within the Group, it is necessary to **move from the action plan to the operational plan**.

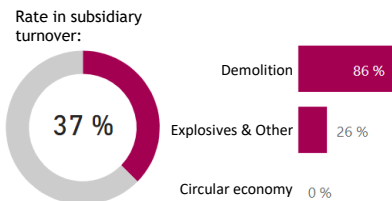
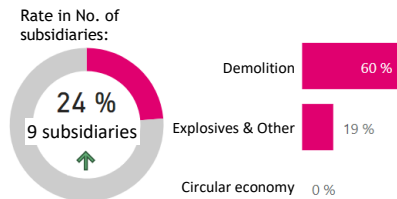
To this end, working groups bringing together technical functions, both at Group and subsidiary level, are being set up.

The aim is to percolate the items in the CSR department's action plan throughout the Group so that they can be validated, tested and the action plan can be transformed into an operational plan to reduce the Group's GHG footprint.

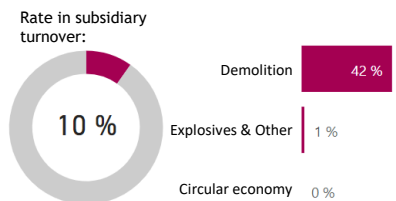
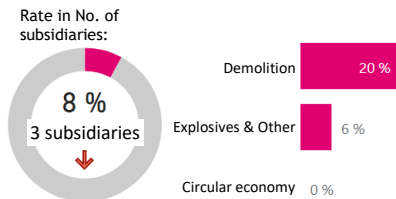
This is one of the Group's priorities for the years 2023 - 2025.

## 6 SPECIFIC INDICATORS FOR 2022:

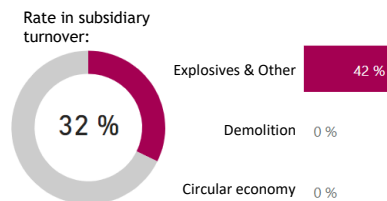
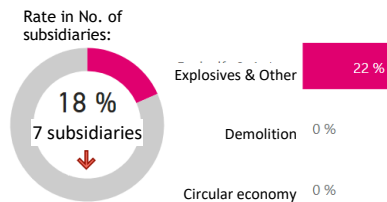
### HR 2.1 - Percentage of subsidiaries with social agreements



### HR 2.2 - Percentage of subsidiaries with equality measures



### HR 2.3 Subsidiaries with disability measures



### HR 2.4 Subsidiaries with societal initiatives

