

2021



JACQUET
METALS

Non-Financial Statement



A leader in the distribution of specialty steels

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The JACQUET METALS Group (the "Group") places a great deal of importance on CSR (Corporate Social Responsibility). The Group is committed to managing its affairs in a responsible manner, taking into consideration:

- the analysis of non-financial risks to which the Group is exposed;
- laws and regulations in force;
- stakeholder expectations (employees, customers, suppliers, etc.).

Since 2018, the Group has been subject to the requirements of implementing decree no. 2017-1265 of August 9, 2017 on the publication of non-financial information, giving rise to the Non-Financial Statement (NFS). The information included in the NFS is set out in a cross-reference table presented in §5.

To date, the Group has not been impacted by any natural events (potentially caused by climate change) having materially affected its business.

1 Environmental challenges

The Group's main business activity is the storage and distribution of specialty steels, either unprocessed or cut to size. In order to limit the impact of its operations on the environment, the Group implements a policy comprising the following key elements:

- monitoring greenhouse gas (GHG) emissions;
- promoting renewable energy;
- systematic recovery and recycling of scrap metal and consumables;
- high standards in terms of supplies and quality.

1.1 Carbon footprint and energy consumption

Carbon footprint

In 2021, the Group performed a carbon footprint to estimate its greenhouse gas (GHG) emissions:

- scopes 1 & 2: emissions relating to energy consumed by the Group's distribution centers (gas, fuel oil, electricity);
- scope 3: other emissions generated upstream and downstream of the Group's activity (steel production by plants and carriers).

In 2021, the total estimated greenhouse gas emissions (scopes 1, 2 and 3) represents around 2 million tons of CO₂ equivalent. Emissions (scopes 1 & 2) relating to energy consumed by the Group's distribution centers account for 0.8% of the total emissions:



Energy consumption (scopes 1 & 2)

Energy consumed by the Group's distribution centers mainly relates to the use of finishing equipment, heating and lighting.

In 2021, the Group set up a reporting system to monitor its energy consumption:

Energy	2021 Consumption of the Group (MWh)*
Electricity	38,651
Gaz	19,131
Fuel oil	1,060
Total energy	58,842

* Estimation based on subsidiaries' consumption which represent 86% of Group sales.

Regarding the transport of steels (typically outsourced to independent carriers), each subsidiary seeks to optimize transportation unit capacity.

Furthermore, the Group encourages videoconferencing to reduce GHG emissions generated by staff travel.

1.2 Promotion of renewable energy

The Group regularly invests in energy transition programs including the installation of solar panels and/or LED lighting at its distribution centers.

For example:

- between 2018 and 2021, 6,000 sqm of solar panels were installed;
- in 2022, the installation of more than 3,000 sqm of solar panels is planned in Italy, Poland and Hungary.



↑ Drachten, The Netherlands

1.3 Application of the European Taxonomy to the Group's activity

The Taxonomy Regulation (EU Regulation 2020/852) establishes a common classification system in the European Union. Pursuant to this regulation, companies are required to publish:

- the proportion of their sales (I)
- the capital expenditure (Capex) (II)
- the operating expenses (Opex) (III)

associated with eligible economic activities for the European Taxonomy.

An economic activity is considered eligible if it is included in the list of activities set out in the delegated acts of the Taxonomy Regulation, which is constantly being updated.

The information presented below relates to the scope of Group's consolidated financial statements.

(I) Sales

The list of eligible activities for the European Taxonomy does not include the distribution of steels.

As such, Group sales are not currently eligible under the Taxonomy Regulation. Depending on future changes to the list of eligible activities, the Group may need to review the classification of its sales.

(II) Capital expenditure

Total eligible capital expenditure in 2021 amounted to €15.6 million out of a total of €34 million, mainly relating to property investments:

Economic activities	Annex 1 reference	Capex amount (€k)	Total proportion of capex
(A) Activities eligible for the Taxonomy		15,594	46%
Acquisitions, new builds and building renovation	§7.1, §7.2, §7.7	12,283	36%
Vehicle transport	§6.5	3,016	9%
Electricity generation through solar panels	§4.1	295	1%
(B) Activities not eligible for the Taxonomy		18,185	54%
Total capex (A+B)		33,779	100%

(III) Operating expenses

The eligible operating expenses as defined by the Taxonomy Regulation are not significant (<5% of total operating expenses).

1.4

Recycling and the circular economy

The Group carries out initial processing operations for its customers as part of its business activities. These services usually involve light finishing operations such as cutting and folding, which may generate scrap metal.

Scrap metal is systematically and completely recovered and sold to recycling companies, which re-inject it into the steel production process.

The Group estimates that more than $\frac{3}{4}$ of its steel supplies come from the circular economy, i.e. from recycling.

The Group seeks to improve performance by optimizing material use, thereby limiting the production of scrap material. In order to achieve this, each subsidiary concerned monitors the volume of scrap materials generated on a monthly basis. During 2021, management has also implemented a monitoring of the volume of scrap generated for the Group. For 2021, scrap metal amounted to around 27,000 tons. The quantity generated depends on

the activity as well as the complexity of the finishing operations.

In addition, some cutting machines consume a certain amount of oils, water and sand, which are systematically recovered and recycled.



↑ Stock in Bochum, Germany

1.5

A demanding supply chain

Periodic assessment of the main suppliers

The Group now periodically assesses its main steel suppliers in order to measure their exposure to environmental risk and assess the integration of CSR criteria within their organization.

The assessment mainly involves ensuring that suppliers adhere to the Group Supplier Policy and obtaining copies of their CSR reports, where applicable. Supplier adherence is renewed every three years.

To date, the Group has assessed producers representing half of the consolidated 2021 supplies; 92% have adhered to the Group's Supplier Policy:

Adherence to the JACQUET METALS Supplier Policy	92%
-------------------------------------------------	-----

Quality of supplies

The Group seeks to maintain an excellent quality of supplies (product traceability, ISO standards, etc.) as a guarantee of product reputation for the end-customer.

The nature of the Group's business activities is such that it only purchases products that fulfill strict, pre-defined standards. Each supplier must ensure that the material delivered corresponds to the product certificate (including the heat number showing the origin of the products).

All Group supplies are therefore traceable. The aim is to maintain and even improve this high standard.



↑ Marking on a plate

2 Social challenges

2.1 Human resource management

Given its operations in 24 countries and an average headcount of around 40 employees at each subsidiary, the Group's human resources policy is implemented at individual company level by subsidiary managers in order to take local requirements, conditions and regulations into account. The following issues are covered:

- the organization of working time, training and industrial relations;
- health and safety at work;
- respect for human rights and children's rights;
- elimination of discrimination.

There is no system for centralizing agreements signed with staff representative bodies in each subsidiary at the Company level. However, major agreements are brought to the Company's attention.

The Group is not aware of any material breach of its staff obligations.

Performance-related compensation

The Group has opted for a results-based variable remuneration system at all of its subsidiaries and divisions. As such, variable compensation awarded to corporate officers and other staff members is primarily based on the results of the subsidiary or division that employs them.

Similarly, variable compensation awarded to the Company's corporate officers is based on a number of criteria including Group earnings (ratio of net income (Group share) to sales).

Shareholder structure

The Group is developing its divisional operations via a model that is unusual in the metals distribution sector. Subsidiaries are regularly set up with a local partner, who is usually the manager of the subsidiary. This partner invests and receives an equity interest ranging from 10% to 49% (see §6.3 Developments of the 2021 Activity Report). At December 31, 2021, the managers of 12 subsidiaries were minority shareholders.

Skills development, training and internships

Training is a key tool for developing employee skills, safeguarding expertise and improving safety and working conditions.

Training is provided as and when required through a variety of formats (via external training entities, in-house training, e-learning, etc.).

In 2021, 26% of employees received training over a total of 12,910 training hours:

Training	2021
Number of employees trained	778
Number of training hours	12,910

2.2 Health and safety at work

The Group strives to safeguard its employees' health and ensure safety at work. As such, it applies a training and prevention policy aimed at reducing the number and severity of industrial accidents.

Measures to improve safety are implemented on a regular basis. For example:

- periodic dissemination of safety rules and instructions;
- regulatory controls of machinery and equipment by external bodies;
- identifying and assessing industrial accidents, followed by corrective measures to improve procedures and additional training where required;
- upgrading workstations;
- the appointment of a "safety manager" at each subsidiary.

Industrial accidents are monitored locally under the responsibility of the subsidiary managers.

The Group also promotes internships and work-study programs. At the end of 2021, 121 interns were working in subsidiaries in Germany and France (that account for around half of the Group's workforce).

Accident frequency and severity ratios are presented below:

	2021
Frequency ¹	20.15
Severity ratio ²	0.39

¹ Industrial accident frequency ratio
= (no. of accidents with stoppage / hours worked) × 1,000,000.

² Industrial accident severity ratio
= (no. of days lost by temporary incapacity / hours worked) × 1,000

The Group also monitors short-term absenteeism (less than three days) on a half-yearly basis and implements local corrective measures where required.

	2021
Short-term absenteeism rate ¹	0.58%

¹ (no. of days absent < 3 days/no. of days worked during the year) × 100

During 2021, due to the health context (Covid-19), teleworking arrangements were set up and on-site work procedures were adapted in order to reduce the risk of infection while ensuring continuity of operations.

2.3 Headcount

By function

Group headcount at December 31, 2021 amounted to 2,951 full-time equivalent (FTE) employees including 2,669 under permanent contracts, as well as 149 temporary workers.

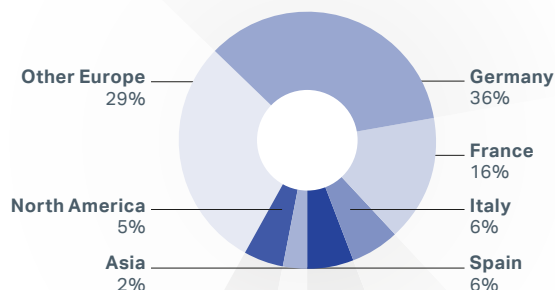
During 2021, 531 people joined the Group and 437 left.

The change in FTE (full-time equivalent) headcount by function is as follows:

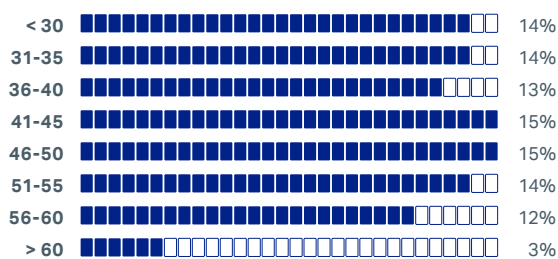
	2021	2020
Year-end	2,951	2,857
Support (IT, administration)	447 15%	445 16%
Sales, Procurement	1,119 38%	1,083 38%
Warehousing and logistics	1,385 47%	1,329 46%

By region

The Group operates in 24 countries through 105 distribution centers. The headcount breakdown by region at December 31, 2021 was as follows:



By age



In 2021, the average age of Group employees was 44.

By gender

The male-female ratio is balanced in the support functions (IT, administration) (53% women and 47% men) and in the sales and procurements departments (58% men and 42% women). Women are under-represented at warehouses (5% of headcount). Total headcount comprises 26% women and 74% men.

	Male	Female
Support (IT, administration)	47%	53%
Sales, Procurement	58%	42%
Warehousing and logistics	95%	5%
Total	74%	26%

3 Respect for Human rights

Each subsidiary manager is responsible for ensuring that Human rights are respected in accordance with local legislation.

With regard to supplies, the Group now periodically assesses its main steel suppliers in order to measure their exposure to the risk of non-compliance with Human rights within their organization (see §1.5 relating to adherence to the Group's supplier code of conduct).

To date, 92% of suppliers to whom the code has been presented have adhered to it.

For suppliers that have not yet adhered, additional measures are implemented (request for information, on-site inspections, etc.).

4 Prevention of corruption and tax evasion

The Group used the tightening of French anti-corruption regulations as an opportunity to strengthen its own anti-corruption policy.

These values are set out in an Anti-Corruption Policy (set up in 2019) that defines the behavior to be adopted by each Group subsidiary with all of its partners, customers, suppliers and service providers. For example, suppliers must be selected on the basis of objective criteria such as quality, reliability, price, performance or service. An anti-corruption e-learning module was also deployed throughout the Group, and an internal whistleblowing system was set up at each subsidiary to report situations or behavior in breach of the anti-corruption policy.

The risk of exposure to corruption was also mapped out using a risk assessment mechanism tailored to specific business activities and regions.

Risk is assessed as follows:

- periodic assessment of main steel suppliers ;
- adherence to the Anti-Corruption Policy by the selected suppliers. Supplier adherence is renewed every three years.

The percentage of selected suppliers (representing half of the Group's supplies) adhering to the Anti-Corruption Policy in 2021 is presented below:

Adherence to Anti-Corruption Policy*	92%
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* (no. of suppliers adhering/no. of suppliers selected) × 100

Finally, the Group has no operations or holding companies in countries blacklisted as tax havens by the European Commission.

5 NFS cross-reference table

5.1 Business model

1	Description of the Group's business	
	Description of business activity and divisions	2021 Activity Report - §4 Information on the Group's business
	Key figures	2021 annual results
	Organization chart of main entities	2021 Activity Report - §7 Main companies
	Product descriptions	2021 Activity Report - §4 Information on the Group's business
2	Description of the business model	
	Market positioning	2021 Activity Report - §4 Information on the Group's business
	Key resources / production factors used	2021 Activity Report - §4 Information on the Group's business
	Value contributed to the various customer segments and other stakeholders	2021 Activity Report - §4 Information on the Group's business
	Profit analysis	2021 Activity Report - §4 Information on the Group's business

5.2 Description of non-financial risks and impacts

A description of the main non-financial risks is set out in §1 to 4 of this Document.

Given the nature of its business and the working conditions inherent to handling operations, the Group considers that the following issues listed in Article L. 225-102-1 (III) of the French Commercial Code (prevention of food waste and food insecurity, defense of animal well-being and a responsible, fair and sustainable food system) do not constitute major CSR risks and do not require explanation in this report.

6 Independent third party's report on consolidated Non-Financial Statement presented in the management report

EY et Associés
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JACQUET METALS • Year ended December 31, 2021

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Meeting,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity JACQUET METALS (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended December 31, 2021 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

Conclusion

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement.

Limitations inherent in the preparation of the Information

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

The entity's responsibility

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators and, in addition, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's Guideline as mentioned above.

Responsibility of the independent third party

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

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

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence. However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax avoidance legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 (revised)¹.

Independence and quality control

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

¹ ISAE 3000 (revised) - Assurance engagements other than audits or reviews of historical financial information.

Means and resources

Our verification work mobilized the skills of three people and took place between November 2021 and March 2022 on a total duration of intervention of about twenty weeks.

To assist us in carrying out our work, we called on our specialists in sustainable development and social responsibility. We conducted interviews with the persons responsible for the preparation of the Statement including in particular the General Management, Administration and Finance, Human Resources, Internal Audit and Purchasing.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information. In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code as well as compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti corruption, responsible procurement), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on the entity listed below: International Metal Service Nord;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 8% and 9% of the consolidated data selected for these tests (9% of material scrap, 8% of the workforce);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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

Paris-La Défense, March 25, 2022

Independent third party

French original signed by:

EY et Associés

Christophe Schmeitzky • Partner, Sustainable Development

Appendix 1 **The most important information**

Social Information

Quantitative Information (including key performance indicators)

- Frequency and severity rate of accidents at work.
- Short-term absenteeism rate.

Qualitative Information (actions or results)

- Employment (attractiveness, retention).
- Organization of work (organization, absenteeism).
- Health and safety (prevention actions).
- Training.

Environmental Information

Quantitative Information (including key performance indicators)

- Energy consumption (gas, oil, electricity).
- Greenhouse gas emissions scope 1 and 2.
- Greenhouse gas emissions scope 3: production of purchased steel, upstream and downstream transport.
- Volumes of waste generated during the cutting, process (scraps).

Qualitative Information (actions or results)

- Circular economy (raw materials, waste management).
- Climate change (significant emission sources due to activity).

Societal Information

Quantitative Information (including key performance indicators)

- Percentage of suppliers exposed to environmental risk who have signed the Group's supplier code of conduct.
- Percentage of suppliers exposed to human rights risks who have signed the Group's supplier code of conduct.
- Percentage of suppliers exposed to the risk of corruption who have signed the Group's anti-corruption code of conduct.

Qualitative Information (actions or results)

- Subcontracting and suppliers (environmental and social issues).
- Actions taken to prevent corruption.

JACQUET METALS is a European leader in the distribution of specialty steels.
The Group develops and operates a portfolio of three brands:

JACQUET stainless steel quarto plates - **STAPPERT** stainless steel long products - **IMS group** engineering steels

With a headcount of 2,951 employees, JACQUET METALS has a network of
105 distribution centers in 24 countries in Europe, Asia and North America.

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