Shape and share sustainable links

2023
INTEGRATED REPORT

LISI

This is a translation into English of the (universal) registration document of the Company issued in French and it is available on the website of the Issuer.

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Integrated report

Contents

LISI
Summary

€1.63 Bn
SALES REVENUE

€90.7 M
EBIT

€22.2 M
FREE CASH-FLOW (*)

€37.5 M
NET PROFIT

€96.7 M
INDUSTRIAL CAPEX

(*) Net operating cash flow minus net capex and changes in working capital requirements.

LISI is a global industrial group, specializing in the manufacture of assembly solutions and high value-added components for the aerospace, automotive and medical sectors. A partner of the greatest world leaders and driven by its long-term family values, LISI innovates and invests in research and development for tomorrow's products.

Its purpose – Shape and Share Sustainable Links – guides its action, unites its teams around common values and sets the course for future stakes.

To meet the challenges of tomorrow and follow market developments, the LISI Group is adapting its industrial tools, particularly in terms of quality, safety and performance. It bases its development and growth on two strategic pillars: operational excellence and innovation.

Together, LISI's 10,000 employees are committed to the industry of tomorrow: a safer, more efficient industry in line with environmental issues.

Maintaining and strengthening long-term strategic decisions

Emmanuel Viellard
LISI CEO

Jean-Philippe Kohler
LISI Chairman

In 2023 the Group consolidated its positions on its 3 markets with strong growth in overall activity to post sales revenue close to its historical records at €1,630.4 million. Despite this strong momentum, the economic and cyclical context, including high inflation on all expense and investment items as well as the recruitment difficulties already experienced during the previous financial year, did not make it possible to achieve the full potential of the expected activity. However, inflation was partly offset by increases in sales prices without compromising the commercial relationship.

However, courageous and organized actions have reinforced our long-term strategic decisions. The Group has thus been rewarded by its customers for its innovations and its quest for performance: differentiation based on the two strategic pillars – operational excellence and innovation – is recognized as a major asset.

The ability to attract new talent and retain know-how has been placed as a top priority. This action involves making an unprecedented effort on training, safety and quality of life at work. It therefore includes a major communication component. The Group's long-term positioning will be reinforced by the effectiveness of its CSR policy – a key element in nourishing the employer brand – measured against an ambitious trajectory.

The Group has had a historical responsibility for 250 years. This is expressed through its purpose: "Shape and Share Sustainable Links" with all of its stakeholders.

Our confidence in the future remains intact if we relentlessly pursue our efforts towards excellence and if our strategic choices remain selective. Our ambition is to win the global battle for innovation and operational excellence by positioning ourselves in niches chosen for their strong differentiation.

We believe in the quality of our teams, capable of meeting the challenges of tomorrow and adapting quickly to the volatile conditions of demanding markets.

We are confident in the LISI Group's ability to offer differentiating services to major clients.

This long-term confidence is reflected by the strengthening in 2023 of the two founding family shareholders in majority control of the Group who have supported LISI's growth for so long.

We would like to thank all our stakeholders who make it possible to continue the wonderful LISI adventure.

Jean-Philippe Kohler, LISI Chairman (left) and Emmanuel Viellard, LISI CEO (right).

"The Group should benefit from the positive dynamics of its various markets and thus ***improve its performance*** *on both financial and extra-financial criteria."*

PROFILE

Shaping a sustainable future

As of the elaboration of its purpose – Shape and Share Sustainable Links – LISI places issues of social and environmental responsibility at the heart of its strategy and collective approach. By thus giving meaning to its action, the Group lays the foundations for its future development and defines the operating mode for achieving the ambitious objectives it sets. A commitment shared by all of its employees.

LISI GROUP

For more than two centuries, the LISI Group has designed and produced assembly solutions and high value-added components for the aerospace, automotive, and medical sectors. The positions it occupies and its international dimension allow it to support its clients in their projects wherever they are located.

3 activities

LISI AEROSPACE

€838.9 M (+17.0% / 2022)

52% OF GROUP SALES

5,871 EMPLOYEES

19 SITES IN 8 COUNTRIES

LISI AEROSPACE produces fasteners and assembly and structural components for the largest global players in the aerospace sector; this division participates in the production of safer and more environmentally friendly aircraft.

LISI AUTOMOTIVE

€610.4 M (+ 9.5% / 2022)

37% OF GROUP SALES

3,202 EMPLOYEES

19 SITES IN 8 COUNTRIES

LISI AUTOMOTIVE produces metal and plastic assembly solutions, and mechanical safety components intended for automotive manufacturers and equipment suppliers throughout the world; this division contributes to the transformation of vehicles: more reliable, safer, connected, autonomous, lightweight and electrified.

LISI MEDICAL

€181.9 M (+ 20.6% / 2022)

11% OF GROUP SALES

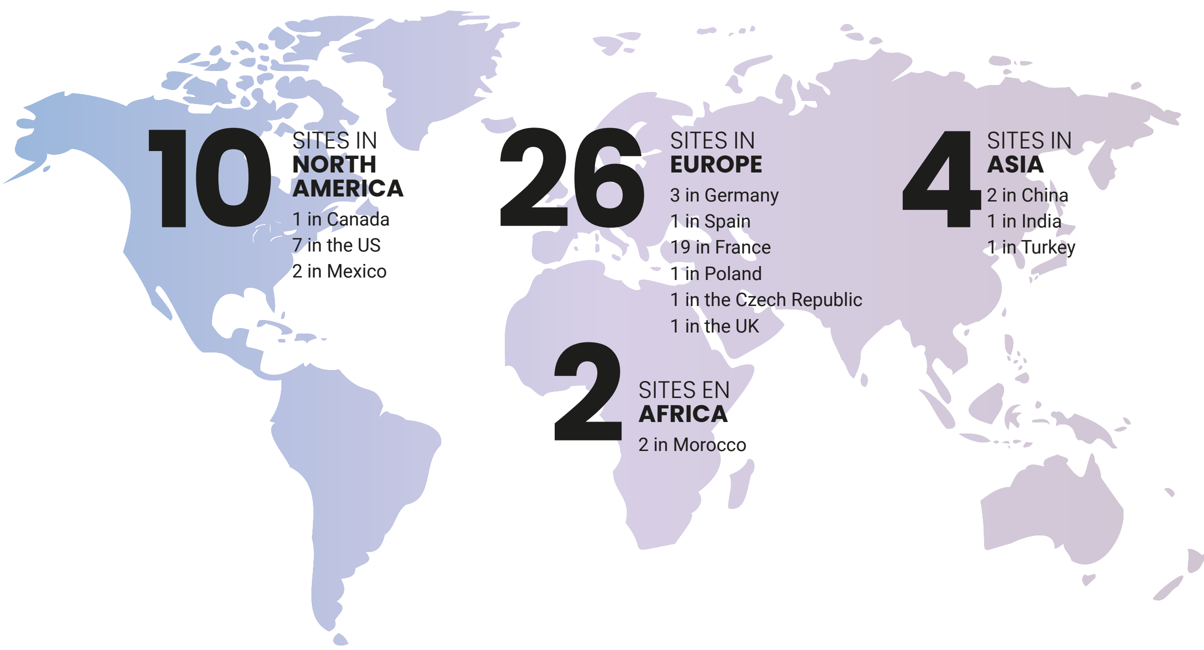
846 EMPLOYEES

4 SITES IN 2 COUNTRIES

LISI MEDICAL produces medical implants, ancillaries and minimally invasive surgery instruments with high added value; this division manufactures cutting-edge products to facilitate access to surgery for everyone.

Sites

42 **SITES** ACROSS **13 COUNTRIES**



History

1777

The origins around steel wire

Frédéric Japy created a watchmaking factory in Beaucourt. He was joined a few years later by other families from Montbéliard and Belfort, in industrial territory. LISI was born from the merger of these family businesses around a common technical base, namely steel wire work.

1962-1968

Creation of an industrial group: GFD

The Bohly, Dubail-Kohler and Viellard family businesses, present from the start, merged to form *Générale de Forgeage Décolletage* (GFD), with the ambition to develop the French metallurgical industry. GFD became the leading French manufacturer of standard and automotive screws and bolts.

1977

The aerospace business kicked off

The Group started designing and manufacturing fasteners and assembly solutions for the aerospace industry with Blanc Aero Industries. In France first, and then internationally.

2002

The Group was renamed LISI

To differentiate itself from its competitors and position itself as one of the only multi-specialist players in fasteners on an international scale, the Group took the name LISI: *Link Solutions for Industry*.

2007

The Medical division was created

Between 2007 and 2010, LISI expanded its offering and positioned itself in reconstructive surgery with LISI MEDICAL. In 2016, the division entered the market for the manufacture of minimally invasive surgery instruments.

2023

Heading towards the industry of the future

The LISI Group now focuses its strategy on the major industrial challenges of the future: decarbonization to optimize the impact of its activities, attractiveness to recruit the talents of tomorrow, and productivity, to aim for leadership in each of the markets in which the Group operates.

2023 markers

10,000+
EMPLOYEES

220,472
HOURS OF TRAINING

3 SITES WITH THE LABEL
VITRINE INDUSTRIE DU FUTUR

23 PATENTS FILED*

* Invention registered in the form of a soleau envelope or first patent filing.

LISI AEROSPACE

"LISI AEROSPACE's innovations will be integrated into the technological building blocks of the aircraft of the future."

Emmanuel Neildez
CEO

FIND OUT MORE

What strategy are you implementing to decarbonize your activities?

Our action plan is part of a trajectory whose objectives will be met in 2030. It is structured around three axes. The first one concerns the reduction of our direct footprint and concerns our manufacturing sites. The cutting-edge installations and equipment that we deploy in our factories are more efficient and allow precise monitoring of our consumption. We are also increasing the use of renewable energies as part of a multi-year equipment plan. For example, the roof of our English factory in Rugby was equipped with solar panels in 2023; that of our site in Tangier, Morocco, will be in 2024.

The second axis concerns our suppliers and more specifically those who supply us with raw materials. We challenge them to use an increasing proportion of recycled material in their manufacturing cycle. We encourage them to implement action plans for their CO_2 emissions. This is the axis with the most significant impact in the decarbonization of our activity.

The third axis relates to the products and innovations that we put on the market, such as the OPTIBLIND™ fastener system, which allows the development of aircraft with lighter architectures that consume less fuel.

What impact does this trajectory have on your innovation strategy?

It irrigates our thinking! Our strategy is guided by the efforts of our customers towards this objective of overall reduction of CO_2 emissions: to produce lighter parts which allow us to imagine more economical aircraft. It is also encouraged by public authorities, who direct development projects in this direction. In October 2023, the OPTIBLIND™ fastening system received recognition from Airbus. This is a major event of which we are particularly proud. Regarding structural components, our new process for manufacturing alloy parts makes it possible to reduce the quantity of material and the power required to deform the metal. It arouses very strong interest from our customers.

What impact do these moves have on your lines of business?

In the new manufacturing processes that we are implementing, data is becoming a central element and this development is transforming our lines of business. In the years to come, we will need several dozen engineers capable of extracting, analyzing, and interpreting data to improve our operations and our control processes. This structural move will be spread over 5 to 10 years.

How do you see LISI AEROSPACE 20 years from now?

In 2044, the aerospace industry will have completed its ecological transition and the impact of air transport will be completely changed. LISI AEROSPACE's activity will continue to grow until then since several of our products are already integrated into the technological building blocks that will constitute the aircraft of tomorrow. Much more efficient in terms of energy, they will be driven by two waves of major innovations: the incremental improvement of conventionally powered aircraft with the use of Sustainable Aviation Fuel (SAF) coupled with a high level of electrification. This upgrade will take place between 2035 and 2040. The second wave, a disruptive one, will likely see the advent of hydrogen. Airplanes that use this fuel will then be in full development. The challenge for us will be to be present on these major programs.

Our flagship products

LISI AUTOMOTIVE

"Today we are reaping the rewards of our early positioning on the electrification of vehicles and their related functions."

François Liotard
CEO

FIND OUT MORE

What strategy are you implementing to decarbonize your activities?

Our roadmap has two aspects: a plan to decarbonize our manufacturing processes and a product plan to adapt our offering to electric and connected vehicles. The mapping of our carbon footprint, conducted in 2023, allowed us to define specific objectives for 2030, the first stage of our decarbonization. On scopes 1 and 2, which relate to the energy you consume to produce and that you purchase, we plan a 50% reduction in our direct footprint by 2030. On scope 3, which relates to the share of materials and components that enter your nomenclature, the reductions should reach 15%. The agreement with ArcelorMittal to develop steel that emits less greenhouse gases is a major component of this action plan.

What impact does this trajectory have on your innovation strategy?

On the product front, we are now reaping the rewards of our early positioning on the electrification of vehicles and their related functions, such as electric seats or electric brake systems. Our market shares in these segments are growing today in Europe, China and North America. Our new LISI-µ MACH ASSEMBLY PROCESS® multi-material assembly process also positions us in battery cell fastening and assembly solutions with a real differentiating edge. All these innovations actively contribute to reducing vehicle CO_2 emissions and position us as an innovative player.

What impact do these moves have on your lines of business?

The digitalization of our processes, such as real-time supervision of manufacturing and the evolution of our research methods towards simulation and digital calculation require new profiles, capable of managing and analyzing data. Likewise, we are in the process of modeling business relationships with CRM (Customer Relationship Management) tools capable of tracking all the contracts for which we tender in order to optimize our success rate and to be more selective in the projects we choose to handle.

How do you see LISI AUTOMOTIVE in 2044?

20 years from today, parity between women and men will be achieved in our management teams. Our 4,000 employees will be distributed between the Euromed, North America and Asia zones. Industrial and administrative processes will rely to a large extent on artificial intelligence. Our plants will be decarbonized, with a CO_2 equivalent level reduced to zero on scopes 1 and 2 and reduced by 80% for scope 3. The automotive market will be electrified to a large extent, with batteries or fuel cells. Combustion vehicles will only amount to 20% of sales. LISI AUTOMOTIVE will occupy a leading position in multi-technology, multi-material fastening solutions, mechatronics components and advanced low-resistivity battery cell connection solutions. Our performance will rely on our two historic pillars: operational excellence and innovation, with digitalized processes reinforced by significant use of artificial intelligence.

Our flagship products

LISI MEDICAL

"We will focus on the development of minimally invasive surgery as growth opportunities are stronger there for LISI MEDICAL. Orthopedics remains a major strategic focus for our division, due to its size and stability."

Lionel Rivet
CEO

FIND OUT MORE

How has the division adapted to the market in 2023?

LISI MEDICAL is present on the market for minimally invasive surgery (MIS) instruments for soft tissues and the market for reconstruction implants for joint surgery. In 2023, we experienced very strong growth thanks to our robust MIS positioning in the US, combined with a good trend in Europe.

We will focus on the development of minimally invasive surgery as growth opportunities are stronger there for LISI MEDICAL. Orthopedics remains a major strategic focus for our division, due to its size and stability.

How do you adapt?

Our strategy is focused on supporting our clients in their growth dynamic with significant investments, while offering the best in terms of quality, cost, and service. Regarding quality – an essential dimension in the medical sector – we are recognized for being extremely demanding. Regarding costs and deadlines, we systematically optimize our processes as part of the LISI SYSTEM, our continuous improvement program. A first wave of automation, now completed, has allowed for significant productivity gains. Today we are embarking on a second wave of robotization which will focus on more complex phases of production, such as forging or the installation of autonomous cells integrating several consecutive operations. This step, which has already mobilized significant capital expenditures in 2023, constitutes an important challenge for the division.

What are the impacts on the business lines, on production?

This new wave of robotization and autonomy improvement will require significant work on optimizing production processes. At the individual business line level, on the other hand, although there is a need for adaptation, the impact will remain limited insofar as these developments and new digital tools are designed to facilitate the work of our employees.

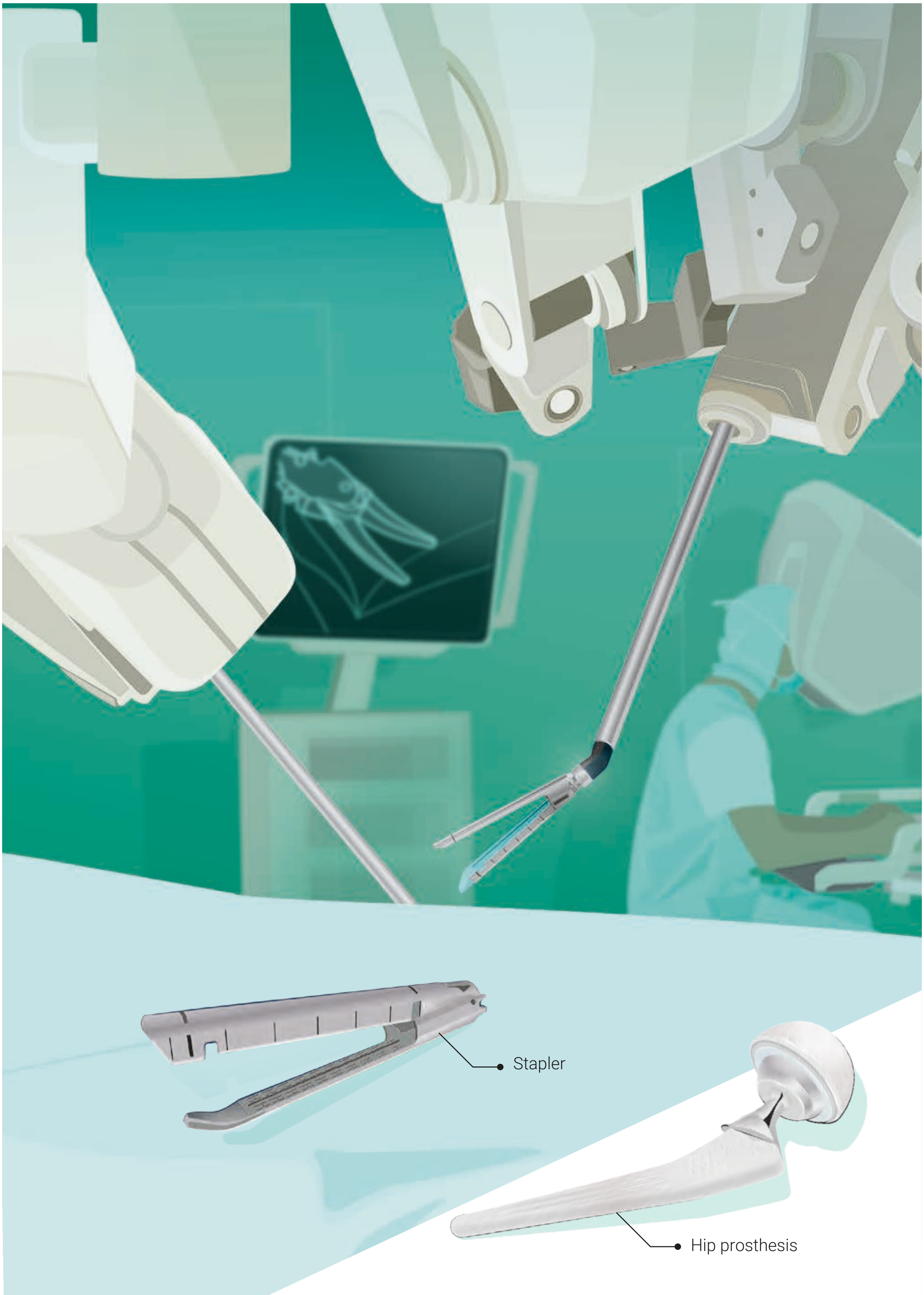
How do you tackle environmental challenges?

LISI MEDICAL is fully part of the Group's overall plan. Actions to reduce our energy consumption should allow us to save 1,400 MWh over the period 2024-2027. In terms of renewable energy, we aim to produce 850 MWh of electricity annually from solar panels by 2030, which will represent 3% of our consumption. We will also install electric charging stations in our French factories to allow our employees to come by electric car. In terms of governance, we aim to have 30% women cadres, and to ultimately evaluate more than 70% of our suppliers on CSR criteria.

How do you see LISI MEDICAL 20 years from now?

We anticipate relative stability in our orthopedics activity and significant growth in our MIS activity, all of which should enable us to pass the €300 million mark by 2027. In the longer term, our ambition is to reach a critical size and become a key player in these two markets in their consolidation phase. To achieve this, we must rely both on internal growth – which we have done over the last two years – and on external operations to meet, tomorrow, the needs of major global clients under the best conditions.

Our flagship products



2023 Highlights

The Group is awarded the "Saga Familiale" Prize

LISI received the Saga Familiale Prize at the *Territoires et Industrie* event organized in October in Belfort (France). This prize awarded by *L'Usine Nouvelle Events La Gazette des Communes* is a tribute to the Group's long industrial history, its local roots, and its loyalty to the territory where it was created. A commitment to continuing innovation efforts, an essential component of its attractiveness.

LISI, Best Managed Companies 2023

The LISI Group was awarded the Best Managed Companies 2023 label for the second consecutive year. Awarded in June by Deloitte, this label rewards companies for the quality of their management and their level of performance based on four criteria: long-term strategy, talent management, innovation capacity, CSR policy, governance and financial management. This label, awarded to 14 companies in France, supports LISI's ambition to inspire the talents of tomorrow, women and men, to transform the industry.

New edition of the LISI SYSTEM Forum

In March, the LISI Group held its 3rd webinar dedicated to the LISI SYSTEM, the operational excellence management program used within the Group's factories and support services. The forum made it possible to highlight good factory practices, share results and discuss LISI's vision in terms of continuous improvement, in relation to the Group's values: looking beyond, together.

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2023 PARIS AIR SHOW

A highlight for LISI AEROSPACE

LISI AEROSPACE's participation in the Paris Air Show, from June 19 to 25, 2023, represents a particularly strong moment for the division's teams. A major event in the economic life of the industry and the global aerospacel ecosystem, the Paris Air Show gathered nearly 2,500 exhibitors, including 300 start-up companies, and welcomed 293,000 visitors and 1,850 journalists. This key event also offers LISI AEROSPACE an opportunity to showcase its product and process innovations, ongoing collaborations with partner start-up companies (Fabriq, Mercateam, Ellistat, Oplit & Aletiq), to introduce its businesses and to share the vision of the Group's industry of the future. The constant success of the show, particularly among a young audience, has also made it possible to introduce the division's activities to as many people as possible: as part of the *"Elles Bougent"* association. On this occasion, 6 groups of female students were thus able to discover the high-level scientific and technical careers offered by LISI. Finally, the show was an opportunity to introduce the division's roadmap on the path to decarbonization.

STRATEGY

Sharing our vision for tomorrow

LISI's mission, expressed in our purpose, consists in designing and delivering reliable and sustainable assembly and component solutions for the aerospace, automotive, and medical sectors. To achieve this, we rely on our two pillars: operational excellence and innovation. We also strive to do better with less, by aiming for concrete targets in terms of social and environmental responsibility. Sharing our vision of the future, with our employees and all stakeholders, will enable us to succeed in achieving these objectives.

"We are ready for the future and are focusing our actions on decarbonization."

Emmanuel Viellard
LISI CEO

What strategic vision do you share within the LISI Group?

The LISI Group was built over a span of nearly 250 years of history and has always looked toward the future. Our strategic plan, set up for 4 years, is constantly updated. We are already thinking about 2030 to plan further and are structuring our action around 3 major ambitions: **decarbonization**, because sustainable development is a conviction that has become a prerequisite for any development initiative; **attractiveness**, to keep our ability to attract the best talents intact, and finally **productivity**, which is a necessary condition to maintain our performance and best meet customer needs. We are convinced that financial and non-financial results form a whole; they live together and must therefore be integrated into the strategy and expected objectives.

How do you measure progress in decarbonization and CSR?

We are present on the main programs of Corac, the Council for Civil Aerospace Research, which established, with the DGAC (French Civil Aviation Authority) and the GIFAS (French Aerospace Industries Group), the roadmap for the decarbonization of aviation. We are also very active in the automotive industry and electromobility, where these issues are key. Even though we operate way upstream for the time being, we already have all it takes to lighten our parts and our fastening systems adapted for the engines of the future, the Fit for 55 and the decarbonization of our applications. Regarding the overall CSR strategy of our activities, we have set for ourselves a specific long-term roadmap, with ambitious objectives for 2030, whether regarding the reduction of our water consumption or energy, our greenhouse gas emissions, safety at work or even advancing diversity within the company. From the climate emergency to the transformation of the mobility sector through the creation of a more inclusive society, our stakeholders expect LISI to act, with strong measures that have a real impact on society and the territories where we operate. This is the mission that we have set for ourselves and it is a conviction that inspires and involves all of LISI's 10,000 employees around the world.

What challenges are you faced with in terms of attractiveness?

Like all industrial companies, we must be sufficiently compelling if we want to win the battle for talent. Innovation, with the quest for operational excellence, is at the heart of the Group's strategy. If it is everyone's business – at LISI we deploy participatory innovation approaches and programs which are aimed at all of our employees – our capacity to attract talent, to mobilize energies, to offer attractive career paths in an open and varied environment, are powerful levers for collective success. This is why we increase training, experience and partnerships, to introduce people to the "LISI culture", its business lines, its vision of the industry of the future, the cutting-edge technologies implemented in each division, the disruptive solutions that we offer to the market which meet the needs of the most prominent manufacturers and equipment manufacturers, in the automotive, aerospace, and medical industries.

What levers do you rely upon to improve LISI's productivity?

We must remain agile, and adjust constantly. Productivity is one of the keys to success. We must work and constantly improve our performance results.

To achieve this, we rely on two essential pillars: the quest for operational excellence which is based on the LISI SYSTEM, the program which guides our practices and our procedures both in the plants and in the support functions. Innovation allows us to be positioned upstream with customers on the new products and applications they are developing, and to gain market share. Today we are focused on combining financial and non-financial performance over a long-term trajectory. By combining profitability and responsibility, we are opening a new chapter in our history. Our CSR approach, structured around the **3Ps People**, **Planet** and **Profit**, represents a decisive asset for the creation of value in the short, medium and long term. We are about to launch a major initiative on the "People" component by fully integrating it into the LISI SYSTEM.

"By combining profitability and responsibility, we want to prolong our history. Our CSR approach, structured around the 3Ps People, Planet and Profit, represents a ***decisive asset for the creation of value*** *in the short, medium and long term."*

Our business model

OUR RESOURCES

Our teams

- 10,014 committed and involved employees spread across 13 countries.
- A corporate university: LKI.

Our know-how

- 150 experts within an internal LISI network.
- 30 members of the digital community spread across all sites.
- 23 patents filed in 2023[1].

Our industry

- 42 production sites spread across 13 countries.
- 3 sites awarded with the label *Vitrine Industrie du Futur*.
- Ratio of 426 robots for 10,000 employees.
- 15 collaborations with startup companies.

Our responsibility

- ISO 14001 & ISO 45001: a certification policy for all our sites.
- LISI E-HSE internal excellence program and 6.3% of investments dedicated to HSE.
- Signatory of the Global Compact, French Business & Climate Pledge.

Our robust financial position

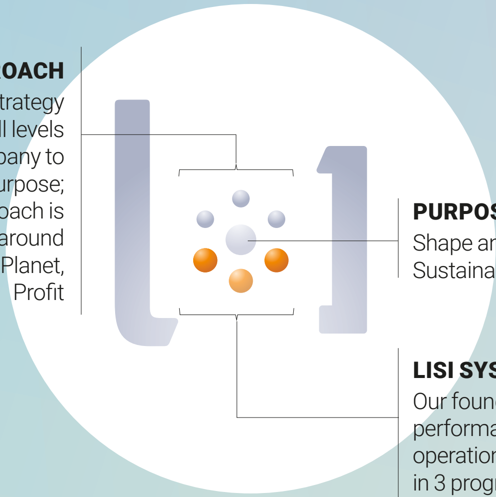
- €939 M shareholder equity.
- Net debt (€501 M, excluding OPRA €289 M).

[1] Invention registered in the form of a soleau envelope or first patent filing.

OUR PURPOSE

Shape and Share Sustainable Links

In line with our CSR policy, the LISI Group is accelerating its strategy around the **3P - PEOPLE**, **PLANET**, **PROFIT**, relying on the fundamentals of the **LISI SYSTEM**, our standards and our tools and on our major levers **operational excellence and innovation** which constitute our DNA.



2 PILLARS

- Operational excellence
- Innovation

OUR 3PS WITH OUR 7 AXES

SDG*

People

1 Protect our employees

2 Retain our talents

Planet

3 Protect our environment

4 Work with our territories

Profit

5 Go beyond our customers' expectations

6 Involve our suppliers

7 Secure our financial resources

* Sustainable development goals.

OUR ADDED VALUE

Our teams

- A favorable and attractive social model: participation, profit-sharing, employee shareholding and employee savings.
- €611 M in personnel costs, or 37.5% of sales revenue.
- 28.1% women cadres.
- TF1 [(2)] = 6.7

Our customers

- €29.4 M in capital expenditures to expand our plants' capacities, or 30% of total CAPEX.
- €32,3 M in R&D expenses.

Our suppliers and partners

- €513 M in purchases (raw materials, goods, tools and other supplies).
- 57% of key suppliers assessed as per CSR criteria.

Our environment

- -37% of greenhouse gas emissions/2019 on partial scopes 1, 2 and 3 and €4.3 M in CAPEX dedicated to carbon footprint reduction projects.
- 1.7% of energy savings in MWh due to the projects compared to the N-1 consumption (on a same scope basis).
- 0.4% of renewable energies produced on site.

The State and communities

- 100% of sites in water stress zones have an action plan.

Our shareholders and financial partners

- Free Cash Flow: 1.4% of sales revenue.
- €0,31 dividend per share.[(3)]

(2) Number of workplace accidents with and without lost time per million hours worked.
(3) Dividend suggested to the General Meeting of 04/26/2024.


People
Planet
Protect our employees
Protect our environment
Retain our talents
Work with our territories
3P
Go beyond our customers' expectations
Involve our suppliers
Secure our financial resources
Profit

“3 action principles to structure our roadmap.”

The LISI Group has structured its sustainable development strategy to mirror the pondering that resulted in wording its purpose: Shape and Share Sustainable Links. Guided by the desire to contribute to a sustainable and inclusive world, such CSR strategy was naturally organized around three entry points, called the **3Ps**: **People**, **Planet**, **Profit**.

People is focused on the health and safety of the Group’s employees, diversity and inclusion and the development of our attractiveness. **Planet** is structured around three central topics: carbon footprint reduction, efficient use of resources and our actions with local communities. Finally, **Profit** focuses on meeting the expectations of LISI’s customers and suppliers and on securing its financial resources in compliance with environmental, social and ethical rules.

These **3Ps** were defined and designed in consultation with all of the Group’s stakeholders: its suppliers, its customers, its shareholders, its employees, staff representative bodies, etc. Driven by strong convictions, they fuel our values and guide our action. By integrating sustainability and societal impact into every aspect of our business, we create long-term value for all stakeholders and ensure profitable growth.

€4.3 M
CAPEX DEDICATED TO CO_2 REDUCTION

– 37%
REDUCTION OF OUR CO_2 EMISSIONS/2019

6.7
TF1

28.1%
WOMEN CADRES

57%
KEY SUPPLIERS ASSESSED AS PER CSR CRITERIA

*“Our roadmap is clear and our determination is complete: thanks to the energy, know-how, commitment of our teams and the support of our stakeholders, LISI is confident in **its ability to move forward together** and make progress on our sustainable development goals for the benefit of all.”*

– Anne-Delphine Beaulieu
LISI Chief Sustainability Officer & Digital Transformation

People

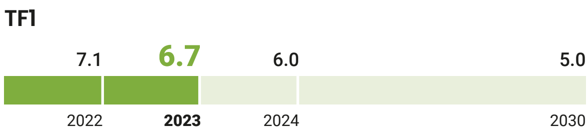
The first P of LISI's sustainable development strategy, **People** focuses on two major objectives: protecting employees and retaining talent. In 2023, the Group implemented a number of actions to develop its employer brand. The "Welcome to the Jungle" platform, for example, helps boost our visibility and recruitment; more than 47,000 visitors to our showcase and more than 900 job offers published. LISI is also a partner of the *"Elles Bougent"* association to strengthen the diversity of talents within its teams and in particular on the feminization of jobs.

#1 Protect our employees

Objectives assessment

- TF1[1] down.
- 0 level 1 machine non-compliances maintained.
- 100% of staff trained in safety at least once a year.
- Breakup plan for accident-prone sites.
- ISO 45001 certification.

Challenges & Objectives



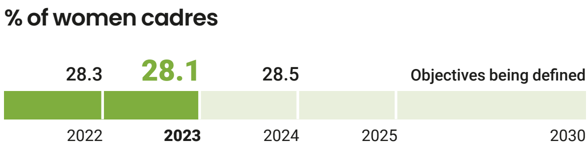
SDG[2] 3: Good health and well-being
GRI[3] 403-2

#2 Retain our talents

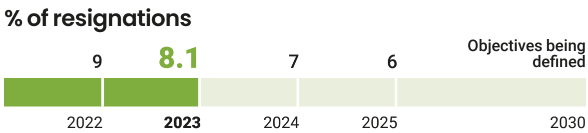
Objectives assessment

- LISI Group promoted to attract talent.
- Guarantee a working environment conducive to development and fulfillment.
- Develop diversity.
- Engage the teams.

Challenges & Objectives



SDG 5: Gender equality
GRI 401-1



SDG 5: Gender equality
GRI 401-1

(1) TF1: Number of workplace accidents with and without lost time per million hours worked.
(2) SDG: Sustainable development goals.
(3) GRI: Global Reporting Initiative.

People

Diversity

"Elles Bougent" to strengthen the position of women in the industry

In 2020, the LISI Group joined the *"Elles Bougent"* association whose objective is to strengthen diversity and deconstruct stereotypes about jobs in the industry. Created in 2005, the association multiplies its actions to open young girls' horizons to careers that they often know nothing about. Supported by a host of industrial groups, by engineering schools and by several ministries, *"Elles Bougent"* organizes forums, challenges, offers plant visits and specialized tradeshows to inspire vocations via testimonials.

The LISI Group welcomed groups of students to the Paris Air Show (read opposite).

The diversity of talents in plants is one of the Group's priorities. *"We wanted to mobilize to fight the stereotypes that weigh on the industry and encourage women to consider careers in this sector,"* emphasizes Élisabeth Willocq, R&T Director – Engine and Structural components at LISI AEROSPACE. *"The industrial sector must open up even more to women to enrich the world of work."* Since joining forces with the association, 38 employees (25 in 2022) of the LISI Group and its divisions have accepted to take on a role as ambassadors and pass on their passion and encourage callings. Although the Group still needs to make progress on this indicator, it remains in motion and is taking a host of actions to increase the feminization of positions in its plants.

People

Diversity

Ambassadors mobilized at the Paris Air Show

As part of the actions carried out by the Group with the *"Elles Bougent"* association, LISI AEROSPACE welcomed six groups of students to its booth to make its jobs visible and explain them. Élisabeth Willocq (on the photo, left), R&T Director – Engine and Structural components and Mina Khalij (on the photo, right), Central documentation manager, accepted the role of "ambassadors" to guide them. A unique experience: *"To me it was very important to take advantage of the show to explain and demonstrate to young girls that careers in the industry are not only male jobs. I think diversity is essential in industrial jobs; it enriches the working environment and increases collective performance,"* insisted Élisabeth Willocq during her speech at the 2023 Paris Air Show. For her part, Mina Khalij remembers having had a chance to discover the industry during an identical visit organized during her studies. She admitted to having "fallen in love with this sector" on that occasion.

"To me it was very important to take advantage of the show to explain and demonstrate to young girls that careers in the industry are not only male jobs."

Élisabeth Willocq,
R&T Director – Engine and Structural components,
at LISI AEROSPACE.

Recruitment

A showcase on the "Welcome to The Jungle" platform

A pioneer in the job search ecosystem and a specialist of trends in the world of work, *Welcome to the Jungle* makes it possible to identify and highlight inspiring companies and deliver general content on the groups that recruit and their values, their development strategies, etc. This is the reason why LISI chose to develop a "showcase", to help discover its universe, highlight its profile, the job offers and career opportunities offered by the Group, as well as the reasons for joining its teams in France and around the world.

FIND OUT MORE

Planet

The LISI Group is committed to preserving the environment. As such, it takes its part in the collective effort involved in the energy transition. Deployed at all levels of the company, its strategy is structured around strong convictions: environmental issues constitute a major challenge for humanity and require long-term thinking. The world is subject to permanent disruption and requires organizations that are agile and able to adjust. Diversity is a strength and companies must have a positive impact on society and in the territories they occupy. LISI's actions are guided by these anchor points.

#3 Protect our environment

Objectives assessment

- Reduce our carbon footprint.
- Improve the energy efficiency of our plants and reduce energy consumption.
- Develop renewable energies.
- Control dependence on water.
- Develop the eco-design of products and the eco-responsibility of processes.

Challenges & Objectives

Reduce greenhouse gas emissions: Partial SCOPES 1 + 2 + 3

2022	2023	2030
-10.8% vs 2021 (291,487 T. CO_2)	- 37% vs 2019[1]	- 30% vs 2019

SDG[2] 13: Climate action
GRI[3] 305-1 / GRI 305-2

[1] on a comparable scope.

Challenges & Objectives

% of renewable energies produced on our sites

2022	2023	2024	2030
0.0	0.4	0.7	3

SDG 13: Climate action
GRI 301-2 / GRI 306-2

% energy savings in MWh due to projects

2022	2023	2024	2030
> 1	1.7	1.8	>1 / N-1

SDG 13: Climate action
GRI 301-1

#4 Work with our territories

Challenges & Objectives

- Launch action plans for plants in water stress areas.

Challenges & Objectives

% of water stress area sites with an action plan

2022	2023	2030
18	100	100

SDG 11: Sustainable cities and communities
GRI 303-1 / GRI 302-4

[2] SDG: Sustainable development goals.
[3] GRI: Global Reporting Initiative.

Planet

Key figures

3 PLANTS EQUIPPED WITH SOLAR PANELS

0.4% OF RENEWABLE ENERGY PRODUCED ON SITE

Mellrichstadt, Germany plant (LISI AUTOMOTIVE).

Territories

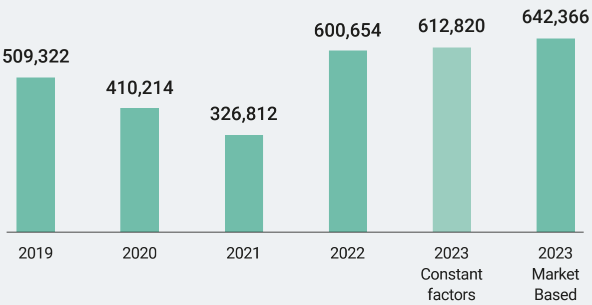
Act on water stress area sites

Eleven LISI Group sites are located in areas experiencing water stress. In 2023, they defined an action plan to reduce water consumption which will be implemented from 2024 onwards. Concurrently, the Group reduced its water consumption by -19.9% compared to 2022. Several sites at LISI AEROSPACE have also installed rainwater recovery basins. The Villefranche-de-Rouergue (south of France) site made it possible to recover 8,039 m^3 of water consumed for production (22% of the site's requirements). The Rugby (United Kingdom) and Izmir (Turkey) sites have deployed similar equipment.

–19.9%

OF REDUCTION IN WATER CONSUMPTION IN 2023 VS 2022.

Evolution of GHG greenhouse gas emissions in T. of CO_2 since 2019.



"We must stimulate the eco-design of products and innovation in processes and question the most costly investments from the angle of the Profit (€) / Planet (T. CO_2 eq.) balance"

Anne-Delphine Beaulieu
LISI Chief Sustainability Officer & Digital Transformation.

Carbon footprint

CO_2 emissions: – 37% in 4 years (2019-2023)

The LISI Group's carbon footprint stands at 642,366 tons of CO_2. Overall greenhouse gas emissions are down 37% compared to 2019. Scope 1 and 2 emissions (direct and indirect energy-related emissions) represent 11% of the carbon footprint. Scope 3 (indirect emissions) alone represents 89% of the total. It includes purchased raw materials (34% of the Group's emissions), goods and services other than raw materials (33% of the footprint), and finally capital expenditures, which account for 10% of emissions. The challenges of sustainable reduction of the LISI Group's carbon footprint therefore lie in its ability to source less carbon-intensive raw materials, goods and services and to encourage its suppliers to reduce their carbon footprint. This is what is intended by the agreement signed by LISI AUTOMOTIVE with ArcelorMittal (read p. 33).

Planet

Fuenlabrada, Spain plant (LISI AUTOMOTIVE).

Renewable energies

Effective photovoltaic production at 3 plants

The production of renewable energies, which has been in the pipeline for several years, is a reality in the Group. In 2023, 3 Group plants – Fuenlabrada in Spain and Mellrichstadt in Germany at LISI AUTOMOTIVE and Rugby in the United Kingdom at LISI AEROSPACE put into production the installation of photovoltaic panels and managed to generate 14%, 3% and 1% of their annual consumption, respectively, i.e. 0.4% of the Group's overall annual consumption. Two of these facilities (Mellrichstadt and Rugby) went into production in the second half of 2023 and should reach full power in 2024. In Mellrichstadt, the 4,500 m^2 of panels should ultimately produce around 700 MWh/year and thus generate savings of 170 tons of CO_2. More modest in size, the Rugby project involves 1,270 m^2 of panels and should produce 248 MWh/year, representing savings of 48 tons of CO_2 equivalent. *"This equipment also allows employees equipped with electric cars – around twenty – to recharge their vehicles using the energy generated by the solar panels,"* commented Mark Capell, General manager of the Rugby plant. In Spain, the Fuenlabrada site, a Group pioneer in renewable energies, enjoys particularly favorable sunshine. *"With a surface area of 4,000 m^2 of panels which allow us to produce 1,130 MWh/year (437 T. CO_2 eq.), our site has managed to reduce its carbon footprint by 390 T. CO_2 eq. per year and should ultimately improve our production costs,"* commented Lorenzo Jimenez, General manager of the plant.

Hydroelectric power: a first in Canada

For the first time in its history, a LISI Group site is supplied with energy of 100% hydroelectric origin. The entire electrical consumption and 85% of the total energy consumption of the Dorval site at LISI AEROSPACE (*i.e.* 7,145 MWh) were actually produced from a hydroelectric production site. In May 2023, the site also signed a contract for the supply of biogas to replace natural gas.

Profit

The LISI Group strives to combine financial and non-financial performance over a long-term trajectory. It acts, as it has always done, in a responsible manner, respecting human and fundamental rights, applying business ethics, fighting corruption, and complying with tax laws. This conviction shared by all is the essential starting point to be profitable and sustainable. We remain convinced that our profitability, like our sustainability, rests on our ability to act together with our stakeholders in a responsible, ethical, and sustainable manner. As such, the Group is continuing its efforts and confirming its commitments.

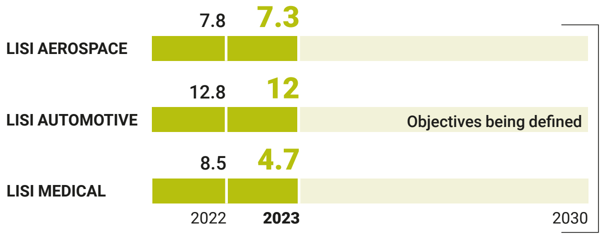
#5 Go beyond our customers' expectations

Objectives assessment

- Offer competitive products and services that meet the highest standards.
- Integrate and assess of our products' carbon footprint.
- Constantly seek to surpass our customers' expectations.

Challenges & Objectives

New products (% of sales revenue)



SDG[1] 9: Industry, innovation and infrastructure
GRI[2] 201-1

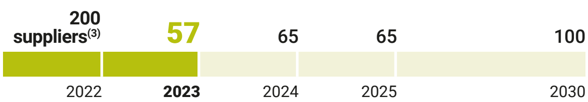
#6 Involve our suppliers

Objectives assessment

- Responsible procurement that takes into account our suppliers' CSR performance.
- Commitment of key suppliers to reducing their carbon footprint through a CSR evaluation plan.

Challenges & Objectives

% of sensitive suppliers assessed as per CSR criteria



SDG 9: Industry, innovation and infrastructure
GRI 414-1 / GRI 308-1

#7 Secure our financial resources

Objectives assessment

- Rigorous management of working capital requirements and inventory.
- Currency hedging for up to 3 years to secure dollar contracts.
- Differentiated funding sources.
- Positive Free Cash Flow maintained each year.

Sales revenue:

€1.63 Bn

Free Cash Flow:

€22.2 M

SDG 8: Decent work and economic growth
GRI 202-1

(1) SDG: Sustainable development goals.
(2) GRI: Global Reporting Initiative.
(3) The number of suppliers identified as "sensitive" increases each year.

Profit

Procurement

Low carbon steel: agreement between LISI AUTOMOTIVE and ArcelorMittal

"By allowing us to combine sustainability and performance, this partnership is a new step for the automotive industry. We are determined to push the boundaries of innovation to create solutions that benefit the planet and future generations."

– François Liotard
LISI AUTOMOTIVE CEO

CO_2 emissions linked to Scope 3 (products or services purchased by LISI) accounted for 67% of LISI's carbon footprint in 2023. They therefore constitute a major challenge for the Group. As part of the plan to reduce its carbon impact, LISI asks its suppliers of goods and services to commit to reducing their carbon footprint. By working with their raw material suppliers to move towards manufacturing processes that emit less CO_2, the Purchasing departments collaborate fully in this effort, as illustrated by the signing of an agreement between LISI AUTOMOTIVE and ArcelorMittal. This major strategic agreement entered into in 2023 provides for the joint development of steel that emits less greenhouse gases – called XCarb® steel – suitable for transformation by cold forming and compliant with the requirements of the automotive market (specifications, cost, availability, etc.).

100% renewable electricity

This low-carbon steel, produced from recycled and renewable sources – it uses 100% renewable electricity – allows the ArcelorMittal plants in Hamburg and Warsaw to manufacture wire rods with less than 700 kg of CO_2 per ton of steel. This process reduces CO_2 emissions by 70% compared to traditional methods. The impact for LISI is considerable since it will generate a 45% reduction in LISI AUTOMOTIVE's carbon emissions linked to the purchase of raw materials from ArcelorMittal and a gross reduction which could reach 10,000 tons of CO_2 by 2030. LISI AUTOMOTIVE plans to qualify this new steel on its own products and is developing the initial applications with its German customers. ArcelorMittal will reserve sufficient volumes for LISI AUTOMOTIVE to meet its future demands for green steel. Other initiatives are currently being reviewed at the Purchasing level regarding the optimization and reduction of CO_2 emissions linked to the transport of goods.

Compliance

New supplier policy kicked off

The supplier policy formalizes LISI's expectations from its suppliers and service providers. It defines the rules of business ethics which govern the rules of work in common. An essential tool for establishing strong and lasting partnership relationships, the policy was updated in December 2023 in order to be adjusted to the new regulatory framework and to strengthen some of its requirements (CSR, certifications, anti-corruption rules, protection of information). The new policy, which incorporates the Group's new requirements, will soon be disclosed to all suppliers.

Innovation

€32.3 M
R&D EXPENDITURES

23
PATENTS FILED IN 2023*

Continuous efforts towards innovation, one of the pillars of LISI's development, allow each of the Group's divisions to operate at the highest level in their markets. The technological mastery offered by this innovation capacity constitutes an essential competitive edge. It is made possible by the commitment of all of the Group's teams and allows major innovations to emerge, in particular technological breakthroughs in our production processes.

* Invention registered in the form of a soleau envelope or first patent filing.

Innovation

LISI-μ MACH ASSEMBLY PROCESS®

“A major breakthrough for multi-material assemblies.”

David Mercs
Chief Research and Innovation Officer,
Director of Expertise Manager of Experts’ Network
LISI AUTOMOTIVE

How did this innovation come about and what is its significance?

Research into vehicle weight reduction led us in particular to focus on multi-material assemblies as early as 2019. The principle of a connection between steel and a lighter element such as aluminum opens up particularly interesting avenues to lighten the structure of vehicles, a challenge for lowering their consumption and related CO_2 emissions, or compensating for the significant weight of batteries in electric vehicles. From this point of view, LISI-μ MACH ASSEMBLY PROCESS® constitutes a major breakthrough.

This mechanical assembly process through the laser micro-machining of surfaces and *in situ* additive manufacturing makes it possible to produce numerous mechanical and electrical assembly configurations, without any limits as to geometry. The aluminum alloy-based assembly points are light and guarantee good mechanical resistance. The process is cold, and doesn’t involve any oxidation or mixing of materials. It also offers extremely low contact resistance and thus optimizes the lifespan of batteries in electric vehicles. Finally, it allows for the production of electrical connections of higher quality and efficiency than what is available in the market today.

What milestones did you reach in 2023?

In 2022, we developed a demonstrator in order to test and comment with our customers on this full-scale assembly system on relatively simple geometries. The reception was very positive and revealed many fields of application.

In 2023 we focused on more complex parts, with assemblies at different points of the same assembly – a car door for example –, which complicates the robots’ trajectory. For this project, supported as part of the *France 2030* Recovery Plan, an engineer from LISI AUTOMOTIVE was seconded for 23 months to the Technological University of Belfort-Montbéliard (in eastern France) to work on the optimization of trajectories. Now, the robot is capable of recognizing the part presented to it, checking its compliance, comparing it to the theoretical model, and then automatically adapting its trajectory to operate the steel-aluminum assembly points.

What are the upcoming development phases?

We have launched the test phases on the assembly of the side plates of the battery packs and the quality of their electrical connections which are the main applications of the system to date. Regarding the actual process, artificial intelligence should ultimately allow us to go further, to identify and process configurations that are beyond the model, such as a misaligned or defective part.

#AUTOMOTIVE #PROCESS

Innovation

SELF-LEARNING MACHINING SYSTEMS

“20 AI-controlled machines will be in service in 2025.”

Cédric Dejean
Senior VP General Manager
Business Group Fasteners Europe
LISI AEROSPACE

Saint-Ouen-l’Aumône plant, north of France (LISI AEROSPACE).

Where are you standing regarding the deployment of autonomous machining systems?

After the Alpha prototyping phase and the design of Beta series machines, we are in the process of receiving and commissioning one of our first four machines at WhatchOutCorp, the partner with whom we have developed these systems. Everything is going according to plan. Twenty additional machines will be delivered by the end of 2025. The deployment plan provides for the installation of these machines at the Saint-Ouen-l’Aumône plant (north of France), which will operate as a subcontractor for the Saint-Brieuc (west of France), Villefranche-de-Rouergue (south of France), Izmir (Turkey) and Rugby (United Kingdom) sites. Before the transfer, an overall control phase will be conducted under real-life conditions in Bonneville, Haute-Savoie, in a fully integrated 4.0 site.

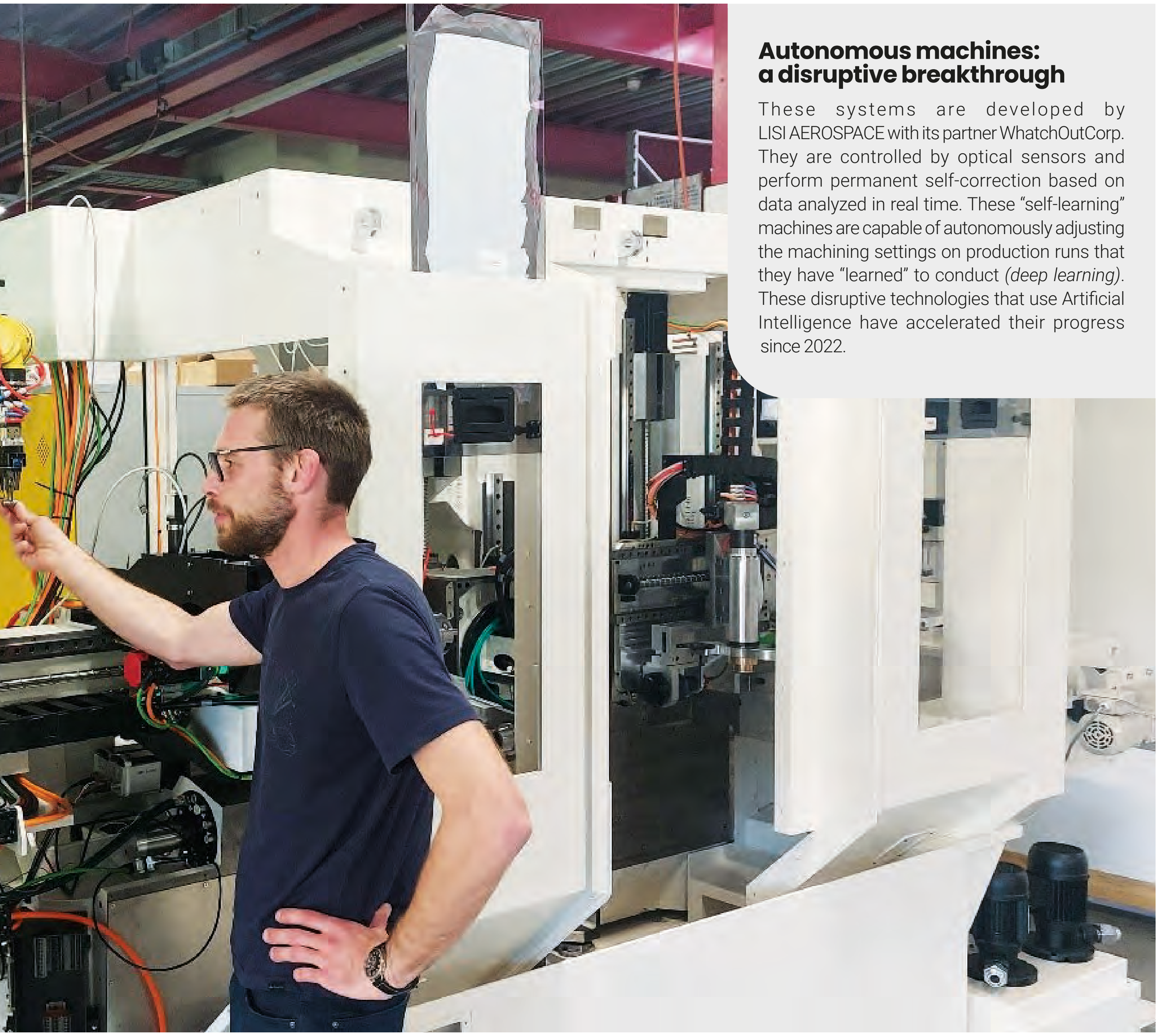
What is your long-term goal?

Today these AI-managed machining and integrated control systems allow us to digitize the turning stages – by integrating the geolocation of tools and the gripping of parts – but also to anticipate all the preventive maintenance stages of the machines, to measure and control our consumption of tools and consumables.

This equipment also constitutes a response to the labor shortage problems that we encounter today. Programming is managed directly by the machine as well as the optimization of cutting and feed speeds. Corrections of errors or anomalies are driven by AI in a fully automated manner.

#AEROSPACE #ARTIFICIAL INTELLIGENCE

Innovation



Autonomous machines: a disruptive breakthrough

These systems are developed by LISI AEROSPACE with its partner WhatchOutCorp. They are controlled by optical sensors and perform permanent self-correction based on data analyzed in real time. These "self-learning" machines are capable of autonomously adjusting the machining settings on production runs that they have "learned" to conduct *(deep learning)*. These disruptive technologies that use Artificial Intelligence have accelerated their progress since 2022.

OPTIBLIND™ : an Innovation Award from Airbus

LISI AEROSPACE won the 2023 Innovation Award at the Airbus Global Supplier Conference event for its new OPTIBLIND™ fastener system. The system, which allows assembly operations to be carried out from only one side of the fuselage, removes a strong technological barrier. By offering new paths to aerospace designers, it actively participates in the development of the aircraft of the future.

#AEROSPACE #FASTENERS

Excellence

*"A central element of LISI's collective industrial performance, **the quest for operational excellence is based on the LISI SYSTEM**, our reference for managing excellence within plants and support services. Structuring, articulated and applied across all of the Group's functions, a true pivot of industrial and operational performance, it is the guarantor of the dynamic of continuous improvement."*

– Frédéric Balcerzak
LISI Senior VP Industrial & Purchasing

Excellence

Mélisey plant, north-eastern France (LISI AUTOMOTIVE).

VALUE STREAM MAPPING

Mapping the value chain

VSM, or Value Stream Mapping, is a powerful value chain optimization tool. This continuous improvement technique has been deployed within the LISI Group since the beginning of its continuous improvement program.

Implemented in more than twenty Group sites around the world, the method of analysis and mapping of the value chain – Value Stream Mapping – provides a general view of all processes at work within the company, the links between these processes, and even the interactions between the company, its customers and its suppliers. *"A powerful tool for continuous improvement, VSM is an analysis method structured around a simple and easy-to-use common language allowing the team to understand all the opportunities and project itself into an ideal state"*, explained Philippe Babel, LISI LEAP Director. VSM applies to all product-related activities, from production to the supply chain, including support functions, design, and sales. It highlights the flows of added value creation and, by contrast, the sources of "non-added value". It makes visible the strengths and weaknesses of the system on the basis of data and factual observations, thus providing specific information on resource consumption, information flows, and material flows supplying these processes. *"VSM will help us understand the obstacles that extend Lead Times, and identify the causes of potential bottlenecks in a clear and objective manner. It is an important approach to make a diagnosis and develop an improvement plan as part of a structured LEAP - LISI Excellence Achievement Program – approach"*, continued Philippe Babel. *"Finally, it helps to structure and support the company's vision."*

#GROUP #CONTINUOUS IMPROVEMENT #PROFIT

VSM and LISI SYSTEM: what's the connection?

VSM has been used in the LISI Group since the beginning of its continuous improvement program. It is a component of the processes defined within the framework of the LISI SYSTEM to document the current situation and project towards a target state making it possible to fuel our industrial strategy formalized in the A3 of each site.

Excellence

AUTONOMOUS SECURITY

The Rugby site, champion of "shared vigilance"

The Rugby site is a pilot in terms of workplace safety. The site, which won an award in 2023, has had a frequency rate of work accidents with and without lost time (TF1) of 0 since 2015.

Almost nine years without an accident with or without lost time (TF1). This is the reason why LISI AEROSPACE's Rugby site, in central England, won the 2023 Engeneering Manufacturing Award in the Health, Safety and Well-being at Work category, awarded by *The Engeeners Magazine*.

The plant, which produces titanium fasteners for Airbus, Embraer, and Bombardier, has made prevention a concept shared by all employees. Today the site is one of those where the safety culture is most developed. The source of such good results is to be found in the concept of autonomous security, which involves voluntary and shared responsibility for safety issues. The Rugby site has implemented a process for reporting dangerous conditions and behavior and "near misses". This approach was then applied to the other sites of the Fasteners Europe Business Group and will be deployed in 2024 across all of the Group's sites. By encouraging the sharing of these situations, each employee, from the operator to the site manager, is able to detect and report dangerous situations, and adopt appropriate behavior or change their habits to avoid injury, for themselves and their colleagues.

#LISI AEROSPACE #HSE #PEOPLE

HSE indicators at the heart of LISI's strategy

Occupational safety and health issues are deeply anchored in the Group's culture. They are at the heart of continuous improvement initiatives. Monitoring HSE indicators is just as important as tracking financial indicators. The progress objectives set as part of the E-HSE program plan to achieve a TF1 of less than 6 in 2024, and less than 5 in 2030.

Rugby, UK plant (LISI AEROSPACE).

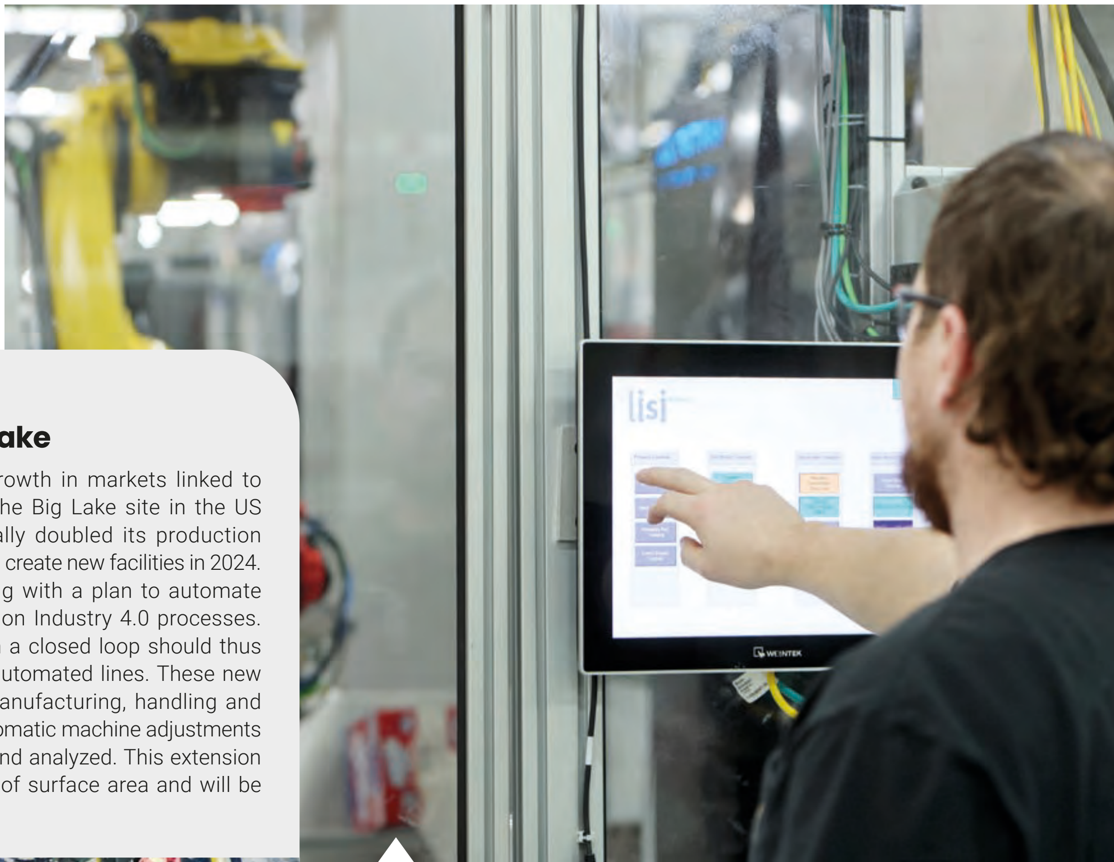
Investing in the future

€96.7 M

OF INDUSTRIAL CAPEX IN 2023

The driving forces for development, capacity investments support the strategy defined by the Group as part of its development plan. They illustrate the Group's confidence in the future by accelerating its industrial competitiveness and supporting its growth across all sectors where it is present. Through these commitments, LISI contributes to the social, economic and cultural dynamism of the territories where it is established.

Investing in the future



Robotization and Industry 4.0 at Big Lake

In response to the strong growth in markets linked to minimally invasive surgery, the Big Lake site in the US (LISI MEDICAL) has practically doubled its production capacity in 3 years and plans to create new facilities in 2024. These extensions came along with a plan to automate production processes based on Industry 4.0 processes. Robotic systems operating in a closed loop should thus be added to the 12 existing automated lines. These new systems will integrate the manufacturing, handling and control of parts, as well as automatic machine adjustments based on the data collected and analyzed. This extension covers more than 10,000 m² of surface area and will be operational at the end of 2024.

Big Lake, US plant (LISI MEDICAL).

ROBOTIZATION

Speeding up automation at LISI MEDICAL

The automation of polishing and forging is included in the Group's development plan. It has now entered its operational phase.

In 2023, the activity robotization plan accelerated for the LISI MEDICAL division. *"At Hérouville, automation supports the increase in the site's production capacities and covers all stages of production, from forging to finishing,"* explained David Bogaert, in charge of technical services at Hérouville-Saint -Clair (Northwest France). These transformations will come complete with a technical training stage in order to increase the skills and polyvalence of the on-site teams. These capital expenditures come about as a response to the strong development of business at Hérouville-Saint-Clair, a site that produces orthopedic implants (hip and knee prostheses), as well as at Big Lake, Minnesota in the US, which produces minimally invasive surgical instruments.

"The automation of the Hérouville site covers all stages of production, from forging to finishing."

– David Bogaert, in charge of technical services at Hérouville-Saint-Clair (Northwest France).

#MEDICAL #CONTINUOUS IMPROVEMENT #PRODUCTIVITY

Investing in the future

Rugby, UK plant (LISI AEROSPACE).

SMART FACTORY

Data-driven production at Rugby in the United Kingdom

LISI AEROSPACE Rugby's Smart Factory project includes the development of a new generation of machines and a skills reengineering plan.

Launched in 2017, Rugby's Smart Factory project has entered its final phase. An integral part of the Group's continuous improvement plan from the outset, it is designed to project the site into the industry of the future by meeting market requirements and societal and environmental challenges. The project includes the installation of autonomous production cells controlled by sensors whose data feed machine learning algorithms. The first generations of these "self-learning" machines are already in production on site. The first complete new-generation line, integrating tool handling and adjustment, will be operational by the end of 2024. Other lines will be deployed progressively between now and 2030. The project, developed in partnership with Advanced Manufacturing Research Centre (AMRC) at the University of Sheffield, has received support from the UK government as part of InnovateUK and from the Aerospace Technology Institute (ATI). It is accompanied by an extensive training program to develop in-house skills in data analysis (data literacy, software development) and production line management. These learning approaches have been developed in partnership with with the universities of Cambridge iFM, Birmingham and De Montfort.

#LISI AEROSPACE #PLANT 4.0

"The Smart Factory project not only benefits us, it also has a direct positive impact on the local economy, with the development of new skills in the local job market."

– Mark Capell
Rugby plant General manager.

QUALITY CONTROL

Foundry defects tracked by AI

The Mélisey site (LISI AUTOMOTIVE) has commissioned two quality control applications assisted by artificial intelligence.

The first of these applications, launched in May 2022, was designed to detect cracks – foundry defects – and impacts on one of our parts. The second application deals with detecting impacts on dark-colored parts, for which the conventional control system, based on the reflection of light, was ineffective. *"We turned to artificial intelligence when we couldn't get satisfactory results with the conventional optical system,"* explained Yves Jassey, in charge of sorting and packaging at the Mélisey site (north-eastern France). *"In the first case, the two anomalies sought are very close visually and led to very high leak rates – "false" non-compliant ones."* AI-assisted learning-based control has significantly reduced these "false negatives". *"To achieve that, we had to set up a huge image database by checking tens of thousands of parts, compiling the defects, classifying them, and then teaching the algorithm how to recognize the parts to be discarded,"* continued Yves Jassey. *"It is sometimes necessary to plan several iterations before finding the right level of adjustment; with each new defect encountered, the model must be corrected and enriched."* While here artificial intelligence plays a very important supporting role, the deployment of a self-learning solution involves developing a robust database to achieve the desired results. However, the results are commensurate with the invested energy: the leak rate matches the degree of vigilance of a trained human controller.

#LISI AUTOMOTIVE #HSE #PEOPLE

"We turned to artificial intelligence when we couldn't get satisfactory results with the conventional optical system."

– Yves Jassey
Automatic Control APU Manager at the Mélisey site (north-eastern France).

Overcoming the challenges of a responsible industry

"The global strategic thinking undertaken by the Group to develop its purpose has contributed to sustainably fuelling the values of the LISI employer brand. Agile, solid, innovative, forward-looking, attentive to the work environment of its employees, the Group has key assets to retain and attract talent. All these factors make up the value proposition offered by LISI to convince young people to join the company."

Raphaël Vivet, LISI Chief Financial Officer
Alexis Polin, LISI Chief HR Officer

"Fueling the employer brand sustainably"

CROSSED VISION — Confronted with the challenges facing the industrial sector in recruiting and attracting talent, **Raphaël Vivet**, Chief Financial Officer and **Alexis Polin**, Chief HR Officer of the Group, analyze together what are the strengths of the LISI employer brand.

In your opinion, what are the levers that have an impact on talent recruitment?

Raphaël Vivet: The robustness of the financial indicators reassures about the solidity of the company and is a source of trust. The outlook allows us to project ourselves, judge the relevance of the vision and management's ability to anticipate changes in the environment. The overall credibility is based on the company's track record, its past achievements, and its capacity to adapt to market conditions.

Alexis Polin: LISI's image and reputation are indeed key elements in attracting talent: the promotion of our employer brand and the value proposition offered by LISI are essential factors in convincing applicants to join the company. And in that respect, we have a host of assets: the Group's history, the sectors in which it operates, its products and its business lines, its purpose, its values, its reputation, its financial solidity and its human resources management and the career prospects it offers, are a very positive fuel for the brand.

During the job interviews we conduct, we have noticed the impact of the values associated with LISI's purpose, which are so many powerful vectors for sharing the company's culture, its managerial culture, and its CSR ambitions, particularly among the youngest.

Co-optation, a process by which our current employees recommend potential applicants from their personal or professional network, is also a way of recruiting people to whom we would not necessarily have access with usual methods. The *"co-opters"* know the company, its environment, its culture and its values, which promotes the onboarding of the *"co-opted"*.

"Corporate culture and the work environment are the result of a long-term construction. They require consistency in decision-making, without sudden change of direction, and involve structured responses even in the toughest crises."

Raphaël Vivet,
LISI Chief Financial Officer

R.V.: Corporate culture and the work environment are the result of a long-term construction. They require consistency in decision-making, without sudden change of direction, and involve structured responses even in the toughest crises. These are powerful factors of attractiveness and retention, just like the working atmosphere: a caring and supportive environment allows each employee to give the best of themselves.

What are the roles of the Administrative and Financial Department and the Human Resources Department in productivity strategies?

R.V.: Through management control, the Administrative and Financial Department gives operational staff the visibility and quantified expertise that allows them to measure their performance and identify the levers that will improve it.

A.P.: The teams in charge of human resources within the Group – whether they act at headquarters level, in the divisions, business groups or on sites – are key contributors in terms of performance and productivity. They help ensure that human resource requirements are met on time; they participate in the definition and organization of effective and efficient work and contribute to the quality of life at work, a guarantee of collective efficiency and employee commitment. The LISI Knowledge Institute, the Group's corporate university, is also a decisive asset. This training organization contributes to the deployment of the LISI SYSTEM excellence programs – our benchmark for the management of technical and functional excellence within the plants and support services: LEAP, E-HSE, COS – to the Group's organizational efficiency and to the operational excellence of all of our sites.

How do CSR decisions guide capital expenditures?

R.V.: Resources are not infinite. Therefore, we must make choices. At LISI, priority is given to ensuring the security of our facilities and preserving the physical integrity of our employees. As industrialists, we also pay close attention to capital expenditures that promote the future, innovation and development of new products, and also those that improve efficiency and working conditions. People, the first of the 3Ps that structures our CSR strategy (read p. 26), is also reflected in our investment decisions, as shown by the ambitious maintenance, renovation and improvement programs focused on buildings and work spaces. Planet, the second P of our strategy, also comes as a top priority: LISI's ambition is exemplary here, whether regarding the objectives of energy consumption reduction, decarbonization, or resources preservation.

A.P.: In our industrial environment, improving working conditions is one of the keys to the attractiveness of our sites. This is why our decisions take into account the notions of quality and improvement of the quality of life at work. A significant part of these capital expenditures is also directed towards the robotization of physically demanding tasks in order to improve the working conditions of our employees.

Alexis Polin,
LISI Chief HR Officer

Operational Management

Executive Committee

10 members representing the Group's General Management and the directors of the three divisions. Its role is to share all of the Group's operational and strategic decisions.

Leadership Board

25 members representing the key functions of each of the Group's divisions and General Management. The Leadership Board defines and implements the Group's operational strategy.

LISI

Emmanuel VIELLARD
CEO

Raphaël VIVET
Chief Financial Officer

Frédéric BALCERZAK
Senior VP Industrial & Purchasing

Cécile LE CORRE
General Counsel

Christian DARVILLE
Senior VP Administration & Strategic development North America

Anne-Delphine BEAULIEU
Chief Sustainability Officer & Digital Transformation

Alexis POLIN
Chief HR Officer

Pierre-Emmanuel KOHLER
VP Information and Technology

LISI AEROSPACE

Emmanuel NEILDEZ
CEO

Cédric DEJEAN
Senior VP General Manager Business Group Fasteners Europe

François-Xavier DU CLEUZIOU
Senior VP General Manager Business Group Structural Components

Bénédicte MASSARÉ
Senior VP Finance

Yannick MORVAN
Chief Quality and Technology Officer

Michael REYES
Senior VP General Manager Business Group Fasteners North America

LISI AUTOMOTIVE

François LIOTARD
CEO

Martin BELEY
Senior VP General Manager Business Group Safety Mechanical components

Eric FERNANDEZ
Senior VP General Manager Business Group Threaded Fasteners

Thierry JULIAT
Senior VP General Manager System of Excellence and Operational Support

Christophe MARTIN
Senior VP General Manager Business Development

Vincent QUINAUX
Senior VP General Manager Business Group Clipped Solutions

Wes J. GARDOCKI
CEO LISI AUTOMOTIVE Termax

Françoise ZAUGG
Finance & Internal Control Director

LISI MEDICAL

Lionel RIVET
CEO

Marie-Georges BOUICHET
Chief Quality and Regulatory Affairs Officer

Kenneth DURHAM
VP General Manager LISI MEDICAL US

(4) (7) (14) (11) (8) (2) (1)

The Board of Directors

as at December 31, 2023

Chairman of the Board of Directors

(1) Jean-Philippe KOHLER

Members of the Board of Directors

(2) Bernard BIRCHLER ●

(3) Isabelle CARRERE

(4) Françoise GARNIER ●

(5) SAS CIKO represented by Capucine KOHLER

(6) PEUGEOT Invest represented by Guillaume FALGUIERE

(7) Compagnie Industrielle de Delle represented by Geoffroy KOHLER

(8) Marie-Hélène PEUGEOT-RONCORONI

(9) Véronique SAUBOT* ●

(10) VIELLARD MIGEON & Cie represented by Cyrille VIELLARD

(11) Florence VERZELEN ●

(12) Emmanuel VIELLARD - Chief Executive Officer

(13) Mohamed EZZENZ employee representative board member

(14) Laurent GUTIERREZ employee representative board member

Secretary of the Board of Directors

(15) Cécile LE CORRE

● Independent board member

* Vice-Chairwoman and Senior Director.

(3) (12) (6) (15) (9) (13) (5) (10)

Key Figures

11
meetings in 2023

94%
attendance rate

50%
female members

Composition as at December 31, 2023

14 members, who combine top-level managerial, industrial and financial skills

8 Board members from family groups

4 Independent board members

2 Employee-representative board members

The Committees

16
meetings in 2023

99%
attendance rate

The Audit Committee

Chairperson

- Françoise GARNIER

Members

- Isabelle CARRERE
- Florence VERZELEN

The NRG Committee

(Nominations, Compensations, Governance)

Chairperson

- Véronique SAUBOT

Members

- Françoise GARNIER
- Laurent GUTIERREZ
- Marie-Hélène PEUGEOT-RONCORONI

The Strategic Committee

Chairperson

- Bernard BIRCHLER

Members

- Capucine KOHLER
- Geoffroy KOHLER
- Véronique SAUBOT
- Cyrille VIELLARD

The CRS Committee

Chairperson

- Jean-Philippe KOHLER

Members

- Isabelle CARRERE
- Mohamed EZZENZ
- Guillaume FALGUIERE
- Marie-Hélène PEUGEOT-RONCORONI
- Cyrille VIELLARD

- Jean-Philippe Kohler and Emmanuel Viellard are permanent guests on all committees.

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2

Consolidated financial statements

Contents

1 Information concerning the LISI Group

1.1 Key figures

(in € millions)	2023	2022	2021	2020	2019
Revenue	**1,630.4**	1,425.2	1,163.9	1,230.0	1,729.5
Current operating profit (EBIT)	**90.7**	89.1	66.6	41.5	155.1
Income for the period attributable to owners of the parent	**37.5**	57.0	44.0	(37.3)	69.8
Shareholders' equity and minority interests	**938.7**	1,118.4	1,053.5	990.4	1,021.4
Net debt	**501.1**	291.5	272.8	220.8	331.9
Registered employees at period end	**10,014**	9,676	9,480	9,676	11,171

1.2 Legal organization chart

LISI

LISI AEROSPACE

FASTENERS

EUROPE
- BANGALORE (INDIA)*
- IZMIR (TURKEY)
- RUGBY (UNITED KINGDOM)
- SAINT-BRIEUC
- SAINT-OUEN-L'AUMÔNE
- TANGER (MOROCCO)
- VIGNOUX-SUR-BARANGEON
- VILLEFRANCHE-DE-ROUERGUE

NORTH AMERICA
- CITY OF INDUSTRY (USA)
- DORVAL (CANADA)
- GARDEN GROVE (USA)
- TORRANCE (USA)

STRUCTURAL COMPONENTS

FORMED STRUCTURAL COMPONENTS
- BEYSSAC
- CARPETE
- RZESZÓW (POLAND)

FORGED STRUCTURAL COMPONENTS
- BAR-SUR-AUBE
- BOLOGNE
- PARTHENAY

ADDITIVE MANUFACTURING
- AYGUEMORTE-LES-GRAVES

LISI MEDICAL

MEDICAL EUROPE
- HÉROUVILLE-SAINT-CLAIR
- NEYRON

MEDICAL UNITED STATES
- BIG LAKE (USA)
- COON RAPIDS (USA)

LISI AUTOMOTIVE

THREADED FASTENERS
- DASLE
- DELLE
- FUENLABRADA (SPAIN)
- KIERSPE (GERMANY)
- LA FERTÉ FRESNEL

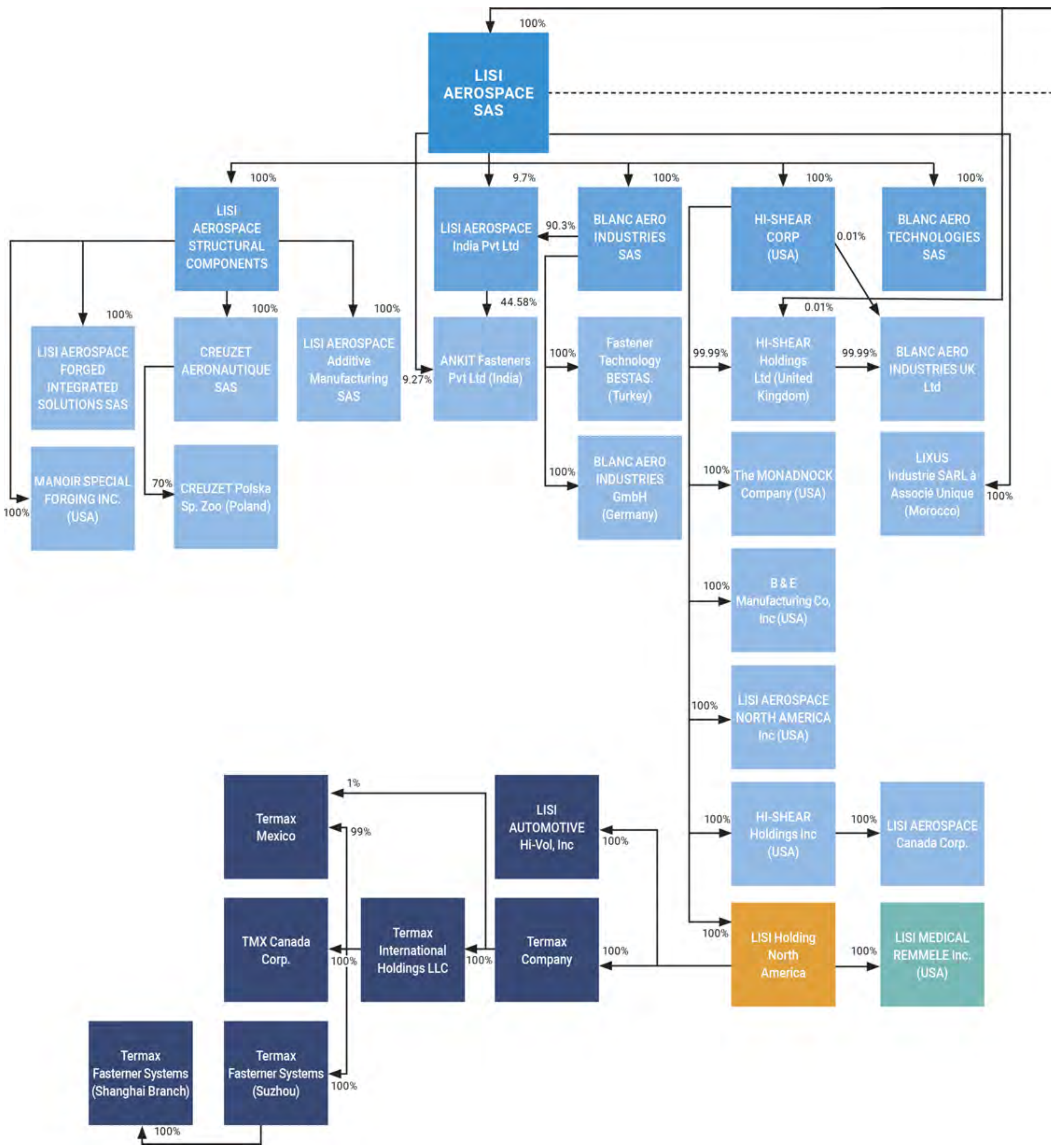
CLIPPED SOLUTIONS
- HEIDELBERG (GERMANY)
- LAKE ZURICH (USA)
- MELLRICHSTADT (GERMANY)
- MONTERREY (MEXICO)
- PUISEUX
- QUERETARO (MEXICO)
- SUZHOU (CHINA)
- TANGER (MOROCCO)

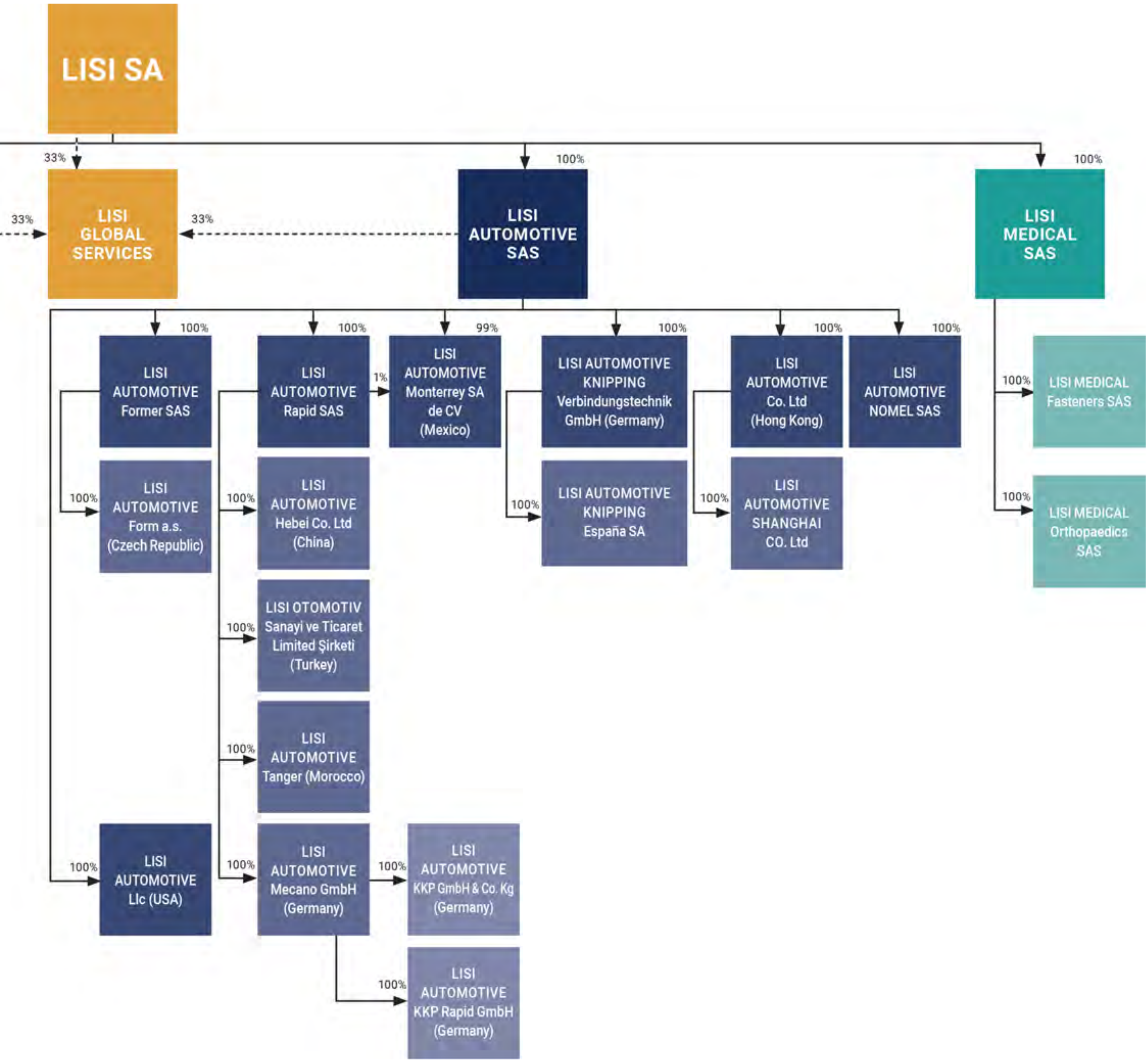
SAFETY MECHANICAL COMPONENTS
- ČEJČ (CZECH REPUBLIC)
- LIVONIA (USA)
- MÉLISEY
- SHANGHAI (CHINA)

SUPPORT ACTIVITIES
- GRANDVILLARS
- LURE

*secondary sites

1.3 Functional organization chart




LISI SA
33%
100%
100%
33%
LISI GLOBAL SERVICES
33%
LISI AUTOMOTIVE SAS
LISI MEDICAL SAS
100%
LISI AUTOMOTIVE Former SAS
100%
LISI AUTOMOTIVE Rapid SAS
1%
99%
LISI AUTOMOTIVE Monterrey SA de CV (Mexico)
100%
LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH (Germany)
100%
LISI AUTOMOTIVE Co. Ltd (Hong Kong)
100%
LISI AUTOMOTIVE NOMEL SAS
100%
LISI MEDICAL Fasteners SAS
100%
LISI AUTOMOTIVE Form a.s. (Czech Republic)
100%
LISI AUTOMOTIVE Hebei Co. Ltd (China)
100%
LISI AUTOMOTIVE KNIPPING España SA
100%
LISI AUTOMOTIVE SHANGHAI CO. Ltd
100%
LISI MEDICAL Orthopaedics SAS
100%
LISI OTOMOTIV Sanayi ve Ticaret Limited Şirketi (Turkey)
100%
LISI AUTOMOTIVE Tanger (Morocco)
100%
LISI AUTOMOTIVE Llc (USA)
100%
LISI AUTOMOTIVE Mecano GmbH (Germany)
100%
LISI AUTOMOTIVE KKP GmbH & Co. Kg (Germany)
100%
LISI AUTOMOTIVE KKP Rapid GmbH (Germany)

1.4 Group activities and outlook

LISI Consolidated

The LISI Group posts organic growth of 15.5% for the second consecutive year and achieves its financial objectives in 2023

- Sales revenue reached €1,630.4 million (+14.4% compared to 2022), driven by sustained organic growth identical to that of 2022 (+15.5%) and increases in sales prices in the Group's three lines of business;
- At €90.7 M, EBIT is €1.6 million higher than in 2022;
- The operating Free Cash Flow is positive at +€22.2 million, thanks to the strong performances of the LISI AUTOMOTIVE and LISI MEDICAL divisions.
- Outlook:
  - The Group should benefit from the positive dynamics of the various markets in which it is well positioned;
  - In an environment where inflationary pressure is expected to subside, the Group aims to improve its key financial indicators: EBIT and Free Cash Flow.

Comments regarding business over the year

The consolidated sales for 2023 amount to €1,630.4 million, up +14.4% compared to 2022 and take into account the following elements:

- a price effect estimated at €91.6 million (€50.2 million in 2022) linked to the partial pass-through to customers of the impact of inflation on manufacturing costs;
- a negative exchange rate effect of -€16.2 million (1.0% of sales), whereas it had been highly positive in 2022 (€69.9 million, 4.9% of sales). This trend reversal results mainly from the weakening of the average rate of the US dollar against the euro, particularly in the second half (-€21.9 million).

In line with the objective of maintaining positive organic growth in 2023, the increase in revenue adjusted for currency fluctuations and excluding scope effects stands at +15.5% for the full year.

Change in reported revenue by quarter (€ million)

	Q1		Q2		Q3		Q4		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
LISI AEROSPACE	167.9	199.8	178.6	214.7	171.3	200.2	199.5	224.2	717.3	838.9
LISI AUTOMOTIVE	141.1	159.1	135.8	159.4	146.1	150.2	134.6	141.7	557.6	610.4
LISI MEDICAL	33.4	42.6	38.6	46.5	38.6	46	40.3	46.8	150.8	181.9
LISI Consolidated	**342.4**	**401.3**	**352.8**	**420.4**	**355.8**	**396.2**	**374.2**	**412.5**	**1,425.2**	**1,630.4**

	Q1 2023		Q2 2023		Q3 2023		Q4 2023		Total 2023	
	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic	Δ reported	Δ organic
LISI AEROSPACE	+19.0%	+15.9%	+20.2%	+20.3%	+16.9%	+20.9%	+12.4%	+15.3%	+17.0%	+18.0%
LISI AUTOMOTIVE	+12.8%	+11.8%	+17.4%	+18.2%	+2.8%	+5.2%	+5.2%	+6.8%	+9.5%	+10.4%
LISI MEDICAL	+27.7%	+25.1%	+20.5%	+22.2%	+19.2%	+24.9%	+16.3%	+20.0%	+20.6%	+23.0%
LISI Consolidated	+17.2%	+15.0%	+19.2%	+19.7%	+11.3%	+14.8%	+10.2%	+12.8%	+14.4%	+15.5%

Comments on Q4 activity

Adjusted for currency fluctuations and excluding scope effects, Q4 revenue increases by +12.8% compared to the same period of the previous fiscal year. It benefits from the good performance of activity across the Group's three divisions. This compares to growth of +17.7% in Q4 2022.

Thus, the increase in revenue remains sustained throughout the entire financial year for all divisions of the LISI Group.

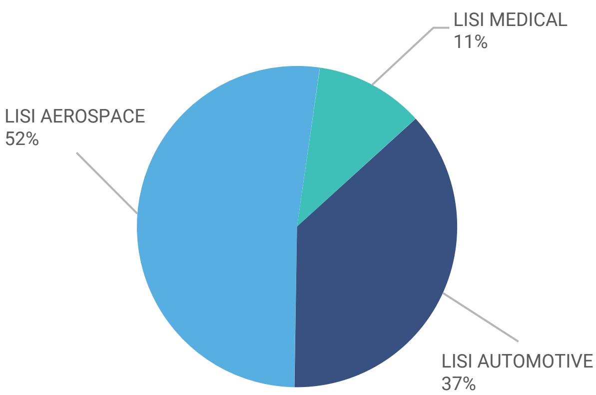
Comments on the Group's results

Key figures as of December 31

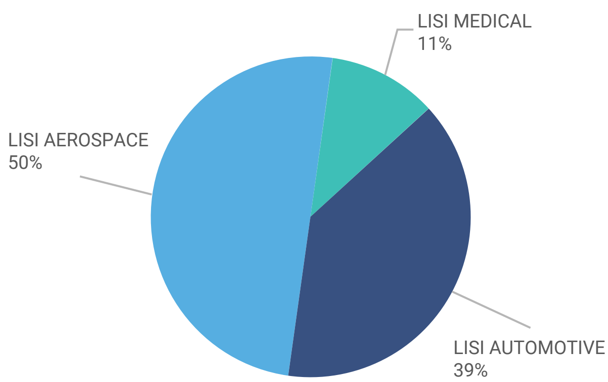
12 months ending December 31		2023	2022	Changes
KEY ELEMENTS OF THE INCOME STATEMENT				
Revenue	M€	1,630.4	1,425.2	+14.4%
EBITDA	M€	178.2	186.5	-4.4%
EBITDA margin	%	10.9	13.1	-2.2pts
Current operating profit (EBIT)	M€	90.7	89.1	+1.8%
Current operating margin	%	5.6	6.3	-0.7pt
Net profit (loss)	M€	37.5	57.0	-34.1%
Net earnings per share	€	0.8	1.1	-23.1%
KEY ELEMENTS OF THE CASH FLOW STATEMENT				
Operating cash flow	M€	132.5	157.9	-25.4M€
Net CAPEX	M€	-96.7	-109.7	-13.0M€
Operating Free cash flow*	M€	22.2	19.0	+3.2M€
KEY ELEMENTS OF THE FINANCIAL STRUCTURE				
Net debt	M€	501.1	291.5	+209.6M€
Ratio of net debt to equity	%	53.4	26.1	+27.3pts

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.

Breakdown of 2023 revenue



Breakdown of 2022 revenue



Registered headcount at end-December

	2023	2022	Difference N/N-1	
LISI AEROSPACE	5,871	5,551	+ 320	+5.8%
LISI AUTOMOTIVE	3,202	3,298	- 96	-2.9%
LISI MEDICAL	846	780	+ 66	+8.5%
LISI Corporate	95*	47	+ 48	x2
TOTAL GROUP (EXCLUDING TEMPORARY WORKERS)	**10,014**	**9,676**	**+ 338**	**+3.5%**
Temporary workers	833	621		

* of which GIE (Shared Services Center): 51 people

The margin on EBITDA reached 10.9%, down -2.2 points compared to 2022. It is affected by the effects of widespread inflation on manufacturing costs as well as temporary surcharges related to numerous recruitments (approximately 1,850 people), with the anticipated effects on productivity improvement expected from 2024 onwards. The situation gradually improved during the financial year thanks to significant training efforts and the partial pass-through of inflation in sales prices. These latter elements thus make it possible to post a margin on EBITDA of 13.2% for Q4 2023.

Depreciation is down 0.7 points compared to 2022.

Net provision reversals amounted to €13.4 million (€1.6 million in 2022). They benefit in particular from provision reversals linked to inventory depreciation, the rotation of which has been accelerated by the resumption of activity as well as by the increase in backlogs to be delivered across the Group's three divisions. These provision reversals do not improve the bottom line, they compensate the operating expenses for the period.

EBIT increased by +1.8% to €90.7 million. The current operating margin is down -0.7 points compared to 2022 and stands at 5.6%. It is subject to the dilutive effect of inflation estimated at -0.4 points.

Non-current operating income and expenses fell to €4.3 million (€9.7 million in 2022). They mainly concern the costs of moving factories from Bologne to Chaumont as part of the Forge 2022 project.

The financial result stands at -€25.6 million (-€2.1 million in 2022); this is mainly due to the following factors:

- the effects linked to the revaluation of debts and receivables in foreign currencies and the change in the fair value of hedging instruments (-€6.9 million compared to +€2.9 million in 2022),
- the financial expenses, which represent the cost of the long-term net debt, amounted to -€20.4 million (-€6.7 million in 2022), *i.e.* an average fixed rate of 4.5% (2.6% in 2022). They were notably increased by the cost of financing the Public Share Buyback Offer (€6.8 million) carried out in May 2023. Gains on current cash investments are €1.7 million, identical to 2022.

Net financial expenses compared to financial debt excluding IFRS 16 therefore represent 4.1% (2.1% in 2022).

The tax burden, calculated based on corporate tax and expressed as a percentage of net income before tax, reflects an effective average tax rate of 39.7%. This takes unactivated tax losses into account. The effective tax rate adjusted for these non-activated tax losses is 23.4%. It compares to a rate of 26.6% in 2022.

As a result, the group's share of net income is down -34.1%, it nevertheless remains largely positive and stands at €37.5 million (*i.e.* 2.3% of sales), compared to €57.0 million (4.0% of sales) in 2022. Earnings per share benefit from a reduction in the number of shares from 54,114,317 to 46,538,313 shares and stand at €0.83 (-23.1%).

Operating Free Cash Flow is positive across the Group's three divisions, thanks to effective management of working capital requirements in a context of increasing activity, establishment of safety inventories in the LISI AEROSPACE division, and sustained CAPEX.

The financial balances remain robust with a self-financing capacity of €132.5 million (8.1% of sales) which finances, in compliance with the criteria set by the global CSR plan, CAPEX of €96.7 million (5.9% of sales), slightly down compared to 2022. Actions to improve performance and modernize production resources were continued, particularly in the LISI AUTOMOTIVE division (€28.5 million). LISI AEROSPACE devoted €51.0 million to the ramp-up of new products. CAPEX also remained high for LISI MEDICAL (€17.1 million) and focused on increasing production capacities for new products.

The level of working capital requirements is decreasing in terms of days despite the increase in business (*i.e.* in work in progress) on the one hand, and the maintenance of strategic inventories to meet uncertain procurement lead times and to secure the sustained increase in production levels within the LISI AEROSPACE division in the long term on the other hand.

It stands at 75 days of sales (83 days in 2022) with inventories expressed in number of days of sales also decreasing (105 days in 2023 compared to 111 days in 2022) despite an unfavorable impact of the inflation estimated at 4 days.

Taking these aspects into account and in accordance with the objectives, the operating Free Cash Flow is positive and stands at +€22.2 million (1.4% of revenue).

Financial strength preserved after the Share Buyback Public Offering

Net debt stands at €501.1 million and includes €204.6 million of financing linked to the Share Buyback Public Offering and €107.4 million of debt relating to IFRS 16. It represents 53.4% of equity (26.1% as at December 31, 2022). Relative to EBITDA, the net debt ratio stands at 2.8x (1.6x as at December 31, 2022), which is less than the covenant authorized by banking partners (3.5x). Adjusted for the impact of the financing of the Share Buyback Public Offering, the net debt represents 25.1% of equity, and the debt ratio is 1.6 times the EBITDA.

The return on capital employed before taxes stands at 6.3%, identical to that of 2022.

Furthermore, annual depreciation tests did not reveal any loss of value.

The Board of Directors will propose for approval by the Ordinary General Meeting of shareholders to set the dividend at €0.31 per share for the 2023 financial year (€0.15 per share in 2022).

LISI CONSOLIDATED

The Group is expected to benefit from the positive momentum of various markets in which it is well positioned, thanks to the acquisition of orders for new high-value-added products and innovative solutions that meet evolving customer needs. It is thus reaping the fruits of significant innovation programs and industrial investments implemented in recent years.

The major point of attention for the coming year will be the ability to adapt production levels to customer demand and ensure program continuity.

In an environment where inflationary pressure is expected to subside, the Group aims to improve its key financial indicators: EBIT and Free Cash Flow.

Divisional management reports

LISI AEROSPACE

- +17.0% growth in sales to €838.9 million (2022: €717.3 million) driven by the increase in single-aisle production rates among the main ordering customers and the good momentum of the helicopter and military market segments;
- Current operating profit maintained at +€50.2 million (2022: +€49.9 million) despite the inflationary context and the acceleration in recruitment which weighs on productivity;
- Maintenance of a positive operating Free Cash Flow at +€7.0 million, in a context characterized by increased activity, high inflation on raw materials, and the continued high level of strategic stocks to secure production ramp-ups.

Market

2023 marks the return of the global aviation market for commercial flights to levels above those of 2019. The good outlook for the global aeronautics market for commercial flights resulted in very high orders. Increases in monthly production rates have ensured satisfactory delivery levels for aircraft manufacturers.

The helicopters and military market segments are also well oriented.

Key figures at December 31, 2023

In thousands of euros	2023	2022	Changes
Revenue	838.9	717.3	+17.0%
EBITDA	95.8	103.3	-7.3%
Current operating profit (EBIT)	50.2	49.9	+0.7%
Operating cash flow	66.5	80.8	-17.7%
Net CAPEX	(51.0)	(53.3)	-4.3%
Operating free cash flow	7.0	9.7	-2.7M€
Registered employees at period end	5,871	5,551	+5.8%
Average full-time equivalent headcount	6,231	5,701	+9.3%

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

Comments regarding business over the year

The LISI AEROSPACE division's annual revenue amounts to €838.9 million, up +17.0% compared to 2022. Q4 2023 is the eighth consecutive quarter of double-digit growth and stands at €224.2 million (+12.4% compared to the same period of the previous year).

This performance must be assessed taking into account the weakening of the US dollar against the euro (-€5.8 million compared to +€11.4 million in Q4 2022).

The "Fasteners" segment in Europe benefits the most from the ramp-up of single-aisle aircraft and general aviation activity, posting the strongest growth for the year (+26.5%). The "Fasteners" segment in North America also confirms a positive trend (+16.3%) following the significant increase in 2022 (+41.6%).

The “Structural Components” activity is up +7.4% in 2023 after a year of strong growth in 2022 (+26.3%). The ramp-up of this segment has been slowed down by challenges in raw material sourcing and recruitment issues in certain labor markets.

Adjusted for currency effects and excluding scope effects, the LISI AEROSPACE division's revenue increased by +15.3% in Q4, representing organic growth of +18.0% for the whole of 2023.

Comments on results over the year

The EBITDA margin reached 11.4%, down -3.0 points compared to 2022. It is affected by the impact of widespread inflation on manufacturing costs as well as temporary surcharges related to numerous recruitments (approximately 1,170 people), with the effects on productivity improvement expected from 2024 onwards. The situation gradually improved during the financial year thanks to significant training efforts and the partial pass-through of inflation in sales prices. These latter elements thus make it possible to post an EBITDA margin of 15.4% for Q4 2023. The decline in the current operating margin for 2023 (6.0%) was thus limited to 1.0 point compared to that of 2022.

Operating Free Cash Flow remained positive at +€7.0 million (0.8% of revenue). It was penalized by the sharp increase in working capital requirements following the acceleration of activity and the maintenance of inventories of strategic raw materials. At €51.0 million, investment levels remained strong (€53.3 million in 2022). They concern the continuation of programs to strengthen operational excellence, the continuous modernization of the industrial system and the ramp-up of new products. Examples include:

- the increase in manufacturing capacity and the optimization of production means at B&E Manufacturing (United States) for the manufacture of high-pressure hydraulic fittings as well as the installation of a production line for this family of products on the Saint-Ouen-l’Aumône site (France),
- the continued relocation and modernization of the “Engine” segment at the Bologne (France) site to the Chaumont (France) site as part of the multi-year “Forge 2022” project,
- the increase in manufacturing capacities, particularly in compressor blade activities.

Outlook

In civil aeronautics, the outlook offers strong visibility to the entire sector over time with a book-to-bill ratio significantly greater than 1. The other market segments (helicopters and military) are also doing well.

The increase in production levels and the recruitment necessary to cope with them will hold a central place in LISI AEROSPACE's action, in a context where inflationary pressure should however be reduced. Cost increases, those experienced so far as well as those of 2024, will still have to be reflected in sales prices given the inertia of contracts. Concurrently, the reduction in inventories remains a priority objective.

The division will also continue its innovation efforts on products and manufacturing processes to ensure its future growth, and to adapt to the tightening of quality requirements.

The Innovation Award recently awarded to LISI AEROSPACE for its OPTIBLIND™ assembly system and the initial deliveries of parts based on TYX technology (alternative to high-power forging technology) constitute important elements of differentiation to the division.

LISI AUTOMOTIVE

- +9.5% growth in sales to €610.4 million (2022: €557.6 million) driven by the rise of new products intended for the electromobility market and the partial pass-through of inflation in sales prices;
- Current operating profit at +€21.7 million (2022: +€28.1 million) affected by the impact of inflation on all Manufacturing costs and the acceleration of recruitments, which momentarily weigh on productivity;
- Operating Free Cash Flow up sharply to +€25.9 million thanks to the effective adjustment of the working capital requirement to the activity level;
- Continuation of an excellent momentum in the acquisition of orders for new products, reaching a new record in 2023 at €73.0 million.

Market

Worldwide registrations of light vehicles saw an increase of +11.1% compared to the same period of the previous fiscal year. Although they are only 0.2% below their 2019 level, their geographical distribution is profoundly disrupted: China is at +16.4% compared to 2019 and Europe at -18.7%.

Worldwide sales expressed in number of registrations[1] were up in all major markets. The Europe region (+13.7%) was the most dynamic, driven by a catch-up effect linked to the normalization of supplies of components, ahead of the NAFTA-Canada-United States-Mexico region (+13.3%) and China (+10.8%).

Key figures as of December 31, 2023

In thousands of euros	2023	2022	Changes
Revenue	610.4	557.6	+9.5%
EBITDA	52.1	61.3	-15.1%
Current operating profit (EBIT)	21.7	28.1	- 22.8 %
Operating cash flow	39.1	53.5	- 26.9 %
Net CAPEX	(28.5)	(30.6)	- 6.9 %
Operating free cash flow	25.9	9.4	+ 16.5 M€
Registered employees at period end	3,202	3,298	- 2.9 %
Average full-time equivalent headcount	3,292	3,259	+ 1.0 %

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

Comments regarding business over the year

The LISI AUTOMOTIVE division's revenue reaches a record level of €610.4 million, up + 9.5% compared to 2022, driven by the ramp-up of new products for the electromobility market and the partial impact of inflation on selling prices. Q4 2023 stands at €141.7 million (+5.2% compared to the same period of the previous year) with the negative impacts of the weakening of the US dollar against the euro (-€2.1 million versus +€3.5 million in Q4 2022) and to a lesser extent strikes in the automotive sector in North America at the end of the year.

Adjusted for currency effects and excluding scope effects, the LISI AUTOMOTIVE division's revenue increased by +6.8% in Q4, representing organic growth of +10.4% for the whole of 2023. Compared to +5.5% growth in the worldwide production of the division's customers, this performance once again demonstrates its ability to conquer new market shares. The division indeed maintains a very good momentum in order intake for new products, amounting to approximately €73.0 million throughout the year 2023, representing 12.0% of sales (€70.0 million in 2022). Order intake is particularly good in "Clipped Solutions" in Europe and the US and in "Safety Mechanical Components" in the braking field in particular.

Comments on results over the year

The EBITDA margin reached 8.5%, down -2.5 points compared to 2022. The cost adjustment measures initiated during the 2022 fiscal year made it possible to limit the unfavorable effects of inflation and the slowdown in productivity related to new hires (around 500 people during the fiscal year). The -1.4 point decrease in the current operating margin to 3.6% is partly due to certain operational malfunctions. Improvement plans have been implemented and will continue in 2024. In addition, the dilutive effect of increases in selling prices linked to the pass-through of inflation is estimated at -0.4 points.

The Operating Free Cash Flow was strongly positive at +€25.9 million (4.2% of revenue), thanks in particular to the decrease in inventories. Expressed in number of days of revenue, they amounted to 65 days (76 days in 2022). At €28.5 million, investments are contained (€30.6 million in 2022) and contribute to actions to improve performance, the modernization of the industrial tool and the ramp-up of new products. The main programs include:

- orders for cold forging and machining equipment for the Delle site (France) for the production of a new generation of threaded fasteners intended for assembly of electric vehicle battery trays;

[1] Source: European Automobile Manufacturers' Association (ACEA).

- the development of digitalization and real-time production supervision solutions for the Fuenlabrada site in Spain based on the model of that of Mélisey (France) ("Industry Showcase of the Future");
- the implementation of a new capacity tranche in Monterrey (Mexico) and Tangier (Morocco) to produce electrical cable channel and vehicle lightweight solutions.

Outlook

The volume of the global automobile market is expected to be stable in 2024. However, it will continue to fluctuate in a context marked by a profound shift in the global competitive landscape, notably with the significant rise of Chinese players.

The LISI AUTOMOTIVE division nevertheless forecasts an increase in sales in 2024: this is based on solid positioning, fueled by record order intake in recent years for new high value-added products that meet the growing needs of the market in terms of electromobility.

Operationally, priorities will remain focused on adjusting production levels to meet customer needs, continuing efforts to enhance the overall competitiveness of LISI AUTOMOTIVE product offerings, and industrializing and ramping up the production of new products ordered in 2022 and 2023.

LISI MEDICAL

- Second consecutive financial year with more than 20% growth which reached the record level of €181.9 million driven by the success of the new products launched by the division and the post-COVID rebound among the division's main customers;
- The current operating margin exceeds 10% (11.5% of sales, or +2.9 points compared to 2022);
- Operating Free Cash Flow is positive (+€8.0 million) thanks to a good adjustment of working capital requirements and after significant CAPEX.

Market

After the strong recovery in demand in the months following the end of the pandemic and the resumption of surgical activities, the global medical implant market has returned to its long-term growth rate.

Key figures as of December 31, 2023

In thousands of euros	2023	2022	Changes
Revenue	181.9	150.8	+20.6%
EBITDA	31.6	22.7	+39.4%
Current operating profit (EBIT)	20.8	13.0	+60.1%
Operating cash flow	26.8	20.8	+28.4%
Net CAPEX	(17.1)	(25.7)	-33.5%
Operating free cash flow	8.0	1.0	+7.0M€
Registered employees at period end	846	780	+8.5%
Average full-time equivalent headcount	890	809	+10.0%

* Operating Free Cash Flow: net operating cash flow minus net CAPEX and changes in working capital requirements.
** Including temporary workers.

Comments regarding business over the year

The LISI MEDICAL division's revenue shows clear improvement (+20.6%) compared to 2022 and amounts to €181.9 million; the cumulative increase since 2021 is thus +49.1%. Sales growth is driven by new products launched by the division and by the replenishment of inventories among leading customers, whether in orthopedic reconstruction or in the field of minimally invasive robotic surgery.

Adjusted for currency effects and excluding scope effects, the LISI MEDICAL division's revenue increased by +20.0% in Q4, representing organic growth of +23.0% for the whole of 2023.

Comments on results over the year

EBITDA amounted to €31.6 million (17.4% of revenue), an increase of +39.4% compared to the same period of the previous fiscal year (€22.7 million and 15.0% of revenue). The implementation of cost adjustment plans, the good industrial performance of all sites and the positive effect of increased volumes of high value-added products are the main factors of this success.

Current operating profit reached €20.8 million after absorbing all costs of the division. At 11.5%, the current operating margin increased by +2.9 points compared to 2022.

The working capital requirement is adjusted to the level of activity and allowed the division to maintain a positive Operating Free Cash Flow of +€8.0 million (4.4% of revenue) which includes investments of €17.1 million essentially focused on performance improvement actions, the modernization of production means, as well as the ramp-up of new products, among which we can note:

- harmonic scalpels;
- joint reconstruction implants.

Outlook

The minimally invasive surgery and orthopedic reconstruction markets are well oriented over the long term. The division enters fiscal 2024 with strong order books that could adjust based on inventory levels in the hospital supply chain.

Priority will be given to the continued development of new products and the ramp-up of production volumes while maintaining the necessary flexibility to cope with possible fluctuations in order books.

2 Consolidated financial statements

2.1 Income statement

(in thousands of euros)	Notes	12/31/2023	12/31/2022
REVENUE EXCL. TAX	**3.5.1**	**1,630,444**	**1,425,212**
Changes in inventories, finished products and production in progress		19,400	39,363
Total production		**1,649,844**	**1,464,575**
Other income		47,901	38,566
TOTAL OPERATING REVENUES		**1,697,745**	**1,503,141**
Consumed goods	3.5.2	(513,070)	(450,558)
Other purchases and external expenses	3.5.3	(385,508)	(319,554)
Taxes and duties		(9,509)	(9,562)
employee benefits expense (including temps)	3.5.4	(611,461)	(537,010)
EBITDA		**178,197**	**186,458**
Depreciation		(100,903)	(98,963)
Net provisions		13,389	1,605
CURRENT OPERATING PROFIT (EBIT)		**90,683**	**89,100**
Non-recurring operating income and expenses	3.5.6	(4,312)	(9,678)
OPERATING PROFIT		**86,371**	**79,423**
Financing expenses and revenue on cash	**3.5.7**	**(20,206)**	**(4,989)**
Revenue on cash	*3.5.7*	*1,652*	*1,719*
Financing expenses	*3.5.7*	*(21,858)*	*(6,708)*
Other financial income and expenses	**3.5.7**	**(5,415)**	**2,845**
Other financial items	*3.5.7*	*18,329*	*40,075*
Other interest expenses	*3.5.7*	*(23,744)*	*(37,230)*
Taxes (including CVAE (Tax on Companies' Added Value))	3.5.8	(24,083)	(20,550)
PROFIT (LOSS) FOR THE PERIOD		**36,667**	**56,729**
Attributable as company shareholders' equity		37,533	56,960
Interest not granting control over the company		(866)	(231)
EARNINGS PER SHARE (IN €)	**3.5.9**	**0.83**	**1.08**
DILUTED EARNINGS PER SHARE (IN €)	**3.5.9**	**0.81**	**1.06**

2.2 Statement of comprehensive income

(in thousands of euros)	2023	2022
PROFIT (LOSS) FOR THE PERIOD	**36,667**	**56,729**
Elements not recyclable in result		
Revaluation of net liabilities (assets) of defined benefit plans (gross element)	(4,887)	6,094
Revaluation of net liabilities (assets) of defined benefit plans (tax impact)	781	(2,301)
Elements that can subsequently be recycled as a result		
Exchange rate differences resulting from foreign operations	(7,993)	15,289
Hedging instruments (gross element)	1,812	661
Hedging instruments (tax impact)	(656)	577
TOTAL OTHER PORTIONS OF GLOBAL EARNINGS FOR THE PERIOD, AFTER TAXES	**(10,943)**	**20,320**
TOTAL OVERALL INCOME FOR THE PERIOD	**25,723**	**77,048**
Attributable as company shareholders' equity	26,425	77,388
Interest not granting control over the company	(701)	(339)

Hedging instruments mainly relate to foreign exchange hedging instruments.

2.3 Consolidated statement of financial position

ASSETS (in thousands of euros)	Notes	12/31/2023	12/31/2022
NON-CURRENT ASSETS			
Goodwill	3.4	406,722	413,938
Other intangible assets	3.4	28,682	31,568
Tangible assets	3.4.1.2	746,880	730,492
Non-current financial assets	3.4.1.3	15,120	10,971
Deferred tax assets	3.4.10	44,193	50,912
Other non-current assets		85	165
TOTAL NON-CURRENT ASSETS		**1,241,682**	**1,238,046**
CURRENT ASSETS			
Inventories	3.4.2.1	437,323	400,298
Taxes - Claim on the state		14,112	12,790
Trade and other receivables	3.4.2.2	226,137	203,803
Cash and cash equivalents	3.4.2.3	139,312	144,149
TOTAL CURRENT ASSETS		**816,884**	**761,040**
TOTAL ASSETS		**2,058,566**	**1,999,087**

TOTAL EQUITY AND LIABILITIES (in thousands of euros)	Notes	12/31/2023	12/31/2022
SHAREHOLDERS' EQUITY			
Capital stock	3.4.3	18,615	21,646
Additional paid-in-capital	3.4.3	–	75,329
Treasury shares	3.4.3	(19,638)	(20,135)
Consolidated reserves	3.4.3	866,704	941,394
Conversion reserves	3.4.3	35,908	44,061
Other elements of comprehensive income	3.4.3	(6,554)	(3,599)
Profit (loss) for the period	3.4.3	37,533	56,960
TOTAL SHAREHOLDERS' EQUITY - GROUP'S SHARE	**3.4.3**	**932,565**	**1,115,656**
Interest not granting control over the company	3.4.3	6,171	2,770
TOTAL SHAREHOLDERS' EQUITY	**3.4.3**	**938,736**	**1,118,426**
NON-CURRENT LIABILITIES			
Non-current provisions	3.4.4	52,859	50,992
Non-current borrowings	3.4.6.1	494,383	327,804
Other non-currents liabilities	3.4.5	10,792	7,434
Deferred tax liaibilities	3.4.10	48,897	46,398
TOTAL NON-CURRENT LIABILITIES		**606,931**	**432,628**
CURRENT LIABILITIES			
Current provisions	3.4.4	10,054	25,211
Current borrowings	3.4.6.1	145,989	107,838
Trade and other accounts payable		356,027	313,950
Taxes due		829	1,034
TOTAL CURRENT LIABILITIES		**512,899**	**448,035**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,058,566**	**1,999,087**
* Including short-term banking facilities		21,959	6,851

2.4 Consolidated cash flow statements

(in thousands of euros)	12/31/2023	12/31/2022
OPERATING ACTIVITIES		
NET PROFIT (LOSS)	**36,667**	**56,729**
Elimination of net expenses not affecting cash flows:	–	–
- Depreciation, Amortization and non-current financial provisions	100,368	97,029
- Changes in deferred taxes	8,765	8,552
- Incarne on disposais, provisions for liabilities and others	(11,465)	(7,489)
GROSS CASH FLOW MARGIN	**134,335**	**154,821**
Net changes in provisions associated with ongoing operations	(1,835)	3,065
OPERATING CASH FLOW	**132,499**	**157,886**
Income tax expense elimination	15,318	11,998
Elimination of net interest expense paid	17,986	5,029
Effect of changes in inventory	(37,605)	(68,177)
Effect of changes in accounts receivable and accounts payable	25,974	39,921
NET CASH PROVIDED BY OR USED FOR OPERATIONS BEFORE TAX	**154,173**	**146,657**
Tax paid	(17,256)	(12,916)
CASH PROVIDED BY OR USED FOR OPERATING ACTIVITIES (A)	**136,916**	**133,742**
INVESTMENT ACTIVITIES		
Acquisition of consolidated companies	–	–
Acquired cash	–	–
Acquisition of tangible and intangible fixed assets	(98,889)	(110,553)
Acquisition of financial assets	(3,000)	–
Change in granted loans and advances	(67)	(1,096)
TOTAL CASH USED FOR INVESTMENT ACTIVITIES	**(101,956)**	**(111,649)**
Divested cash	–	–
Disposal of consolidated companies	–	–
Disposal of tangible and intangible fixed assets	2,182	884
Disposal of financial assets	–	–
TOTAL CASH FROM DISPOSALS	**2,182**	**884**
CASH PROVIDED BY OR USED FOR INVESTMENT ACTIVITIES (B)	**(99,774)**	**(110,764)**
FINANCING ACTIVITIES		
Capital increase	4,106	–
Capital decrease (OPRA)	(204,552)	–
Dividends paid to Group shareholders	(7,996)	(15,418)
TOTAL CASH FROM EQUITY TRANSACTIONS	**(208,441)**	**(15,418)**
New long-term borrowings	267,585	89,728
New short-term borrowings	621	2,105
Repayment of long-term loans	(23,555)	(3,552)
Repayment of short-term loans	(79,445)	(166,234)
Net interest expense paid	(17,986)	(5,029)
TOTAL CASH FROM ON LOANS AND OTHER FINANCIAL LIABILITIES	**147,221**	**(82,982)**
CASH PROVIDED BY OR USED FOR FINANCING ACTIVITIES (C)	**(61,220)**	**(98,400)**
Effect of change in foreign exchange rates (D)	3,643	(1,363)
Effect of adjustments in treasury shares (D)	490	(654)
CHANGES IN CASH (A+B+C+D)	**(19,945)**	**(77,440)**
Cash at January 1 (E)	137,298	214,736
Cash at year-end (A+B+C+D+E)	**117,353**	**137,298**
Cash and cash equivalents	139,312	144,149
Short-term banking facilities	(21,959)	(6,851)
CLOSING CASH POSITION	**117,353**	**137,298**

2.5 Statement of changes in equity

(in thousands of euros)	Capital stock (Note 3.4.3.1)	Capital-linked premiums (Note 3.4-3.2)	Treasury shares	Consolidated reserves	Conversion reserves	Other elements of comprehensive income	Profit for the period, Group share	Group's share of shareholders' equity	Minority interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AT JANUARY 1, 2022	**21,646**	**75,329**	**(19,480)**	**908,804**	**28,629**	**(8,595)**	**44,048**	**1,050,383**	**3,110**	**1,053,493**
Profit (loss) for the period N (a)	–	–	–	–	–	–	56,960	56,960	(231)	56,729
Translation differences (b)	–	–	–	–	15,432	–	–	15,432	(143)	15,289
Payments in shares	–	–	–	1,354	–	–	–	1,354	–	1,354
Restatement of treasury shares	–	–	(655)	(39)	–	–	–	(694)	–	(694)
Revaluation of net liabilities (assets) of defined benefit plans (c)	–	–	–	–	–	3,793	–	3,793	–	3,793
Appropriation of N-1 earnings	–	–	–	44,048	–	–	(44,048)	–	–	–
Dividends distributed	–	–	–	(15,418)	–	–	–	(15,418)	–	(15,418)
Restatement of financial instruments (d)	–	–	–	–	–	1,204	–	1,204	35	1,238
Various	–	–	–	2,643	–	–	–	2,643	–	2,643
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2022	21,646	75,329	(20,135)	941,394	44,061	(3,599)	56,960	1,115,656	2,770	1,118,426
including total income and expenses reported for the year (a) + (b) + (c) + (d)	–	–	–	–	15,432	4,996	56,960	77,388	(339)	77,048
SHAREHOLDERS' EQUITY AT JANUARY 1ST, 2023	21,646	75,329	(20,135)	941,394	44,061	(3,599)	56,960	1,115,656	2,770	1,118,426
Profit (loss) for the period N (a)	–	–	–	–	–	–	37,533	37,533	(866)	36,667
Translation differences (b)	–	–	–	–	(8,153)	–	–	(8,153)	160	(7,993)
Payments in shares	–	–	–	2,302	–	–	–	2,302	–	2,302
Capital increase	–	–	–	–	–	–	–	–	4,102	4,102
Capital decrease (OPRA)	(3,030)	(75,329)	–	(126,193)	–	–	–	(204,552)	–	(204,552)
Restatement of treasury shares	–	–	497	43	–	–	–	540	–	540
Revaluation of net liabilities (assets) of defined benefit plans (c)	–	–	–	–	–	(4,106)	–	(4,106)	–	(4,106)
Appropriation of N-1 earnings	–	–	–	56,960	–	–	(56,960)	–	–	–
Dividends distributed	–	–	–	(7,996)	–	–	–	(7,996)	–	(7,996)
Restatement of financial instruments (d)	–	–	–	–	–	1,150	–	1,150	5	1,155
Various	–	–	–	191	–	–	–	191	–	191
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2023	18,615	–	(19,638)	866,704	35,908	(6,554)	37,533	932,565	6,171	938,736
including total income and expenses reported for the year (a) + (b) + (c) + (d)	–	–	–	–	(8,153)	(2,955)	37,533	26,425	(701)	25,723

3 Notes to the financial statements

3.1 Information on the Group and highlights of the fiscal year

LISI S.A. (hereinafter referred to as "the Company") is a *société anonyme* (public limited company) under French law, listed on the Paris Stock Exchange, whose head office is at the following address: "6 rue Juvénal Viellard, CS 70431 GRANDVILLARS, 90008 BELFORT Cedex".

The consolidated financial statements of the Group for the fiscal year ended December 31, 2023, include the Company LISI S.A. and its subsidiaries (which are together referred to as "the Group").

The LISI Group's main business activity is the manufacturing of multifunctional fasteners and assembly components for three business sectors: aerospace, automotive, and medical.

Highlights of the year:

Share buyback

Pursuant to its decision on February 23, 2023, the Board of Directors decided to file a proposed share buyback for a maximum of 7,576,004 Company shares, at a price of €27.00 per share, with a view to their cancellation as part of a capital reduction not motivated by losses (the "OPRA") subject to the publication by the French Financial Markets Authority (AMF) of its compliance decision relating to the share buyback and the approval of the resolution relating to the reduction of the share capital by way of a share buyback and cancellation of shares by the Combined Shareholders' General Meeting of LISI SA; convened on April 12, 2023.

The AMF declared the proposed share buyback compliant on April 4, 2023, and as a result issued visa No. 23-100 on LISI S.A.'s prospectus relating to the share buyback (OPRA).

Pursuant to its decisions of April 12, 2023, the Combined General Meeting authorized the Board of Directors to reduce the Company's share capital by a maximum amount of €3,030,401.60, by way of a buyback by the Company of a maximum of 7,576,004 of its own shares with a view to their cancellation and to formulate to all shareholders an offer by the Company to buy back a maximum of 7,576,004 of its own shares.

The share buyback (OPRA) was open from April 20 to May 9, 2023 inclusive.

In a notice dated May 10, 2023, the AMF published the results of the share buyback for which 11,495,024 shares were presented in response to the share buyback (OPRA).

In accordance with Article R.225-155 of the French Commercial Code, as the number of shares presented to the share buyback exceeded the maximum number of 7,576,004 shares that the Company had undertaken to buy back, it was decided to make a proportional reduction to the number of shares presented to the share buyback to each selling shareholder.

The settlement-delivery of the share buyback (OPRA) took place on May 15, 2023, the date on which the Company repurchased 7,576,004 of its own shares representing 14% of the share capital for a total amount of €204,552,108.

Capital reduction

On May 15, 2023, the Board of Directors authorized the cancellation of 7,576,004 shares acquired under the Share Buyback (OPRA) and the corresponding reduction in the share capital by a nominal amount of €3,030,401.60, bringing it to €18,615,325.20.

The number of shares after the capital reduction is therefore 46,538,313 shares.

In the end, consolidated shareholders' equity was reduced by €204,552,108.

Addressing climate, water and biodiversity risks

The risks associated with the climate transition are monitored at the highest level of the organization, like all other business risks. The "climate transition" risk was introduced in the risk mapping in 2019.

LISI has comprehensively reassessed the climate transition risks in 2023 by applying the Carbon Disclosure Project (CDP) methodology. For each risk and each opportunity, various criteria were assessed and quantified, including: frequency, severity, potential financial impact, estimated cost of risk control.

An exhaustive list of risks and opportunities was drawn up and the most significant risks were published in the response to the CDP questionnaire.

The consideration of the challenges related to the climate, water and biodiversity has not, at this stage, had a material impact on the main judgments and estimates necessary for the preparation of the financial statements.

Events after the reporting period:

No event occurred after the reporting period that could have had a significant impact on the close of the 2023 fiscal year.

3.2 Accounting principles and policies

The financial statements drawn up as at December 31, 2023, were approved by the Board of Directors on February 22, 2024, and will be submitted to the Ordinary General Meeting on April 26, 2024.

Background to the preparation of the consolidated financial statements for the 2023 fiscal year

Pursuant to European Regulation 1606/2002 of July 19, 2002, the LISI Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IAS/IFRS) as approved by the European Union as of December 31, 2023.

Standards, amendments and interpretations adopted in the European Union and mandatory for fiscal years beginning on or after January 1, 2023

No standard, interpretation or amendment to mandatory standards was applied by the Group in the financial statements as at December 31, 2023.

New standards and interpretations of subsequent application approved by the European Union

No standard, interpretation or amendment to existing standards has been applied early by the Group in the financial statements as at December 31, 2023.

Pillar 2 Directive

The OECD's ongoing work concerns, in particular, the introduction of a minimum global tax rate of 15% on the profits of multinational companies falling within the scope of the system. This system ("Pillar 2 GloBE rules") becomes reality through the inclusion in the Finance Act for 2024 of an entire new chapter in the French General Tax Code implementing these measures, which apply from 2024.

This applies, with some exceptions, to groups with revenue of at least €750 million, which must calculate an effective tax rate (ETR) in each of their countries of operation. To determine this ETR by country, aggregates and data points from the consolidated financial statements are necessary. The starting point is the reporting package of the groups before elimination of intra-group flows.

If the ETR of a country is less than 15%, an additional tax ("Top-up tax") will be due. Its rate will be equal to the difference between 15% and the ETR of that country. Its base will be the result calculated according to the rules of the OECD less, where applicable, a routine income corresponding to the exercise of an actual activity in the territory (calculated on the basis of salaries and tangible assets).

During 2023, the LISI Group continued to study the implementation of the Pillar 2 reform.

Based on the information gathered at this stage, no significant impact has been identified in each of the countries where the LISI Group operates in terms of the additional income tax expense related to this reform.

Basis for the preparation of the financial statements

Financial statements are given in thousands of euros, except where otherwise indicated. They are prepared on the basis of historical cost, with the exception of the following assets and liabilities which have been measured at their fair value: financial derivatives and financial instruments held for trading, liabilities from cash-settled share-based payment transactions. Non-current assets held for sale are evaluated at the lower of their carrying amount and the fair value less costs of disposal.

According to IFRS standards, certain accounting options involve taking positions based on judgment of assumptions that have an impact on the amounts of assets or liabilities, income, or expenses, particularly regarding the following elements:

- terms of depreciation of fixed assets (Notes 3.4.1.1 b and 3.4.1.2),
- evaluations retained for impairment tests (Note 3.4.1.1 a),
- the valuation of provisions and pension commitments (Note 3.4.4),
- valuation of financial instruments at fair market value (Note 3.6.5),
- valuation of share-based payments (Note 3.6.2),
- recognition of deferred tax assets (Note 3.5.8).

These judgments and assumptions take into account the specific risks of the sectors concerned by LISI's activities, as well as general risks related to the economic context.

Management continuously reviews its estimates and assessments based upon past experience and on factors considered reasonable that form the basis of its assessment for the book values of assets and liabilities. The impact of changes to accounting estimates is recognized during the period of change only where it affects this period or during the period of change and successive periods if these are also impacted by the change.

These assumptions are broken down by division on the basis of information drawn from independent experts (actuaries, etc.).

Identified sensitivities

The main sensitivities identified and tracked by management concern the data and assumptions related to the implementation of the impairment tests. These assumptions are consolidated through a collection process of forecast information from major players in the sector (market assumptions) and actuaries (rate assumptions).

Consolidation principles

A subsidiary is an entity controlled by its parent company. In accordance with IFRS 10, an investor controls an investee if and only if all of the following conditions are satisfied:

- it holds power over the investee;
- it is exposed or entitled to variable returns because of its relationship with the investee;
- it has the ability to exercise its power over the investee in such a way as to affect the number of returns that it obtains.

The list of consolidated companies is provided in Note 3.3.2, as at December 31, 2023.

Transactions excluded from the consolidated financial statements

Balance sheet balances, unrealized profits and losses, and income and costs arising from intra-group transactions have been excluded in preparing the consolidated financial statements.

Unrealized losses have been excluded in the same way as unrealized profits, on condition that they do not represent impairment.

Conversion methods for items in foreign currency

Transaction in foreign currency

Transactions in foreign currencies are recorded in the books in the operating currency at the rate of exchange on the date of the transaction. At the year-end, the monetary assets and liabilities in foreign currencies are converted into the operating currency at the rate in force at the year end. Exchange rate differences arising from conversions are recognized in income or expenses, with the exception of differences from foreign currency loans that are a hedge on a net investment in a foreign entity, which are recognized in the conversion reserve as a distinct element of shareholders' equity. They appear on the income statement upon the exit of that business.

Translation of the financial statements of consolidated subsidiaries

The financial statements of subsidiaries whose operating currency is not the euro are translated at the exchange rate in force at the end of the fiscal year for the balance sheet and at the average exchange rate (considered as an approximate value of the exchange rate at the date of the transaction in the absence of significant fluctuations) for the income statement and statement of cash flows. Exchange rate differences arising from conversions appear in the conversion reserve, as a distinct element of shareholders' equity.

Definition of the "current" and "non-current" concepts in the balance sheet

Assets and liabilities whose maturity is less than the operating cycle, which is generally 12 months, are classified as current assets and liabilities. If maturity is later than this, they are classified as non-current assets and liabilities.

Overview of the income statement

The Group has opted to continue showing the following totals, which are not strictly accounting ones, and whose definitions are as follows:

- Total Production including revenue plus changes in inventories of work-in-progress and finished goods.
- Current Gross Operating Profit (EBITDA) includes operating income from which consumption, other purchases and external expenses, taxes and payroll expenses are deducted. It does not include increases to and reversals of depreciation, amortization and provisions, net financial expenses or corporate tax (including CVAE – tax on companies' added value).
- Current Operating Income (EBIT) includes EBITDA as well as increases to and reversals of depreciation, amortization and provisions.
- Operating Income includes EBIT and other non-current operating income and expenses. These non-current items are strictly defined as significant income and expenses resulting from events or transactions that are clearly distinct from the company's ordinary activities and that are not expected to reoccur on a regular basis, owing to:
  - their unusual nature, and
  - their random occurrence, such as expenses or compensation received for losses, costs resulting from shutdowns, restructurings, or site relocations, goodwill impairment, and capital gains and losses on the sale of non-operating, tangible and intangible assets.

Indicators

The Group uses the indicators defined below:

- **Free Cash Flow:** Operating cash flow minus net industrial CAPEX and changes in working capital requirements (see Note 3.4.2.3 Cash and cash equivalents).
- **Return on invested capital (ROCE):** Ratio of EBIT to capital employed (Shareholders' equity + Net Financial Debt (note 3.4.6.3) at the end of the period)..
- **Return on equity (ROE):** Ratio of net profit (loss) to total shareholders' equity.
- **Gearing:** ratio of Net Debt/Consolidated Equity attributable to owners of the parent.
- **Revalued Net Assets (RNA):** Average of [(1.2 x Group Revenue) + (8 x Group EBITDA) + (12 x Group EBIT)] – Average Group Net Debt for years N and N-1.

3.3 Scope of consolidation

3.3.1 Changes in scope occurring in the 2023 fiscal year

There was no change in scope during the fiscal year.

3.3.2 Scope of consolidation at the end of the fiscal year

Companies	Head office	Country	12/31/2023 % of control	12/31/2023 % of interests	12/31/2022 % of control	12/31/2022 % of interests
HOLDING						
LISI S.A.	Grandvillars (90)	France	Parent company		Parent company	
LISI GLOBAL SERVICES (GIE)	Grandvillars (90)	France	AD HOC company		AD HOC company	
LISI AEROSPACE						
BLANC AERO INDUSTRIES GmbH	Hamburg	Germany	100.00	100.00	100.00	100.00
LISI AEROSPACE Canada Corp	Dorval	Canada	100.00	100.00	100.00	100.00
HI-SHEAR CORPORATION	Torrance (California)	United States	100.00	100.00	100.00	100.00
HI-SHEAR Holdings LLC	Torrance (California)	United States	100.00	100.00	100.00	100.00
LISI AEROSPACE North America, Inc	Torrance (California)	United States	100.00	100.00	100.00	100.00
LISI Holdings North America	Torrance (California)	United States	100.00	100.00	100.00	100.00
The MONADNOCK Company	City of Industry (California)	United States	100.00	100.00	100.00	100.00
AIRMON HOLDINGS 1 SAS	Paris 12th arrondissement (75)	France	100.00	100.00	100.00	100.00
BLANC AERO INDUSTRIES SAS	Paris 12th arrondissement (75)	France	100.00	100.00	100.00	100.00
BLANC AERO TECHNOLOGIES SAS	Paris 12th arrondissement (75)	France	100.00	100.00	100.00	100.00
CREUZET AERONAUTIQUE SAS	Marmande (47)	France	100.00	100.00	100.00	100.00
LISI AEROSPACE FORGED INTEGRATED SOLUTIONS	Bologne (52)	France	100.00	100.00	100.00	100.00
LISI AEROSPACE ADDITIVE MANUFACTURING	Ayguemorte-les-Graves (33)	France	100.00	100.00	100.00	100.00
LISI AEROSPACE STRUCTURAL COMPONENTS (1)	Paris 12th arrondissement (75)	France	100.00	100.00	100.00	100.00
LISI AEROSPACE SAS	Paris 12th arrondissement (75)	France	100.00	100.00	100.00	100.00
BLANC AERO INDUSTRIES UK Ltd	Rugby	UK	100.00	100.00	100.00	100.00
ANKIT Fasteners Pvt Ltd	Bangalore	India	53.76	53.76	53.76	53.76
LISI AEROSPACE India Pvt Ltd	Bangalore	India	100.00	100.00	100.00	100.00
LIXUS Industrie	Tangier	Morocco	100.00	100.00	100.00	100.00
CREUZET POLSKA Sp. Z o o	Sedziszow Malopolski	Poland	70.00	70.00	70.00	70.00
Fastener Tecnology Bağlantı Elemanları San. Tic. A.Ş.	Izmir	Turkey	100.00	100.00	100.00	100.00
B&E Manufacturing	Garden Grove (California)	United States	100.00	100.00	100.00	100.00

Companies	Head office	Country	12/31/2023 % of control	12/31/2023 % of interests	12/31/2022 % of control	12/31/2022 % of interests
LISI AUTOMOTIVE						
LISI AUTOMOTIVE KKP GmbH	Mellrichstadt	Germany	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE KKP GmbH & CO KG	Mellrichstadt	Germany	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE KNIPPING Verbindungstechnik GmbH	Kierspe	Germany	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Mecano GmbH	Heidelberg	Germany	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE (HEBEI) CO., Ltd	Zhuozhou	China	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE (SHANGHAI) CO., Ltd	Shanghai	China	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE KNIPPING Espana S.A.	Madrid	Spain	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE LLC	Laredo	United States	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Former SAS	Delle (90)	France	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Nomel SAS	La Ferté Fresnel (61)	France	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Rapid SAS	Puiseux Pontoise (95)	France	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE SAS	Delle (90)	France	100.00	100.00	100.00	100.00
LISI JIEHUA AUTOMOTIVE Co. Ltd	Hong Kong	Hong Kong	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Monterrey SA de CV	Monterrey	Mexico	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Form a.s	Cejc	Czech Republic	100.00	100.00	100.00	100.00
LISI Otomotiv Sanayi ve Ticaret Limited Sirketi	Izmir	Turkey	100.00	100.00	100.00	100.00
Termax Compagny	Lake Zurich	United States	100.00	100.00	100.00	100.00
Termax International Holdings LLC	Lake Zurich	United States	100.00	100.00	100.00	100.00
TMX Canada Corp.	Windsor	Canada	100.00	100.00	100.00	100.00
Termax Mexico	Queretaro	Mexico	100.00	100.00	100.00	100.00
Termax Fastener Systems	Suzhou	China	100.00	100.00	100.00	100.00
Termax Fasteners Systems (Shanghai Branch)	Suzhou	China	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE TANGER	Tangier	Morocco	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE Hi-Vol Inc	Livonia	United States	100.00	100.00	100.00	100.00
LISI MEDICAL						
LISI MEDICAL REMMELE Inc	Minneapolis	United States	100.00	100.00	100.00	100.00
LISI MEDICAL FASTENERS SAS	Neyron (01)	France	100.00	100.00	100.00	100.00
LISI MEDICAL ORTHOPAEDICS SAS	Hérouville-Saint-Clair (14)	France	100.00	100.00	100.00	100.00
LISI MEDICAL SAS	Neyron (01)	France	100.00	100.00	100.00	100.00

3.4 Breakdown of statement of financial position

3.4.1 Non-current assets

Method used to test the impairment of tangible and intangible fixed assets

Goodwill and intangible fixed assets with an indefinite lifespan are submitted to an impairment test at each annual close and whenever events or market-changing modifications indicate impairment. Other intangible fixed assets and property, plant and equipment are also subject to such a test at any time when there is a risk of impairment.

The method used involves comparing the recoverable value of each of the Group's cash-generating units with the net book value of the corresponding assets (including the goodwill).

Recoverable value is defined as: whichever is the higher out of the realizable value (less the costs of disposal) and the value in use. The latter is calculated by discounting expected future cash flows using forecast cash flows which are consistent with budget data and four-year business plans approved by the Board of Directors. Beyond the fifth year, the terminal value is calculated on the basis of a capitalization to infinity of the cash flows. The key assumptions relate in particular to the evolution of revenue based on the order book and the master contracts signed by the Group, if applicable, the operating profit rate, the renewal CAPEX rate, and the determination of factors that may affect the working capital. The assumptions are in particular established on the basis of observations made during previous activity cycles in the various lines of business, as well as in external market surveys and the observation of the sensitivity of the contractual data for the environment of each division. It is specified that these assumptions are the best estimate possible of the market situation at the time they were prepared, and that they take into consideration the market trends for the years 2024 to 2027. The discount rate applied reflects the market's current assessment of the time value of money and the risks specific to the asset or the group of assets. The determination of the infinite growth rate and the discounting rates used on the different combinations of CGUs was carried out by an independent expert.

The realizable value is defined as the sum which could be obtained by selling the asset or group of assets in conditions of normal competition where all parties are fully informed and consenting, less the costs of disposal. These values are determined on the basis of market data (comparison with similar listed companies, value assigned in recent transactions and stock market prices) or, failing that, on the basis of discounted market cash flows.

If the recoverable value is lower than the net book value for the asset or group of assets tested, the discrepancy is recognized as impairment. In the case of a group of assets, it should preferably be classified as a reduction in goodwill.

Impairment losses recorded on goodwill are irreversible.

To carry out impairment tests on goodwill, the Group has selected a strategic combination of Business Units (B.U.) that correspond to the segmentation and reporting structure of the LISI Group, namely, the three divisions LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL.

To carry out impairment tests on the other intangible assets and property, plant and equipment, analysis at Business Group (BG) level must be the rule. The BG corresponds to a sub-segmentation of BUs by business line.

3.4.1.1 - Intangible assets

a) Goodwill

Method used

In line with IFRS 3, business combinations are recognized in the accounts using the acquisition method. This method requires that at the first consolidation of any entity over which the Group has direct or indirect control, the assets and liabilities acquired (and any potential liabilities assumed) should be recognized at their acquisition-date fair value. The valuation at this date corresponds to the difference between the consideration transferred from the business combination and the share of LISI's interest in the fair value of the identifiable assets and liabilities.

For acquisitions prior to January 1, 2004, goodwill remains at its presumed cost, *i.e.* the net amount recognized in the accounts under the previous accounting framework, minus depreciation.

Since that date, goodwill is measured at cost less any accumulated impairment losses. It is allocated to cash generating units or groups of cash-generating units and is not amortized but is tested for impairment at least once a year according to the method described in Section 3.4.1.

Statement of goodwill at closing:

(in thousands of euros)	Goodwill
GROSS GOODWILL AT DECEMBER 31, 2022	**413,938**
Impairment over financial year 2022	
NET GOODWILL AT DECEMBER 31, 2022	**413,938**
Increase	
Decrease	
Changes in foreign exchange rates	(7,215)
GROSS GOODWILL AT DECEMBER 31, 2023	**406,722**
Impairment as of December 31, 2023	
NET GOODWILL AT DECEMBER 31, 2023	**406,722**

The exchange rate changes are mainly due to currency translation adjustments for the US entities held by each division.

The net amount of goodwill breaks down as follows:

12/31/2023 In millions of euros	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	TOTAL LISI GROUP
NET GOODWILL	**196.4**	**129.7**	**80.5**	**406.7**
INTANGIBLE FIXED ASSETS				
with indefinite useful lives	None	None	None	None
Trademarks	None	None	None	None
Result at the impairment test	No loss of value	No loss of value	No loss of value	

12/31/2023	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL
KEY ASSUMPTIONS			
Cash flow within one year	Forecasts	Forecasts	Forecasts
Cash flow within four years	4-year strategic plan	4-year strategic plan	4-year strategic plan
Discount rate after tax	8.19%	8.10%	7.33%
Growth rate of flows not covered by the budget and strategic assumptions	2.00%	2.00%	2.00%

12/31/2022 In millions of euros	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	TOTAL LISI GROUP
NET GOODWILL	**199.5**	**132.3**	**82.1**	**413.9**
INTANGIBLE FIXED ASSETS				
with indefinite useful lives	None	None	None	None
Trademarks	None	None	None	None
Result at the impairment test	No loss of value	No loss of value	No loss of value	

12/31/2022	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL
KEY ASSUMPTIONS			
Cash flow within one year	Forecasts	Forecasts	Forecasts
Cash flow within four years	4-year strategic plan	4-year strategic plan	4-year strategic plan
Discount rate after tax	8.49 %	7.93 %	7.58 %
Growth rate af flows not covered by the budget and strategic assumptions	1.96 %	1.96 %	1.96 %

An analysis of the situation at December 31, 2023, shows that there was no loss of value to be recognized during the fiscal year.

A comparable analysis was carried out on the main aggregates included in the Group's strategic plan, which was approved by the Board of Directors on December 7, 2023. The following items are included in the impairment tests:

- The updated revenue forecasts that were lower than those used by the reference sources and market players and therefore include a safety margin,
- Variable expenses adjusted according to the activity,
- The updated EBIT forecasts include the productivity improvement that will be implemented over the entire duration of the strategic plan as well as uncertainties about the ability to fully absorb inflation costs,
- The tax rates used take into account the tax impacts related to the use of tax loss carryforwards by the subsidiaries when they become profitable again.

Tests of sensitivity to the assumptions made were implemented and concerned the main indicators in the calculations of the valuation tests: discount rate, infinite growth rate, elements contributing to cash flows.

Results as of December 31, 2023, are as follows:

	LISI AEROSPACE		LISI AUTOMOTIVE		LISI MEDICAL	
	Rate setting the value to zero	Change in relation to the assumptions used	Rate setting the value to zero	Change in relation to the assumptions used	Rate setting the value to zero	Change in relation to the assumptions used
Discount rate	10.8%	2.6%	8.9%	0.8%	11.4%	4.1%
Infinite growth rate	-2.1%	-4.1%	0.9%	-1.2%	-4.1%	-6.1%
Items contributing cash flow	68.5%	-31.5%	88.4%	-11.6%	52.3%	-47.7%

Results as of December 31, 2022, are as follows:

	LISI AEROSPACE		LISI AUTOMOTIVE		LISI MEDICAL	
	Rate setting the value to zero	Change in relation to the assumptions used	Rate setting the value to zero	Change in relation to the assumptions used	Rate setting the value to zero	Change in relation to the assumptions used
Discount rate	10.7%	2.2%	8.6%	0.7%	10.5%	3.0%
Infinite growth rate	-1.4%	-3.4%	0.9%	-1.0%	-2.3%	-4.3%
Items contributing cash flow	73.6%	-26.4%	88.7%	-11.3%	61.6%	-38.4%

b) Other intangible assets

Concessions, trademarks, and software programs are recognized at historic cost and are subject to a depreciation plan. Intangible fixed assets acquired through a business combination are recognized at their acquisition date fair value.

Intangible assets with finite useful lives are subject to depreciation over this period, while intangible assets with indefinite useful lives are subject to an impairment test for every new balance sheet.

Depreciation is recognized as an expense using the straight-line method over the estimated useful life of the intangible fixed assets except when this is indefinite.

Estimated useful lives are as follows:

- Trademarks: 10-20 years
- Software programs: 3-5 years

Statement of other intangible assets at close:

(in thousands of euros)	Concessions, patents and similar rights	Other intangible fixed assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2022	**85,338**	**44,346**	**129,684**
Acquisitions	1,686	1,434	3,120
Disposals	(898)		(898)
Other changes	(6,154)	6,486	332
Exchange rate differences	(55)	(431)	(486)
GROSS VALUES AT DECEMBER 31, 2023	**79,917**	**51,835**	**131,752**
DEPRECIATION AT DECEMBER 31, 2022	**72,726**	**25,390**	**98,115**
[Increase in] Depreciation and amortization	3,277	2,932	6,209
Depreciation reversals (disposals)	(400)		(400)
Other changes			
Exchange rate differences	(13)	(269)	(282)
DEPRECIATION AT DECEMBER 31, 2023	**69,264**	**33,807**	**103,642**
NET VALUES AT DECEMBER 31, 2023	**10,652**	**18,029**	**28,682**

3.4.1.2 - Tangible assets

a) Tangible assets wholly owned

Property, plant, and equipment are recorded at diminished cost with accumulated depreciations and impairments. The cost of an asset produced by the Group for itself includes the costs of raw materials, direct manpower, and an estimate, if applicable, of costs related to the removal and dismantling of the asset and the repair of the site at which it is located, along with an appropriate share of the general production costs.

When the components of tangible fixed assets have different useful lives, they are recorded as separate property, plant, and equipment, as per the component's method.

When calculating the book value of a tangible fixed asset, the Group recognizes the cost of replacing a component of this tangible fixed asset at the time when the cost is incurred, if it is likely that future economic benefits associated with this asset will flow to the Group and if its cost can be reliably estimated. All ongoing servicing and maintenance costs are recognized as an expense when they are incurred.

Depreciation is recognized as an expense using the straight-line method over the estimated useful life for each component of a tangible fixed asset.

Land is not depreciated.

Estimated useful lives are as follows:

- buildings: 33 years;
- plant and machinery: 10-15 years;
- fixtures and fittings: 10-15 years;
- transport equipment: 5 years,
- equipment and tools: 10-20 years;
- office equipment: 5 years;
- office furniture: 10 years;
- IT equipment: 5 years.

Statement of tangible assets held in full at close

(in thousands of euros)	Land	Buildings	Technical facilities, equipment and tools	Other intagible fixed assets	Current assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2022	**24,304**	**266,911**	**1,336,216**	**90,182**	**82,892**	**1,800,512**
Acquisitions		848	7,525	5,982	78,415	92,770
Disposals		(176)	(18,795)	(1,175)	(877)	(21,023)
Other changes	7	4,767	80,991	451	(89,560)	(3,344)
Exchange rate differences	(109)	(1,546)	(10,724)	(153)	(709)	(13,240)
GROSS VALUES AT DECEMBER 31, 2023	**24,202**	**270,804**	**1,395,213**	**95,287**	**70,162**	**1,855,668**
DEPRECIATION AT DECEMBER 31, 2022	**1,371**	**129,343**	**968,915**	**69,260**	**301**	**1,169,191**
[Increase in] depreciation and amortization	98	11,150	62,803	4,329	179	78,559
Depreciation reversals (disposals)	(166)	(247)	(17,226)	(1,081)	(271)	(18,992)
Other changes			1,202	(1,629)		(427)
Exchange rate differences		(689)	(6,924)	(118)		(7,731)
DEPRECIATION AT DECEMBER 31, 2023	**1,303**	**139,557**	**1,008,770**	**70,761**	**209**	**1,220,600**
NET VALUES AT DECEMBER 31, 2023	**22,899**	**131,247**	**386,443**	**24,526**	**69,953**	**635,067**

Actions to improve the performance and modernize means of production were continued. The main investments are:

- LISI AUTOMOTIVE division:
  - (A) Orders for cold forging and machining equipment for the Delle site (France) for the production of a new generation of threaded fasteners intended for assembly of electric vehicle battery trays,
  - (B) Development of digitalization and real-time production supervision solutions for the Fuenlabrada site in Spain based on the model of that of Mélisey (France) ("Industry Showcase of the Future"),
  - (C) Implementation of a new capacity tranche in Monterrey (Mexico) and Tangier (Morocco) to produce electrical cable channel and vehicle lightweight solutions.
- LISI AEROSPACE division:
  - (A) Increase in manufacturing capacity and the optimization of production means at B&E Manufacturing (US) for the manufacture of high-pressure hydraulic fittings as well as the installation of a production line for this family of products on the Saint-Ouen-l'Aumône site (France),
  - (B) Continued relocation and modernization of the "Engine" segment at the Bologne (France) site to the Chaumont (France) site as part of the multi-year "Forge 2022" project,
  - (C) Increase in manufacturing capacities, particularly in compressor blade activities.
- LISI MEDICAL division:
  - (A) Increased production capacity for new products such as harmonic scalpels and joint reconstruction implants.

b) Tangible assets – IFRS 16

IFRS 16 requires companies leasing significant assets as part of their activity to recognize an asset and a financial debt corresponding to the lease commitment.

The following types of leases have been identified and restated in accordance with IFRS 16:

- Capitalization of real estate assets: based on the analysis completed, the Group identified leases within the meaning of the standard for buildings leased for production activity and buildings leased for offices. The lease term selected corresponds to the period which cannot be terminated, along with any renewal options which the Group is reasonably certain will be exercised.
- Recognition of leases for other assets: the main leases identified are for vehicles and other rolling stock. The period of capitalization of rent on leases corresponds to the period initially envisaged in the contract.

The LISI Group has chosen not to separate the components of services within the lease (for example, the part for maintenance of vehicle lease agreements is not restated).

Both capitalization exemptions proposed by the standard, *i.e.* agreements lasting under 12 months and the leasing of goods with a low new value (below US$5,000) have been used.

The Group has also opted not to restate leases for intangible assets.

The discount rate used to value lease liabilities takes into account the rates calculated by an actuary for the terms of the contracts but also the currencies of the countries concerned, adjusted by a variable margin necessary to obtain financing on the financial markets. The rate determined in this way makes it possible to take account of the economic environment, the currency and the term of the leases of the Group's entities.

IFRS 16 statement of tangible assets at the end of the period:

(in thousands of euros)	Land	Buildings	Technical facilities, equipment and tools	Other tangible assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2022		**127,315**	**26,517**	**15,610**	**169,442**
Disposals		(134)			(134)
Implementation of new contracts and effects of changes in assumptions		20,765	1,490	3,897	26,152
Exchange rate differences		(1,123)	(290)	(38)	(1,451)
GROSS VALUES AT DECEMBER 31, 2023		**146,823**	**27,717**	**19,469**	**194,009**
DEPRECIATION AT DECEMBER 31, 2022		**38,636**	**22,602**	**9,025**	**70,263**
[increase in] depreciation and amortization		11,012	1,207	4,069	16,288
Depreciation reversals (disposals)		(133)			(133)
Other changes		(1,912)		(1,716)	(3,628)
Exchange rate differences		(429)	(153)	(12)	(594)
DEPRECIATION AT DECEMBER 31, 2023		**47,174**	**23,656**	**11,366**	**82,196**
NET VALUES AT DECEMBER 31, 2023		**99,649**	**4,061**	**8,103**	**111,813**

The positive change is mainly due to the inclusion of new commercial leases in 2023, in particular the lease for the Chaumont plant as part of the relocation of the Bologne plants.

The effects of changes in assumptions are mainly due to the revision of rents.

3.4.1.3 - Non-current financial assets

This item mainly includes capitalization contracts for US pension plans. It also includes non-consolidated holdings. These securities represent shares in unlisted companies measured at fair value.

For these securities, the fair value corresponds to the cost when the latter constitutes an appropriate estimate of the fair value. Otherwise, an appropriate valuation method is used.

Statement of non-current financial assets at close:

(in thousands of euros)	Other non-current investments	Other financial assets	TOTAL
GROSS VALUES AT DECEMBER 31, 2022	**6,987**	**3,992**	**10,979**
Acquisitions	5,000	144	5,144
Disposals		(75)	(75)
Other changes	(714)		(714)
Scope changes			
Exchange rate differences	(208)	2	(206)
GROSS VALUES AT DECEMBER 31, 2023	**11,065**	**4,063**	**15,128**
IMPAIRMENT AT DECEMBER 31, 2022	**8**		**8**
Provisions for impairment			
Reversals of provisions for impairment			
Other changes			
Scope changes			
Exchange rate differences			
IMPAIRMENT AT DECEMBER 31, 2023	**8**		**8**
NET VALUES AT DECEMBER 31, 2023	**11,057**	**4,063**	**15,120**

A project to acquire a stake in an entity external to the Group for the operational implementation of fully autonomous machining machines impacted the acquisition of other fixed assets in the amount of €5 million ("Watch-out" project).

3.4.1.4 - Financial assets and liabilities

Financial assets

Described in greater detail in Note 3.4.1.3 above.

Financial debt

Interest-bearing loans are initially recognized at their fair value less costs attributable to the transaction.They are then measured at amortized cost; the difference between the cost and the redemption value is recognized in the income statement over the term of the loans, using the effective interest rate method.

Trade and other accounts payable

Trade and other accounts payable are valued at fair value at first recognition, and then at depreciated cost. When the maturity of such financial assets is short, the sums obtained from applying this method are very close to the nominal value of the payables, which is then the value employed.

Financial assets and liabilities recorded on the balance sheet are broken down into the following accounting categories and classes of financial instruments:

	At 12/31/2023		Breakdown by instrument category			
Financial assets and liabilities recorded in the balance sheet (in thousands of euros)	Net book value	Fair value	Fair value via earnings	Loans and receivables	Debt at amortized cost	Derivatives
Non-current financial assets	15,120	15,120		15,120		
Other non-current assets	85	85		85		
Trade and other receivables	226,137	226,137		222,722		3,415
Cash and cash equivalents	139,312	139,312	139,312			
TOTAL FINANCIAL ASSETS	**380,654**	**380,654**	**139,312**	**237,927**		**3,415**
Non-current borrowings	494,383	494,383			493,458	925
Other non-current financial liabilities (excl. PCA)	2,097	2,097			2,097	
Current borrowings	145,989	145,989			145,989	
Trade and other accounts payable	356,027	356,027			355,275	752
TOTAL FINANCIAL LIABILITIES	**998,496**	**998,496**			**996,819**	**1,677**

	At 12/31/2022		Ventilation par catégorie d'instruments			
Financial assets and liabilities recorded in the balance sheet (in thousands of euros)	Net book value	Fair value	Fair value via earnings	Loans and receivables	Debt at amortized cost	Derivatives
Non-current financial assets	10,971	10,971		10,971		
Other non-current assets	165	165		165		
Trade and other receivables	203,803	203,803		203,070		733
Cash and cash equivalents	144,149	144,149	144,149			
TOTAL FINANCIAL ASSETS	**359,088**	**359,088**	**144,149**	**214,206**		**733**
Non-current borrowings	327,804	327,804			328,352	(548)
Other non-current financial liabilities (excl. PCA)	62	62			62	
Current borrowings	107,838	107,838			107,838	
Trade and other accounts payable	313,950	313,950			307,228	6,722
TOTAL FINANCIAL LIABILITIES	**749,654**	**749,654**			**743,480**	**6,174**

The IFRS 7 standard requires the hierarchical ordering of the different valuation techniques used for each of the financial instruments. The categories are defined as follows:

- **Level 1:** direct reference to published prices of a market asset,
- **Level 2:** valuation technique based on measurable data,
- **Level 3:** valuation technique based on non-observable data.

Fair value hierarchy:

(in thousands of euros)	December 31, 2023		
	Level 1	Level 2	Level 3
Non-current financial assets	15,120		
Other non-current assets	85		
Trade and other receivables	3,415	222,722	
Cash and cash equivalents	139,312		
TOTAL FINANCIAL ASSETS	**157,932**	**222,722**	
Non-current borrowings	494,383		
Other non-current financial liabilities (excl. PCA)	2,097		
Current borrowings	145,989		
Trade and other accounts payable	752	355,275	
TOTAL FINANCIAL LIABILITIES	**643,221**	**355,275**	

3.4.2 Current assets

3.4.2.1 - Inventories

Inventory is valued at the lower of cost or net realizable value.

The cost of materials and merchandise is calculated from their acquisition cost plus the costs incurred to bring them to their current location in their current condition. Finished products and work in progress are valued at actual production cost over the period, including an appropriate portion of general costs based on normal production capacity.

The net realizable value equates to the estimated sales price in the normal course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

Inventories are impaired when their net realization value is less than their cost of production, when they are damaged, obsolete, as well as each time there is a risk that they might not be disposed of under normal conditions, or when there is a risk that they will be disposed of over a period that is longer than what is generally accepted.

Inventory statement at close:

(in thousands of euros)	Raw materials	Tools and other procurements	Work in progress-goods	Finished and intermediary products	Goods	TOTAL
GROSS VALUES AT DECEMBER 31, 2022	**98,686**	**12,950**	**194,897**	**125,666**	**11,558**	**443,984**
Exchange rate differences	(776)	(97)	(1,291)	(1,114)	(100)	(3,378)
Changes in inventory	17,508	1,608	21,698	(2,321)	(889)	37,605
Other changes	(985)	(17)	794	231	(89)	(66)
GROSS VALUES AT DECEMBER 31, 2023	**114,433**	**14,669**	**216,098**	**122,462**	**10,480**	**478,144**
IMPAIRMENT AT DECEMBER 31, 2022	**10,989**	**1,259**	**7,985**	**22,453**	**1,002**	**43,688**
Provisions for amortization and depreciation	4,922	276	8,647	6,462	339	20,646
Reversal of provisions for amortization and depreciation	(4,922)	(255)	(6,378)	(10,772)	(698)	(23,025)
Exchange rate differences	(111)	1	(88)	(214)	(11)	(423)
Other changes	243		(70)	(238)		(65)
IMPAIRMENT AT DECEMBER 31, 2023	**11,121**	**1,281**	**10,096**	**17,691**	**632**	**40,821**
NET VALUES AT DECEMBER 31, 2023	**103,312**	**13,388**	**206,002**	**104,771**	**9,848**	**437,323**

3.4.2.2 - Trade and other receivables

Loans and advances are recorded in the balance sheet at their fair value. In the event of a risk of non-recovery, impairments are recognized on a case-by-case basis on the basis of probable collection flows. This risk takes into account the age of the transaction.

Trade and other receivables are valued at their amortized cost in accordance with the provisions of IFRS 9.

The Group has opted for the simplified IFRS 9 impairment model. According to the analyses carried out, the estimated ECL (Expected Credit Loss) was not significant as of December 31, 2023.

Group exposure to credit risk is mainly influenced by individual customer profiles. The Group has a policy of monitoring trade receivables, allowing it to constantly control its third-party risk exposure.

The credit risk of write-offs of past due receivables is minimal.

At December 31, 2023, the amount of permanent losses recognized over the fiscal year was €66.9 thousand compared to €268.5 thousand in 2022.

Statement of trade and other receivables:

(in thousands of euros)	12/31/2023	12/31/2022
Gross trade receivables	177,049	163,200
Impairment of trade receivables	(3,704)	(3,180)
NET TRADE RECEIVABLES	**173,345**	**160,020**
State - other taxes and duties	30,173	24,103
Social entities & workforce services	207	5
Accounts payable - advances, debtors	7,739	5,896
Deferred charges	7,261	7,111
Other	7,413	6,669
OTHER RECEIVABLES	**52,792**	**43,783**
TOTAL TRADE AND OTHER RECEIVABLES	**226,137**	**203,803**

The Group closely monitors its customer risks to secure its outstandings. No significant risk was identified.

Factoring amounted, at December 31, 2023, to €114.2 million, compared with €78.9 million at December 31, 2022. The fair value of these transferred assets in accordance with the IFRS 7 definition is equal to their nominal value. These transfers are made in the form of factoring with conventional subrogation, without recourse, thereby removing any exposure to a risk of financial loss. The LISI Group has signed contracts with three banks. These agreements provide for the possibility of selling receivables up to an amount of €95 million in France and $50 million in the United States, or around €140 million.

Debt by maturity

Overdue receivables not covered by provisions mainly concern major customers with which the Group has concluded annual or multi-annual business agreements. On the basis of historical observations, the Group considers the risk of non-recovery to be marginal, with non-hedged overdue receivables dating back mainly to less than one year and the portion exceeding one year being insignificant.

The average payment period for the 2023 fiscal year was 39 days, compared to 41 days for the 2022 fiscal year.

Breakdown of trade receivables at December 31 by maturity

In thousands of euros	2023					
Group	TOTAL	< 30 days	30 to 60 days	60 to 90 days	90 to 120 days	> 120 days
Gross customer receivables	177,049	111,730	45,266	18,874	311	867
Net customer receivables	173,345	109,254	44,038	18,874	311	867

In thousands of euros	2022					
Group	TOTAL	< 30 days	30 to 60 days	60 to 90 days	90 to 120 days	> 120 days
Gross customer receivables	163,200	108,038	35,519	18,174	512	957
Net customer receivables	160,020	105,182	35,195	18,174	512	957

Late payments during the year

Late payments in thousands of euros	12/31/2023	12/31/2022
0 to 30 days	23,919	22,535
30 to 60 days	4,668	3,979
60 to 90 days	2,050	1,150
> 90 days	1,178	2,178
TOTAL	**31,815**	**29,842**

3.4.2.3 - Cash and cash equivalents

Cash and cash equivalents include current bank accounts (components of net cash as they are not subject to authorization agreements preventing the bank from demanding "repayment on sight" of the overdrafts), cash in hand, on-call deposits, marketable securities, and negotiable certificates of deposit held by the Group. Adjustments of value are recognized in the income statement.

The accounting treatment of money-market SICAV instruments and negotiable deposit certificates complies with the application of IFRS 9.

The cash available as at December 31, 2023, stood at €139.3 million, compared to €144.1 million in 2022. This item mainly comprises:

- negotiable deposit certificates held by the Group for an amount of €3.0 million in 2023 compared to €18.0 million in 2022,
- current bank accounts. These are, in part, made up of bank accounts in US dollars held mainly by LISI S.A. and LISI Holding North America. They are recognized under "Cash and cash equivalents" in the amount of US$103.3 million, *i.e.* €93.5 million.

They are recorded at their fair value, and value adjustments are recorded in the income statement. These positions are not exposed, the main backing instruments guaranteeing the capital.

Bank accounts and investments denominated in foreign currencies were translated at the closing rate on December 31, 2023, with their counterpart recorded in foreign exchange income.

The impact of the change in working capital on cash is as follows:

in thousands of euros	12/31/2023	12/31/2022
Effect of the change in inventories	(37,605)	(68,177)
Effect of the change in trade receivables and other debtors	(24,410)	(24,768)
Effect of the change in trade payables and other creditors	50,383	64,689
Effect of tax variation	(1,938)	(918)
CHANGE IN WORKING CAPITAL REQUIREMENTS	**(13,570)**	**(29,174)**

The free cash flow broke down as follows:

in thousands of euros	12/31/2023	12/31/2022
Operating cash flow	132,499	157,886
Net CAPEX	(96,708)	(109,669)
Change in working capital requirements	(13,570)	(29,174)
FREE CASH FLOW	**22,222**	**19,042**

3.4.3 Shareholders' equity

The shareholders' equity attributable to owners of the parent stood at €932.6 million at December 31, 2023, against €1,115.7 million at December 31, 2022, representing a decrease of €183.1 million. This change takes into account the following main factors:

Changes in € million	12/31/2023	12/31/2022
Income for the period attributable to owners of the parent	37.5	57.0
Capital decrease (OPRA)	(204.6)	
Distribution of dividends paid in May	(8.0)	(15.4)
Treasury shares and share-based payments	2.8	0.7
Revaluation of net liabilities (assets) of defined benefit plans	(4.1)	3.8
Change in fair value of cash flow hedging instruments	1.2	1.2
Miscellaneous restatements	0.2	2.6
Translation differences related to changes in the closing rate, including the changes int the value of the dollar	(8.2)	15.4
TOTAL	**(183.1)**	**65.3**

The Group implements a policy of buying back Company shares, in accordance with authorizations provided by the General Meeting to the Board of Directors. The main purposes of the share repurchase program are:

- to increase the activity of the stock on the market by an Investment Services Provider *via* a liquidity contract in accordance with the AMAFI professional code of ethics recognized by the French financial markets authority (AMF),
- to grant stock options or free shares to employees and corporate officers of the company and/or its Group,
- to retain and use shares as consideration or payment for potential acquisitions,
- to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date.

Repurchased shares are classified as treasury shares and deducted from shareholders' equity.

3.4.3.1 - Share capital

Share capital at year-end stands at €18,615,325, broken down into 46,538,313 issued shares with a face value of €0.40.

3.4.3.2 - Capital linked premiums

Capital-linked premiums breaks down as follows:

(in thousands of euros)	12/31/2023	12/31/2022
Share premiums	–	57,588
Contribution premiums	–	15,030
Merger premiums	–	2,711
TOTAL	**–**	**75,329**

3.4.3.3 - Capital management

The Group's policy consists in maintaining robust capital so as to support a highly capitalistic and growing business, preserve the confidence of shareholders and investors, support internal and external growth and withstand periods of recession. The Board of Directors is particularly attentive to the return on capital employed and the cash flow generated by the business. Instruments giving access to the Company's share capital concern benefits granted to executives and employees under certain conditions. They only concern existing treasury shares.

3.4.3.4 - Dividends

The amount of dividend per share for the 2023 fiscal year (not recognized) submitted to the Shareholders' General Meeting on April 26, 2024, for approval breaks down as follows:

Amount (in millions of euros)	2023	2022
TOTAL NET DIVIDEND	**14.43**	**8.00**

Dividend per share (€)	2023	2022
DIVIDEND PER SHARE	0.31	0.15

The estimated amount for 2023 is calculated based on the total number of shares, *i.e.* 46,538,313. The self-held shares at the date of payment of the dividend will not be eligible for the payment of any dividend.

3.4.4 Provisions

A provision is recognized on the balance sheet if the Group has a current, legal commitment or an implicit one arising from a past event and for which it is probable that there will need to be an outflow of resources in order to eliminate the commitment. They are measured at the estimated payment amount. If the effect of capitalizing provisions is not significant, capitalization is not carried out.

Non-current provisions

Non-current provisions are provisions not directly related to the operating cycle, whose due date is generally within more than one year. They include notably provisions for environmental risks, provisions for retirement commitments and certain provisions for restructuring.

Current provisions

Current provisions cover the provisions directly related to the operating cycle of each division, regardless of their estimated due dates. Provisions for legal disputes concern mainly disputes with customers, subcontractors, and suppliers. Provisions for other current risks are mainly comprised of provisions for late penalties, provisions for layoffs, and other operating risks.

3.4.4.1 - The change in provisions breaks down as follows:

(in thousands of euros)	At January 1, 2022	Allowances (net of reversals)	At December 31, 2022	Allowances	Reversals (amounts used)	reversals (unused amounts)	Actuarial gains/ losses through other comprehensive income	Reclassifications - Other	Entry into/ exit from consolidation scope	translation differences	At December 31, 2023
Pensions and retirement	42,236	(7,036)	35,200	3,692	(2,993)	(569)	4,093			(1,521)	37,903
Long-service medals	4,061	(742)	3,319	239	(217)	(26)					3,316
Environment-related risks	202	(62)	140	388	(709)	(12)		1,024		(15)	816
Disputes and other risks	6,522	(3,112)	3,410	603	(975)	(608)		230		(65)	2,594
Guarantees to clients	7,990	(1,193)	6,797	600							7,397
Industrial reorganization	10,992	(8,866)	2,126		(1,174)	(139)		22			834
SUS-TOTAL NON-CURRENT PROVISIONS	**72,005**	**(21,013)**	**50,992**	**5,523**	**(6,069)**	**(1,354)**	**4,093**	**1,276**		**(1,601)**	**52,859**
For loss on contract	90	185	275			(250)					25
Industrial reorganization	2,335	1,243	3,578		(1,713)	(8)		(22)		(125)	1,710
Restructuring	152	(96)	56		(19)						37
Environment-related risks	2,794	(1,227)	1,567	18		(1,016)				(33)	536
Disputes	203	(147)	56		(18)	(38)					
Other risks	17,735	1,946	19,681	2,030	(8,500)	(4,110)		(1,253)		(98)	7,750
SUBTOTAL CURRENT PROVISIONS	**23,309**	**1,902**	**25,211**	**2,048**	**(10,250)**	**(5,422)**		**(1,276)**		**(257)**	**10,054**
GRAND TOTAL	**95,314**	**(19,111)**	**76,203**	**7,571**	**(16,319)**	**(6,776)**	**4,093**			**(1,857)**	**62,913**
of which in current operating profit				*7,358*	*(11,894)*	*(6,515)*					
of which in non-current operat ing profit				*213*	*(4,424)*	*(261)*					

Environment-related risks:

Recognition of liabilities linked to requirements to uphold environmental standards in the various countries in which the company operates and more specifically with regard to soil pollution on old industrial sites.

Disputes and other risks:

This covers litigation or disputes with partners and service providers. The risk was increased based on the estimated cost of the likely outcome of disputes or possible transactions. Assessment of expected returns cannot be calculated as of yet. The bulk of the movements relates to various quality, tax, and wage risks.

Restructuring and industrial reorganization:

This covers industrial reorganization based on assessments of the cost of redeploying certain sites or entities. The assessment of the sums recognized takes account of specific local regulatory stipulations.

Other risks:

Liabilities recognized under this category take into account risks based on various reports (industrial, regulatory, corporate, customer guarantees and products). The other amounts of provisions and reversals primarily concern quality, customer lead time, classification of new products, tax risks and wage risks.

Commitments to employees

Contributions in defined contributions plans are recognized as expenses for the period in which they are incurred.

The LISI Group has no plan opened relating to defined-contribution plans.

3.4.4.2 - General description of the plans

Retirement lump sum (France and Germany):

Entitlements to post-employment benefits are defined by applicable laws or sectoral agreements when they are more favorable.

England:

BAI UK operates a defined benefit pension plan to which all employees who joined the company before April 2007 are entitled and which has been closed since then. Plan assets are separate from the assets of the Company and managed by a trust administered by a board of trustees.

The risks to which the plan exposes the company are as follows: CAPEX, inflation, retirees' length of retirement, options, legislation.

United States:

Hi Shear Corporation operates a defined benefit pension plan to which all employees who joined the company before February 1991 are entitled and which has been closed since then. Plan assets are separate from the assets of the Company and managed by a trust administered by a board of trustees. The risks to which the plan exposes the company are as follows: CAPEX, inflation, retirees' length of retirement, options, legislation.

The geographic breakdown of the Group's commitments to staff as at December 31, 2023, for defined benefits plans and the main assumptions employed in their assessment are as follows:

12/31/2023 (in thousands of euros)	France	Germany	United States	England	Other
Actuarial debt	27,011	5,704	395	18,747	2,861
Discount rate	3.17%	3.88%	4.50%	4.33%	N/A
Reference used	I Boxx euro zone 12 years	Extrapolation based on the ECB 15-year AAA rate curve	Citigroup Pension Discount Curve rate	I Boxx AA-rated 15 years +0.3%	
Inflation – Wage increase	3.00%	2.00%	N/A	3.14%	N/A

12/31/2022 (in thousands of euros)	France	Germany	United States	England	Other
Actuarial debt	24,860	5,828	458	17,759	3,402
Discount rate	3.77%	3.69%	2.25%	4.81%	N/A
Reference used	I Boxx euro zone 12 years	Extrapolation based on the ECB 15-year AAA rate curve	Citigroup Pension Discount Curve rate	I Boxx AA-rated 15 years +0.3%	
Inflation – Wage increase	3.00 %	2.00 %	N/A	3.35 %	N/A

As per the revised IAS 19 standard, the rate of return on long-term funds is identical to the discount rate for actuarial debt. The rates of return thus employed are equal to 4.50% for American insurance plans and 4.33% for English ones. At December 31, 2023, the allocation of the plan assets was approximately 10% in equities and 90% in other vehicles for England.

The following table sets out the changes, during fiscal year 2023, in the actuarial debt and the market value of the hedging assets (in millions of euros):

Change inactuariel debt	2023	2022
ACTUARIAL DEBT AT YEAR START	**52,307**	**69,269**
Cost of services	1,790	2,108
Cost of accretion	2,704	1,144
Benefits paid	(3,440)	(1,854)
Discounts	(365)	
Translation differences	(1,168)	(1,897)
Actuarial losses (gains)	3,458	(16,463)
ACTUARIAL DEBT AT YEAR END	**54,717**	**52,307**

Change in market value of hedging assets	2023	2022
Opening value	**17,104**	**28,780**
Benefits withheld from fund	(811)	(636)
Expected yield from assets	802	535
Translation differences	352	(1,132)
Actuarial gains (losses)	(635)	(10,442)
CLOSING VALUE	**16,812**	**17,104**

The following table sets out the reconciliation of the amounts recognized in the Group's consolidated financial statements and the above amounts:

In thousands of euros	12/31/2023	12/31/2022
LIABILITIES RECOGNIZED AT THE END OF THE PERIOD	**(37,903)**	**(35,200)**

The expense recognized as operating profit by the Group during the fiscal year 2023 as defined benefits plans amounted to €2.8 million and is broken down as follows:

In thousands of euros	2023	2022
Cost of services	1,790	2,108
Cost of accretion	2,704	1,144
Expected yield from plan assets	(802)	(535)
Discounts	(365)	
France 2023 retirement reform application	(570)	
EXPENSE (REVENUE) RECOGNIZED	**2,758**	**2,717**

3.4.5 Other non-current liabilities

(in thousands of euros)	12/31/2023	12/31/2022
Deposits and sureties received	88	61
Employee participation	1,379	
Deferred income	8,694	7,373
TOTAL OTHER NON-CURRENT LIABILITIES	**10,792**	**7,434**

Prepaid income mainly corresponds to subsidies received from regional authorities for various construction and development projects at the Group's various sites.

3.4.6 Financial debt

3.4.6.1 - Financial debt

Breakdown by nature

(in thousands of euros)	12/31/2023	12/31/2022
NON-CURRENT SHARE		
Mid-term loans	400,317	242,830
Lease liabilities	91,724	80,887
Employee profit-sharing (frozen on a current account)	2,341	4,086
NON-CURRENT DEBT SUBTOTAL	**494,383**	**327,804**
CURRENT SHARE		
Banking facilities for operations	21,959	6,851
Mid-term loans	108,512	85,932
Lease liabilities	15,518	14,439
Employee profit-sharing (frozen on a current account)		615
SUBTOTAL CURRENT DEBT	**145,989**	**107,838**
TOTAL DEBT	**640,372**	**435,642**

LISI S.A. took out a loan of €200 million for a period of five years on May 15, 2023 to finance the capital decrease related to the share buyback (OPRA). This loan is financed at a variable rate of Euribor 3-month+ margin and is partially hedged by interest rate swaps.

Breakdown by maturity date

(in thousands of euros)	12/31/2023	12/31/2022
BORROWINGS		
at one year	108,512	85,932
two to five years	356,766	187,465
more than five years	43,551	55,365
SUBTOTAL BORROWINGS	**508,829**	**328,762**
OTHER FINANCIAL CREDITORS		
at one year	37,477	21,906
two to five years	57,733	48,647
more than five years	36,332	36,327
SUBTOTAL OTHER DEBT	**131,543**	**106,880**
BORROWINGS AND DEBT	**640,372**	**435,642**

Breakdown by cash flow category

FINANCIAL DEBT AS AT 01/01/2023	**435,642**
SUBTOTAL CHANGES RESULTING FROM CASH FLOW	**178,756**
Change in consolidation scope	
Translation effects	*(3,344)*
IFRS 16	*27,844*
Other	*1,474*
SUBTOTAL CHANGES WITH NO CASH EFFECT	**25,975**
FINANCIAL DEBT AS AT 12/31/2023	**640,372**

The "IFRS 16" change is mainly due to the inclusion of new commercial leases in fiscal year 2023, in particular the lease of the Chaumont plant as part of the relocation of the Bologne plants.

Breakdown by currency

All figures relating to borrowings and debts with credit establishments are given in euros. The Group's bank debts therefore do not expose it to any foreign exchange risk.

Breakdown by interest rate category

The table below summarizes the borrowings from the Group's credit institutions, which lists the most significant outstandings broken down into fixed and variable rates:

Contracting entities	Nature of the loan	Fixed rate	Variable rate	Total amount of credit lines in million of euros	Capital remaining due at 12/31/2023 (in million of euros)	Maturity date	Existence or not of interest rate or currency hedges	Covenant
LISI S.A.	Conventional loan	0.75%		30.0	30.0	2024		[1]
	Conventional loan	0.65%		15.0	1.6	2024		[1]
	Conventional loan	0.65%		15.0	1.6	2024		[1]
	Conventional loan	0.95%		10.0	3.9	2026		[1]
	Conventional loan	1.22%		20.0	20.0	2026		[1]
	Conventional loan	0.75%		5.0	3.6	2028		[1]
	Conventional loan	0.34%		10.0	3.5	2025		[1]
	Conventional loan	1.27%		5.0	4.7	2031		[1]
	Conventional loan	0.78%		10.0	10.0	2028		[1]
	Conventional loan	1.00%		25.0	25.0	2027		[1]
	Conventional loan	2.95%		20.0	20.0	2029		[1]
	Conventional loan	0.90%		20.0	20.0	2029		[1]
	Conventional loan	3.90%		7.5	6.5	2029		[1]
	Conventional loan	1.80%		5.0	5.0	2029		[1]
	Conventional loan	1.80%		5.0	5.0	2029		[1]
	Conventional loan	3.70%		7.5	6.8	2030		[1]
	Conventional loan	3.93%		15.0	15.0	2029		[1]
	Conventional loan	4.05%		10.0	10.0	2027		[1]
	Conventional loan	3.95%		15.0	13.3	2030		[1]
	Conventional loan	4.26%		15.0	14.4	2030		[1]
	Conventional loan	4.13%		5.0	4.8	2030		[1]
	Syndicated loan		Euribor 3 months + margin	200.0	200.0	2028	Partially hedged by swaps	[1]
	USPP	1.82%		20.0	5.7	2025		[2]
	USPP	1.78%		40.0	17.1	2026		[2]
	USPP	1.15%		50.0	50.0	2031		[2]
BLANC AERO INDUSTRIES	Conventional loan		Euribor 3 months + margin	11.5	6.4	2031	Hedged by Swap	[1]
LISI AUTOMOTIVE FORMER	Conventional loan		Euribor 3 months + margin	3.0	0.4	2024		[1]
			Euribor 3 months + margin	3.0	0.9	2024		[1]
LISI MEDICAL FASTENERS	Conventional loan		Euribor 3 months + margin	4.5	0.4	2024	Hedged by Swap	[1]
			TOTAL	**602.0**	**505.6**			

3.4.6.2 - Related covenants

The Group has no bank facilities based on its credit rating. The contracts entered into include conventional clauses regarding the financial health of the Group or its subsidiaries. The definition and levels of ratios, also called "financial covenants", are set by prospective mutual agreement with credit institutions.

Depending on the bank, compliance with these ratios is assessed once or twice a year, on the half-year and annual close dates. Failure to comply with these ratios entitles the credit institutions to impose early repayment (total or partial) of the facilities granted.

At the end of December 31, 2023, the covenants were respected.

For the reader's information, the "financial covenants" related to each loan are described hereafter:

[1]

Consolidated gearing ratio <1.2

(Net Financial Debt/Equity).

Consolidated leverage ratio <3.5

(Net debt/EBITDA)

[2]

Consolidated gearing ratio <1.2

(Net Financial Debt/Equity).

Consolidated leverage ratio <3.5

(Net debt/EBITDA)

Coverage ratio of consolidated interest expense >4.5

(EBITDA/Net interest expense).

At December 31, the ratios as defined in the banking contracts were as follows:

- The consolidated Gearing ratio was 0.549 in 2023, compared to 0.261 in 2022.
- The consolidated Leverage ratio was 2.891 in 2023 compared to 1.563 in 2022.
- The coverage ratio of consolidated interest expense was 8.627 compared to 45.522 in 2022.

The Group therefore has a comfortable margin of safety, confirming its low liquidity risk.

3.4.6.3 - Breakdown of financial debt

(in thousands of euros)	12/31/2023	12/31/2022
Cash and cash equivalents	139,312	144,149
CASH AVAILABLE [A]	**139,312**	**144,149**
Current banking facilities [B]	21,959	6,851
NET CASH [A - B]	**117,353**	**137,298**
Credits	508,829	328,762
Other financial creditors	109,583	100,029
NET FINANCIAL DEBT [C]	**618,412**	**428,791**
NET DEBT [D = C + A - B]	**501,060**	**291,493**
GROUP EQUITY [E]	**932,565**	**1,115,656**
DEBT RATIO (EXPRESSED AS%) [D / E]	53.7%	26.1%

3.4.7 Financial liabilities

The cash table for all financial liabilities is as follows:

Financial liabilities on the balance sheet (in thousands of euros)	As of 12/31/2023	Breakdown of contractual flows not discounted on due date			
	Net book value	Less than 1 year	Between 1 and 5 years	Over 5 year	Total
Non-current borrowings	494,383		414,500	79,883	494,383
Other non-current financial liabilities (ex cl. PCA)	2,097		2,097		2,097
Current borrowings	145,989	145,989			145,989
Trade and other accounts payable	356,027	356,027			356,027
TOTAL FINANCIAL LIABILITIES	**998,496**	**502,016**	**416,597**	**79,883**	**998,496**

Financial liabilities on the balance sheet (in thousands of euros)	As of 12/31/2022	Breakdown of contractual flows not discounted on due date			
	Net book value	Less than 1 year	Between 1 and 5 years	Over 5 year	Total
Non-current borrowings	327,804		236,112	91,692	327,804
Other non-current financial liabilities (ex cl. PCA)	62		62		62
Current borrowings	107,838	107,838			107,838
Trade and other accounts payable	313,950	313,950			313,950
TOTAL FINANCIAL LIABILITIES	**749,654**	**421,788**	**236,174**	**91,692**	**749,654**

3.4.8 Liquidity risk

The Group's cash management is centralized: the vast majority of the cash surpluses or financing requirements of its subsidiaries, where local legislation permits, is invested or financed by the parent company on normal market terms. The central cash management team manages the financing of the Group, current and forecast, and ensures its capacity to meet its financial commitments. For that purpose, it maintains a level of the available cash and confirmed credit facilities compatible with its size and the maturities of its debt.

At December 31, 2023, the LISI Group benefited from:

- unused short-term credit lines of €48 million,
- unused RCF lines of €55 million,
- €5 million in unused factoring lines,
- cash in the amount of €139 million.

This represents a total financing capacity of €247 million, plus the undrawn portion of the current USPP (financing subscribed in May 2021) for US$150 million.

3.4.9 Interest rate risk

The Group's main exposure in terms of interest rate risk arises from the exposure of its variable-rate financial assets and liabilities to variations in interest rates. This could have an impact on its cash flows. Within the framework of its overall policy, the Group partly converts its initially variable rate liabilities into fixed rate liabilities, using financial instruments such as interest rate SWAPs.

These hedging instruments are negotiated on OTC markets with banking counterparts, in a centralized manner by the Group's Financial Department. They are not considered by the Group to be hedging instruments and are recorded at fair value to the income statement.

The Group set up two new hedges in 2023 for a nominal value of €100 million to partially hedge the loan taken out as part of the capital reduction operation. The outstanding amount of these unexpired instruments at December 31, 2023 was €105.7 million. The features of these instruments are presented in Note 3.6.5 "Commitments".

As at December 31, the Group's net variable rate position broke down as follows:

(in thousands of euros)	12/31/2023	12/31/2022
Loans - variable rates	208,109	9,600
Short-term banking facilities	21,959	6,851
Other current and non-current financial assets		
Cash and cash equivalents	(136,312)	(126,147)
NET POSITION PRIOR TO MANAGEMENT	**93,756**	**(109,696)**
Interest rate SWAP	105,746	7,074
HEDGING	**105,746**	**7,074**
NET POSITION AFTER MANAGEMENT	**(11,990)**	**(116,770)**

The approach taken consisted of taking into account the net lending and borrowing positions as a basis for the calculation of the sensitivity to rates.

As of December 31, 2023, the impact on the unhedged portion of a 100-basis point change in the variable rates was €1,199 thousand.

3.4.10 Deferred tax

(in thousands of euros)	12/31/2023	12/31/2022
Deferred tax assets	44,193	50,912
Deferred tax liabilities	(48,897)	(46,398)
NET DEFERRED TAXES	**(4,704)**	**4,514**

Non-recognized deferred tax assets:

The Company does not recognize its deferred tax assets whenever it has no sufficient assurance that it will recover carried forward deficits and tax credits. Deferred tax assets are only recognized if their recovery is probable.

For information purposes, carried forward losses not recognized in the balance sheet at December 31, 2023, would generate deferred tax assets of €15.4 million, identical to 2022.

Deferred tax assets by anticipated period of recoverability at December 31, 2023

2023				2022			
< 1 year	1 to 5 years	+5 years	Total	< 1 year	1 to 5 years	+5 years	Total
4,662	31,578	7,953	44,193	2,739	39,730	8,443	50,912

3.5 Breakdown of main income statement items

3.5.1 Revenue

Proceeds from the sale of goods are recognized in the income statement when the customer obtains control of the asset, which generally occurs on a specific date.

IFRS 15 "Revenue from contracts with customers" introduces a single analysis grid regardless of the transactions (sale of goods, sale of services, granting of licenses, etc.) with five successive stages:

- identification of the contract or contracts;
- identification of the seller's various contractual obligations (performance obligation);
- determination of the price of the transaction;
- allocation of the price of the transaction to the various obligations identified;
- recognition of the corresponding revenue.

As most of the subsidiaries consolidated in the LISI Group are industrial production sites, most of the revenue comes from the sale of finished products.

However, the Group has specifically identified two types of transaction distinct from the one referred to previously: the first is late penalties (on delivery, quality deterioration, etc.) reported against revenue; the second relates to the invoicing of machine tooling treated as additional services resulting in the recognition of a revenue at the time of acceptance of the machine tooling and the initial samples. These principles are handled in accordance with IFRS 15.

Revenues are shown after deduction of discounts.

The breakdown of revenues by business segment and country is shown in Note 3.6.1. "Segment information".

3.5.2 Consumed goods

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL 2023	TOTAL 2022
Consumption of goods	8,394	30,932	3,422		42,747	31,395
Consumption of raw materials	177,438	143,323	30,382		351,143	312,107
Tools	38,343	22,322	9,927		70,592	61,216
Other purchases	24,612	17,670	6,271	39	48,589	45,839
TOTAL CONSUMPTION	**248,787**	**214,247**	**50,002**	**39**	**513,070**	**450,558**

3.5.3 Other purchases and external expenses

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL 2023	TOTAL 2022
Subcontracting	52,336	56,915	9,465		118,716	96,449
Maintenance	31,212	27,299	5,465	926	64,902	55,944
Freight	9,676	16,168	1,833	3	27,680	26,290
Energy	32,556	21,136	3,004	18	56,714	37,767
Other external expenses	86,701	34,719	10,609	(14,533)	117,496	103,104
TOTAL OTHER PURCHASES AND EXTERNAL EXPENSES	**212,481**	**156,237**	**30,376**	**(13,586)**	**385,508**	**319,554**

The amount of -€13.6 million indicated in the "other" column is composed of the intragroup elimination services invoiced by LISI S.A. Holding and LISI Holding North America to the divisions (-€17.3 million).

Statutory Auditors' fees

Pursuant to Regulation No. 2016-09 of the ANC of December 2, 2016, the following table shows the amount of fees paid to the Group's Statutory Auditors appearing in the consolidated income statement for the fiscal year, with a distinction being made between the fees related to the certification of the financial statements from those relating, where applicable, to other services.

The fees mentioned for subsidiaries relate to those that are fully consolidated (in € millions):

	Ernst & Young		KPMG S.A.		Exco et Associés		Foreign auditors	
	Amount		Amount		Amount		Amount	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022
AUDIT								
Auditors, certification, review of individual and consolidated financial statements								
– LISI S.A.	28	27	47			37		
– Fully consolidated subsidiaries	812	818	53		236	257	116	99
Other due diligence and services								
– LISI S.A.	7	11	25					
– Fully consolidated subsidiaries			12		9	14		
Total	**847**	**855**	**136**		**245**	**308**	**116**	**99**

Statutory Auditors, certification, review of individual and consolidated financial statements

This is all the work that cannot be separated from certification, *i.e.* all work necessary for the issuance of certification reports on the financial statements and reports or certificates that must be made available to the Ordinary General Meeting for the approval of the financial statements. Services are provided by the Statutory Auditors and other auditors, members of the network, certifying the individual and consolidated financial statements of the parent company and the fully consolidated subsidiaries in France and abroad.

Other due diligence and services:

The services in question concern services that fall within the scope of services usually provided as an extension of the statutory audit (drafting of specific certificates, work carried out in the context of market transactions) or any other specific assignment, in general, non-recurring and contractual.

3.5.4 Employee benefits expense

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	Total 2023	Total 2022
Temporary workers	21,359	6,772	5,006	122	33,259	21,344
Salaries and incentives	232,838	131,552	51,251	8,254	423,895	379,876
Layoff pay	991	602	264	50	1,907	1,746
Social contributions and taxes on salaries	79,964	43,939	18,277	6,091	148,271	132,122
Employee profit-sharing	1,379	111			1,490	220
Pensions and long-service awards	1,650	903	58	28	2,639	1,705
TOTAL PAYROLL EXPENSES	**338,181**	**183,879**	**74,856**	**14,545**	**611,461**	**537,010**

3.5.5 Research and development costs

Research costs incurred in order to develop scientific knowledge and understanding, or to learn new techniques, are recognized as an expense when they are incurred.

Under the IFRS framework, development costs (i.e. costs incurred by applying the results of research to a plan or model in order to develop new or substantially improved products and processes) are recorded as fixed assets if the Group can demonstrate that future economic benefits are probable.

The LISI Group's mission is to carry out intensive research and development activities, to develop new products, the use of new materials and to develop innovative production processes. This research and development activity is carried out in several ways: either as part of a co-operative venture between research and design departments within our own divisions and those of our customers, or to develop or improve certain components or industrial processes. The development expenses employed at the LISI Group mainly relate to products in co-development with customers and not to changes in industrial processes.

As a result, most of the costs incurred do not meet the criteria for capitalization as intangible assets and are therefore recorded as expenses. They consist mainly of expenses for personnel working in R&D.

Staff directly dedicated to R&D represented in 2023 some 3.1% of the Group's employees.

The Group carries out regular assessments of major projects in order to identify any costs which could be capitalized.

The expenses incurred for the two last fiscal years are shown in the table below:

(in millions of euros)	2023	2022
Research and Development expenditures	32.3	32.1
% of revenues	2.0%	2.3%
Activated projects	2.0	0.0

3.5.6 Non-current operating income and expenses

Non-current income and expenses break down as follows:

(in thousands of euros)	12/31/2023	12/31/2022
NON - CURRENT OPERATING EXPENSES		
Net expense related to the costs of closing the LISI AEROSPACE Mexico site		171
Net expense related to the costs of closing the LISI AUTOMOTIVE HEBEI (China) site		(2,708)
Net expenses related to workforce adjustment measures		(3,534)
Net restructuring and reorganization expenses	(3,842)	(1,394)
Other non-current operating income and expenses	(470)	(2,213)
OTHER NON-CURRENT OPERATING INCOME AND EXPENSES	**(4,312)**	**(9,678)**

The rules for presenting and defining non-current income and expenses remain unchanged compared to December 31, 2022.

Non-current operating income and expenses fell to €4.3 million (€9.7 million in 2022). They mainly concern the costs of moving factories from Bologne to Chaumont as part of the Forge 2022 project.

3.5.7 Net finance income (expense)

(in thousands of euros)	12/31/2023	12/31/2022
FINANCING EXPENSES AND REVENUE ON CASH		
Revenue on cash	1,652	861
Impact of the change in fair value of positive interest rate hedges		859
Impact of the change in fair value of negative interest rate hedges	(1,473)	
Financing expenses	(20,385)	(6,708)
SUBTOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**(20,206)**	**(4,989)**
OTHER FINANCIAL INCOME AND EXPENSES		
Foreign exchange gains	11,416	39,835
Foreign exchange losses	(23,294)	(34,036)
Impact of the change in fair value of currency hedges	6,913	(3,193)
Other	(450)	240
SUBTOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(5,415)**	**2,845**
NET FINANCE INCOME (EXPENSE)	**(25,621)**	**(2,144)**

The net finance income (expense) is explained by the following main items:

- the effects linked to the revaluation of debts and receivables in foreign currencies and the change in the fair value of hedging instruments (-€6.9 million compared to +€2.9 million in 2022),
- the financial expenses, which represent the cost of the long-term net debt, amounted to -€20.4 million (-€6.7 million in 2022), *i.e.* an average fixed rate of 4.5% (2.6% in 2022). They were notably increased by the cost of financing the Public Share Buyback Offer (€6.8 million) carried out in May 2023. Gains on current cash investments are €1.7 million, identical to 2022.

Net financial expenses compared to financial debt excluding IFRS 16 therefore amount to 4.1% (2.1% in 2022).

Cost of finance and other financial charges and income

The cost of finance includes:

- interest charges on loans calculated using the effective interest rate method,
- interest expenses related to IFRS 16,
- interest income generated from current investments,
- changes in fair value of financial instruments.

3.5.8 Income tax

Income tax (expense or income) includes:

- The corporate income tax expense (income) to be paid for each fiscal year and the deferred tax expense (income). Tax is recognized in profit or loss unless it relates to items that are recognized directly in other comprehensive income.
- Deferred taxation is calculated using the variable carry forward method for all timing differences at year-end between taxable and accounting values of assets and liabilities on the consolidated balance sheet. Goodwill that is not amortizable for tax purposes does not give rise to the recognition of deferred tax.

Deferred tax assets are only recognized if their recovery is probable within a reasonable time period. Deferred tax assets and liabilities are measured at the tax rates in effect at the time of the settlement of the temporary differences. Notably, a deferred tax asset on loss carryforwards is recognized only as far as it is likely that the relevant subsidiary or its tax consolidation scope will have future taxable profits to which tax loss carryforwards can be attributed.

- The Group decided to classify the CVAE (French tax on Companies' Added Value) as a tax on income to be entered in the scope of application of IAS 12. This choice ensures consistency with the accounting treatment applied to similar taxes in other countries.

Revenues related to the research tax credit are classified in the income statement under "Other income".

3.5.8.1 - Breakdown of tax

Breakdown (in thousands of euros)	Pre-tax earnings	Tax*	Profit (loss) after tax
Current profit (loss)	65,062	(23,803)	41,259
Non-current operating expenses and revenues	(4,312)	1,114	(3,198)
Tax credits		35	35
CVAE (Tax on companies' added value)		(1,429)	(1,429)
PROFIT (LOSS) FOR THE PERIOD	**60,750**	**(24,083)**	**36,667**

* of which taxes payable: -€13,865 thousand
of which deferred tax: -€8,765 thousand

3.5.8.2 - Tax proof

Tax proof at 12/31/2023	12/31/2023	12/31/2022
Earnings attributable to the Group	37.5	57.0
Minority interests	0.9	0.2
Income tax recognized (income tax+income tax credit+deferred tax+CVAE)	24.1	20.6
Profit (loss) before income tax	60.7	77.3
Parent company standard rate	25.8%	25.8%
Theoretical income tax /rate at 25.83%	15.7	20.0
DIFFERENCE		
Effect of permanent differences	(0.4)	(0.4)
Impact of research tax credits	(1.3)	(1.3)
CVAE effect (contribution on the added value of companies)	1.1	2.0
Effects of differences between foreign and French tax rates	(1.7)	(0.8)
Impact of unrecognized taxes	8.4	(4.0)
Effects of rate changes on deferred taxes		
Dividend effects - non-deductible portion	3.1	4.3
Other effects	(0.8)	0.7
INCOME TAX RECORDED TO THE INCOME STATEMENT (INCL. CVAE)	**24.1**	**20.6**
EFFECTIVE TAX RATE (INCOME TAX EXPENSE RECORDED IN INCOME BEFORE TAX)	39.7%	26.6%

3.5.8.3 - Tax rates applicable by LISI Group companies

	2023	2022
Germany	30.00%	30.00%
England	19.00%	19.00%
Canada	26.90%	26.90%
Spain	24.00%	24.00%
United States	21.00%	21.00%
France	25.83%	25.83%
Czech Republic	19.00%	19.00%
China	25.00%	25.00%
Mexico	30.00%	30.00%

3.5.9 Earnings per share

Net earnings per share (before dilution) is calculated on the ratio between the net profit for the period and the weighted number of shares in circulation during the period, after deduction of shares held by the Group (treasury shares). Net diluted earnings per share are calculated by including financial instruments that provide deferred access to the Group's capital (stock options, share warrants, performance shares).

The tables below indicate the reconciliation between the non-diluted and the diluted earnings per share:

As of 12/31/2023 (in thousands of euros)	Profit (loss) for the period	Number of shares	Net profit (loss) per share in euros
Total shares		46,538,313	
Treasury shares		(1,064,830)	
BASIC EARNINGS PER SHARE	**37,533**	**45,473,483**	**0.83**
Restatement of performance shares being awarded		965,910	
DILUTED EARNINGS PER SHARE	**37,533**	**46,439,393**	**0.81**

As of 12/31/2022 (in thousands of euros)	Profit (loss) for the period	Number of shares	Net profit (loss) per share in euros
Total shares		54,114,317	
Treasury shares		(1,193,107)	
BASIC EARNINGS PER SHARE	**56,960**	**52,921,210**	**1.08**
Restatement of performance shares being awarded		787,120	
DILUTED EARNINGS PER SHARE	**56,960**	**53,708,330**	**1.06**

3.6 Other information

3.6.1 Segment information

The LISI Group presents its segment information in accordance with the criteria defined by IFRS 8. The Group's activities are spread over three business segments, in which the three divisions operate:

- LISI AEROSPACE, which combines all the activities in the aerospace market,
- LISI AUTOMOTIVE division, which covers all activities in the automotive market,
- LISI MEDICAL, which covers all activities in the medical market.

"Others" mainly includes the activities of the Group's parent company.

3.6.1.1 - Breakdown by business segment

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2023					
INCOME COMPONENT					
Revenue by business sector*	838,913	610,444	181,949	(862)	1,630,444
EBITDA	95,792	52,066	31,641	(1,303)	178,197
Depreciation allowance and provisions	45,553	30,363	10,797	801	87,514
Current operating profit (EBIT)*	50,239	21,703	20,844	(2,103)	90,683
Operating profit	46,530	21,641	20,844	(2,645)	86,370
PROFIT (LOSS) FOR THE PERIOD	**19,654**	**6,833**	**15,060**	**(4,880)**	**36,667**
BALANCE SHEET COMPONENT					
Working capital requirement	205,830	88,935	30,071	29,782	354,618
Net fixed asset	730,064	394,052	167,411	(94,123)	1,197,404
ACQUISITIONS OF FIXED ASSETS	**52,156**	**29,426**	**17,168**	**139**	**98,889**

* After allocation of all holding division and Group costs, potentially increased by a margin.

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2022					
INCOME COMPONENT					
Revenue by business sector*	717,296	557,579	150,809	(472)	1,425,212
EBITDA *	103,326	61,315	22,690	(873)	186,458
Depreciation allowance and provisions	53,439	33,208	9,675	1,036	97,358
Current operating profit (EBIT)*	49,887	28,107	13,015	(1,909)	89,100
Operating profit	44,246	24,517	13,247	(2,587)	79,423
PROFIT (LOSS) FOR THE PERIOD	**30,792**	**14,702**	**9,761**	**1,474**	**56,729**
BALANCE SHEET COMPONENT					
Working capital requirement	198,958	106,804	26,022	9,774	341,558
Net fixed asset	719,348	397,490	167,105	(96,974)	1,186,969
ACQUISITIONS OF FIXED ASSETS	**54,037**	**30,653**	**25,664**	**199**	**110,553**

* After allocation of all holding division and Group costs, potentially increased by a margin.

3.6.1.2 - Breakdown by business segment and country

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2023					
INCOME COMPONENT					
REVENUE BY DESTINATION AREA					
European Union	457,603	367,080	64,929	(862)	888,750
of which France	354,778	118,605	6,863	(650)	479,596
North American continent	260,727	107,996	113,425		482,148
Other countries	120,583	135,369	3,595		259,547
TOTAL	**838,913**	**610,444**	**181,949**	**(862)**	**1,630,444**
BALANCE SHEET COMPONENT					
NET FIXED ASSETS BY DESTINATION AREA					
European Union	426,638	257,832	61,611	(94,123)	651,958
of which France	401,151	159,758	61,611	(94,123)	528,397
North American continent	273,295	118,658	105,800		497,753
Africa	5,135	6,265			11,400
Asia	24,996	11,297			36,293
TOTAL	**730,064**	**394,052**	**167,410**	**(94,123)**	**1,197,404**
FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA					
European Union	44,512	19,710	3,462	139	67,823
of which France	42,624	12,613	3,461	139	58,838
North American continent	5,100	6,609	13,706		25,415
Africa	151	1,305			1,456
Asia	2,393	1,802			4,195
TOTAL	**52,157**	**29,425**	**17,168**	**139**	**98,889**

(in thousands of euros)	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	Other	TOTAL
12/31/2022					
INCOME COMPONENT					
REVENUE BY DESTINATION AREA					
European Union	441,386	327,102	55,349	(474)	823,363
of which France	312,770	104,791	6,955	(474)	424,042
North American continent	184,485	112,502	94,926		391,913
Other countries	91,427	117,975	534		209,936
TOTAL	**717,298**	**557,579**	**150,809**	**(474)**	**1,425,212**
BALANCE SHEET COMPONENT					
NET FIXED ASSETS BY DESTINATION AREA					
European Union	397,831	260,545	61,679	(96,974)	623,081
of which France	374,476	162,382	61,678	(96,974)	501,562
North American continent	291,012	116,805	105,427		513,244
Africa	5,580	5,661			11,241
Asia	24,925	14,479			39,404
TOTAL	**719,348**	**397,490**	**167,105**	**(96,974)**	**1,186,969**
FLOWS PROVIDED BY OR USED FOR ACQUISITION OF FIXED ASSETS BY DESTINATION AREA					
European Union	41,112	22,494	2,644	198	66,449
of which France	39,927	14,777	2,644	198	57,546
North American continent	10,830	5,458	23,020		39,308
Africa	273	373			646
Asia	1,821	2,329			4,150
TOTAL	**54,037**	**30,653**	**25,664**	**199**	**110,553**

3.6.2 Share-based payments

3.6.2.1 - Share purchase options

The Company had no stock options plans at December 31, 2023.

3.6.2.2 - Allocation of shares subject to performance conditions

The Group has implemented bonus share plans based on performance for certain employees and managers. The objective of these plans is to create an additional incentive to improve the Group's performance, retain key managers and align the interests of management and shareholders.

In order to reward certain employees who have spent most of their career at the LISI Group, and who have actively participated in its development, the Group has also set up free share plans as part of their retirement plan.

The amount of the future expense is recognized in personnel expenses in proportion to the rights acquired since the grant date for all LISI Group employees concerned.

This expense is valued on the basis of the share price on the day the Board of Directors approved the allocation of the plan.

Free share plans

On the proposal of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI decided on December 9, 2022 to allocate 6,900 free shares to the Deputy CEO as part of the end of his operational mandate.

The Board of Directors, which will meet in February 2025, will record the definitive allocation of these free shares.

AASCP plans

Acting on the proposal of the NRG (Nominations, Compensation and Governance) Committee, LISI's Board of Directors decided, on December 8, 2021, to allocate performance shares to members of the Executive Committee and to members of the main Management Committees for the three LISI Group divisions, subject to their meeting certain performance targets.

The Board of Directors, which met on February 22, 2024, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the performance criterion rate of the 21C23 plan for the LISI Group is 66.4% and represents a total vesting of 106,793 LISI shares.

Plans of a similar nature were put in place for 2022 and 2023. The Board of Directors meetings of December 9, 2022 and December 7, 2023 approved the opening of these new plans under similar conditions.

Loyalty plan

The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 39 employees of the Group.

IFRS 2 requires the recognition of an expense equal to the value of the instrument granted. The counterparty is recorded as an equity item. This expense is spread over the period between the grant date of the shares and the vesting date.

The valuation of this plan takes into account the performance criteria on the one hand and is also updated according to the departures of employees.

The total fair value of the benefits thus granted is recognized in personnel expenses for an amount of -€3.1 million in 2023, with a counterparty in shareholders' equity.

This cost was not allocated to the divisions and remains an expense at the LISI S.A. level until the definitive realization of the plan.

3.6.3 Share purchase plans for employees

A share purchase plan (Group Savings Plan) is also available for all Group employees, in which they may purchase LISI shares within the framework of a capital increase reserved for employees or as part of a share repurchase program. Shares acquired by employees within the framework of these programs are subject to certain sale and transfer restrictions.

In the case of capital increases reserved for employees as part of the Group Savings Plan, the benefit offered to employees is the discount on the subscription price, being the difference between the subscription price of the shares and the share price at the award date (with a maximum of 20% in accordance with French law). This expense is recognized in its entirety at subscription date in the case of the Group Savings Plan.

No plans of this type were implemented during the 2023 fiscal year.

3.6.4 Information on related parties/Remuneration of members of management bodies

3.6.4.1 - Information on related parties

Related parties include the parent company, company managers, directors, and Board members. There is no other jointly owned entity or entity recognized by the equity method, or joint shareholder, or business under joint control or significant influence with which the LISI Group may have carried out transactions worthy of investigation.

The only relationship of the Group with its parent company (CID) is through the capital holding. However, LISI S.A. provides assistance to its subsidiaries in accounting, financial, strategic and legal matters.

3.6.4.2 - Compensation of members of the management bodies

	Expenses for the period		Liabilities	
(in thousands of euros)	2023	2022	2023	2022
Gross current benefits (salaries , bonuses, etc.)	1,038	1,028		
Post-employment benefits (IFC)	(208)	48	207	414
Other non-current benefits				
Termination benefits				
Share-based benefits	136	82		
TOTAL REMUNERATION	**966**	**1,157**	**207**	**414**

The main directors will receive remuneration in the form of current benefits, post-employment benefits and share-based payments. With regard to this category, in 2021, 2022 and 2023, Mr. Emmanuel VIELLARD, CEO of LISI S.A. received performance shares in accordance with the same terms and conditions as other members of the division General Management Committees.

In April 2023, the term of office concerning the operational functions of Jean-Philippe KOHLER (Deputy CEO) ended. A new term of office as Chairman of the Board of Directors of LISI S.A. began immediately. The detailed impacts of these changes on the 2023 financial statements are available in Chapter 6 “Corporate governance”.

With regard to the share grant plans, the corporate officers shall retain in nominative form 20% of any performance shares which may have been allocated to them until the end of their term of office.

Concerning the retirement gratuities, no specific benefit is contractually agreed upon, apart from the severance payments.

3.6.5 Financial and market instruments

The main risks covered by the Group's financial instruments are the foreign exchange risk, raw materials risk and the interest rate risk (see Section 3.4.9).

Derivatives that do not meet the hedge criteria are valued and recorded at their fair value through profit or loss. The profit or loss arising from the re-evaluation at fair value is immediately posted to the income statement.

When a derivative is designated as a hedge for cash flow variations of a recognized asset or liability, or of a highly probable, expected transaction, the effective share of change in fair value of the derivative is recognized in Other elements of comprehensive income (shareholders' equity). Accumulated, associated profits or losses are taken out of shareholders' equity and included in the income statement of the period(s) during which the covered transaction affects the profit or loss.

The fair value recognized as at December 31, 2023 of the derivatives used in market risk management is detailed below:

	12/31/2023		12/31/2022	
(in thousands of euros)	On the assets side	On the liabilities side	On the assets side	On the liabilities side
INTEREST RATE RISK MANAGEMENT				
Variable rate payers' swaps		925		(548)
MANAGEMENT CURRENCY RISK				
Foreign exchange derivatives	3,415	571	733	6,722
RAW MATERIALS RISK MANAGEMENT				
Raw materials derivatives		181		
TOTAL	**3,415**	**1,677**	**733**	**6,174**

3.6.5.1 - Commodity price risk

At December 31, 2023, the Group hedged part of the risk on its future purchases of nickel raw materials.

The fair value of the derivatives used (commodity swaps) at closing was -€181 thousand.

3.6.5.2 - Foreign exchange risk

Overall, the Group is subject to two types of foreign exchange risk:

- Outside the EUR and USD zones, it has production facilities in a dozen countries, in which the majority of the sales of its subsidiaries are denominated in EUR or in USD, whereas their costs are mainly denominated in local currency, which is the GBP, CAD, TRY, CZK and, to a lesser extent, the MAD, CNY, INR and PLN, giving rise to a cash requirement in local currencies. If these currencies were to increase in value it would affect the financial performance of the Group;
- USD ranks second in terms of amount invoiced in that currency by the Group, after the EUR, mainly in LISI AEROSPACE. Invoicing in other currencies is not significant at the Group scale. A weakening of the USD would affect the Group's economic performance.

In order to protect its results, the Group is implementing a hedging policy aimed at reducing the factors of uncertainty affecting its operational profitability and at giving it the time necessary to adapt its costs to any unfavorable monetary environment.

Hedging of the foreign exchange risk on local currencies

The Group has very good visibility over its local currency requirements. In addition, its hedging policy is based on the management of a portfolio of financial instruments, enabling it to protect itself against a rise in the rate of local currencies. The hedging horizon is 12-24 months.

Hedging of USD currency risk

As indicated above, the generation of USD arises mainly from LISI AEROSPACE, which benefits from long-term contracts providing for invoicing in this currency. The hedging policy is based on the management of a portfolio of financial instruments to secure a guaranteed average hedging rate. The hedging horizon may extend over up to five years.

The main hedging instruments used by the Group as part of its foreign exchange risk management are forward sales, purchases and sales of options and structured products.

The portfolio of foreign exchange derivatives is broken down as follows:

	12/31/2023					12/31/2022				
	Fair value(1)	Notional amount(2)	Less than 1 year	From 1 to 5 years	More than 5 years	Fair value(1)	Notional amount(2)	Less than 1 year	From 1 to 5 years	More than 5 years
Long position of GBP against USD	1.1	24.0	24.0			0.4	12.0	12.0		
Long position of CAD against USD	0.5	27.0	27.0			(0.3)	24.0	24.0		
Long position of TRY against EUR	(0.6)	72.0	72.0							
Long position of PLN against USD						0.1	12.0	12.0		
Long position of CZK against EUR	(0.1)	244.8	244.8			0.2	260.4	260.4		
Long position of EUR against USD	2.0	96.2	65.6	30.6		(6.5)	182.0	81.2	100.8	
TOTAL	**2.8**					**(6.0)**				

(1) Fair value amounts are expressed in millions of euros.
(2) Maximum notional amounts are expressed in millions in currencies.

3.6.6 Commitments

The Group draws up annually a detailed list of all contractual commitments, financial and commercial commitments, and contingent liabilities to which LISI S.A. and/or its subsidiaries are party or exposed. This list is regularly updated by the departments concerned and reviewed by Group Management. In order to ensure that the information on this list is complete, accurate and consistent, special control procedures have been implemented including in particular:

- the regular examination of the minutes of General Meetings, Board Meetings, and meetings of associated Committees that deal with contractual commitments, disputes and authorizations for the purchase or disposal of assets;
- review of sureties and guarantees as well as loan agreements and any other banking commitments, in conjunction with the banks and financial institutions;
- review, together with both internal and external legal counsels, of disputes and legal proceedings before the courts, environmental questions, and the measurement of liabilities that might arise;
- examination of tax inspectors' reports and reassessment notices from previous fiscal years;
- examination, together with those in charge of risk management, insurance brokers and agents of the insurance companies with which the Group has taken out its insurance policies to cover risks in respect of contingent liabilities;
- examination of transactions with related parties in respect of guarantees or other commitments given or received;
- in general, review of all contracts and contractual commitments.

3.6.6.1 - Commitments given in the course of day-to-day operations

Commitments made:

The commitments given in the context of ordinary operations are as follows:

In thousands of euros	2023	2022
Balance of investment orders	96,774	76,958
COMMITMENTS MADE	**96,774**	**76,958**

Reciprocal commitments:

Reciprocal commitments are interest rate SWAPs to hedge variable-rate loans taken out to fund external growth.

As at December 31, 2023, the features of the SWAP contracts were as follows:

Notional at 12/31/2023	Nominal (in thousand of euros)	Outstanding (in thousands of euros)	Departure date	Maturity date	Paying rate	Receiving rate	Net market value in thousand of euros
LISI S.A.	50,000	50,000	8/31/2023	3/30/2028	2.10% - 4%	Euribor 3 months	(629.7)
LISI S.A.	50,000	50,000	8/31/2023	3/30/2028	2.10% - 4%	Euribor 3 months	(631.9)
LISI MEDICAL Fasteners	4,500	188	9/28/2012	9/30/2024	1.30%	Euribor 3 months	(8.4)
Blanc Aéro Industries	4,983	2,779	2/1/2016	1/15/2031	0.83%	Euribor 3 months	(100.9)
Blanc Aéro Industries	4,983	2,779	2/1/2016	1/15/2031	0.83%	Euribor 3 months	(102.5)
TOTAL	**114,466**	**105,746**					**(1,473.4)**

Adjustments of value are recognized in the income statement.

The currency hedging instruments on-going at December 31, 2023, are as follows:

	Notional at 12/31/2023		Notional at 12/31/2022	
	Currency	EUR	Currency	EUR
GBP	24,000	27,616	12,000	13,530
CAD	27,000	18,440	24,000	16,620
CZK	244,800	9,901	260,400	10,798
TRY	72,000	2,205		
PLN			12,000	2,564
USD	96,200	87,059	182,000	170,636
TOTAL		**145,222**		**214,147**

The fair value of these instruments is recorded in the Group's consolidated financial statements (see Section 3.5.6.2 "Foreign exchange risk").

3.6.6.2 - Commitments given and received in connection with the acquisition of TERMAX

Following the amendment of the initial acquisition agreement signed on June 26, 2020, of TERMAX LLC, LISI HOLDING NORTH AMERICA repurchased the 49% remaining shares on July 24, 2020 (fully paid at the end of the year).

For their part, the sellers undertook to compensate LISI HOLDING NORTH AMERICA, subject to an overall deductible of US$200 thousand for any damage that may be related to, notably:

- an environmental and tax risk, up to the amount of the purchase price of the 51% stake,
- a labor risk of US$5 million.

This commitment will end on October 31, 2027, with the exception of the tax guarantee which will expire at the end of the legal limitation period.

3.6.6.3 - Commitments received in connection with the acquisition of B&E Manufacturing Co. Inc.

As part of the acquisition of B&E Manufacturing Co. Inc., the sellers have undertaken to compensate HI-SHEAR CORPORATION, subject to an overall deductible of US$300 thousand for any loss that may be related:

- to a product non-compliance risk. This guarantee will expire on July 30, 2024.

3.6.6.4 - Guarantees given in connection with the sale of LACE

As part of the sale of LACE, a liability guarantee commitment was given by LISI AEROSPACE Structural Components.

The social guarantee will expire on January 31, 2024 and the tax guarantee will end on January 31, 2025.

3.6.6.5 - Commitment received as part of the sale of INDRAERO SIREN and LISI AEROSPACE CREUZET MAROC

As part of the sale of INDRAERO SIREN and LISI AEROSPACE Creuzet Maroc, the buyer agreed to pay Group LISI an additional amount of maximum €13 million depending on the subsequent disposal value.

This commitment is valid for a 10-year period, *i.e.* until July 3, 2029.

This commitment received had no impact on the 2023 financial statements.

3.6.6.6 - Other commitments

Other commitments relate to loan agreements that provide for early repayment in the event of non-compliance with financial covenants. Details of these borrowings are provided in Section 3.4.5.

3.7 Currency exchange rates applied by foreign subsidiaries

		12/31/2023		12/31/2022	
		Closing rate	Average rate	Closing rate	Average rate
US dollar	USD	1.1050	1.0829	1.0666	1.0500
Sterling	GBP	0.8691	0.8688	0.8869	0.8548
Yuan	CNY	7.8509	7.6839	7.3582	7.0744
Canadian dollar	CAD	1.4642	1.4620	1.4440	1.3704
Zloty	PLN	4.3395	4.5234	4.6808	4.6868
Czech crown	CZK	24.7240	23.9709	24.1160	24.5378
Moroccan dirham	MAD	10.9445	10.9592	11.1592	10.7217
Indian rupee	INR	91.9045	89.4343	88.1710	82.7153
Mexican pesos	MXN	18.7231	19.0658	20.8560	21.0536
Hong Kong dollar	HKD	8.6314	8.4802	8.3163	8.2223

4 Statutory Auditors' reports

4.1 Statutory Auditors' report on the consolidated financial statements – Fiscal year ended December 31, 2023

Opinion

Pursuant to the assignment entrusted to us by your General Meeting, we have conducted the audit of the consolidated financial statements of LISI regarding the fiscal year ended December 31, 2023, as appended to this report.

We certify that the consolidated financial statements for the period are, in respect of the IFRS standard as adopted in the European Union, correct and genuine and give a true and fair view of the earnings derived from the Company's activity during the fiscal year, as well as the financial position and the assets and liabilities at the end of the fiscal year, of all consolidated companies of the consolidated group.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

■ Audit repository

We have carried out our audit in accordance with the professional standards in use in France. We consider that the items we have gathered from both a sufficient and an appropriate basis for our opinion.

Our responsibilities under these standards are specified in the Section "Responsibilities of Statutory Auditors relating to the audit of the consolidated financial statements" of this report.

■ Independence

We have conducted our audit in compliance with the rules of independence applicable to us under the provisions of the French Commercial Code and the French Code of Ethics for Auditors, for the period running from January 1, 2023 to the date of issue of this report, and we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

Justification of our assessments – Key audit matters

In accordance with the provisions of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgment, were the most significant for the audit of the consolidated financial statements for the fiscal year, as well as the responses we have provided to these risks.

The assessments thus made are part of the audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on elements of these consolidated financial statements taken separately.

■ **Goodwill – Impairment test**

Key audit matter	Audit response provided
At December 31, 2023, the net value of goodwill amounted to €406,722 thousand for a balance sheet total of €2,058,566 thousand. These goodwill amounts correspond to differences recognized between the cost of business combinations and the Group share of fair value, at the acquisition date, of liabilities relating to these companies, as detailed in Note 3.4.1.1 in the notes to the consolidated financial statements. Goodwill is subject to an impairment test at each year-end and each time that a risk of impairment is identified. Notes 3.4.1 and 3.4.1.1 to the consolidated financial statements describe the methods and assumptions (cash flow, discount rate, growth rate) of this test. For the purposes of this test, goodwill is allocated to each of the groups of cash-generating units (CGUs) corresponding for your group, to the three divisions, LISI Aerospace, LISI Automotive and LISI Medical. The recoverable value of each of the Group's CGUs is compared to the net book value of the corresponding assets. The recoverable amount is defined as the higher of the realizable value and the value in use. If the recoverable value is lower than the net book value of the CGU tested, the discrepancy is recognized as impairment. The determination of the recoverable value of the goodwill of the groups of CGUs, which represent a particularly significant amount, is largely based on the Group's judgment, particularly with regard to the growth rate used for the cash flow projections and the discount rate applied to them. We therefore considered the valuation of the goodwill of the groups of CGUs to be a key audit matter.	We reviewed the process used to prepare and approve the estimates and assumptions made by management to determine the recoverable value of goodwill allocated to groups of CGUs. Our work consisted of: ■ assessing the implementation of this process; ■ assessing the completeness of the items making up the net carrying amount of the CGUs tested and the consistency of the determination of this value with the way in which cash flow projections were determined for utility value; ■ examining the reasonable nature of the discount rates and growth rates used by management by comparing them with our own estimates of these rates, as established in conjunction with our own specialists; ■ examining, on a sample basis, the future cash flows used, in light of the budgetary data and the four-year strategic plan presented to the Board of Directors, the historical results as well as the economic and financial context in which your Group operates; ■ checking, using sample testing techniques, the mathematical correctness of the impairment tests performed by management.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law and regulations on the information relating to the Group provided in the management report by the Board of Directors.

We have no comments to make on their sincerity and consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance statement pursuant to Article L.225-102-1 of the French Commercial Code is included in the information relating to the Group contained in the management report, it being understood that, in accordance with the provisions of Article L.823-10 of said Code, we have not verified the truthfulness of the information contained in this statement nor have we checked their concordance with the consolidated financial statements and thus these should be the subject of a report by an independent third party.

Other verifications or information required by current laws and regulations

■ **Format of presentation of the consolidated financial statements to be included in the annual financial report**

In accordance with the professional standards relating to the work of statutory auditors on annual and consolidated financial statements presented in single European electronic reporting format, we also verified compliance with this format, as defined by Delegated European Regulation 2019/815 of December 17, 2018 on the presentation of consolidated financial statements to be included in the annual financial report mentioned in Section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer. With regard to consolidated financial statements, our procedures include verifying that the mark-up of these financial statements complies with the format defined by the aforementioned regulation.

On the basis of our work, we concluded that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of consolidated financial statements using the single European electronic reporting format, the content of certain tags in the notes to the financial statements may not be reproduced in the same way as the consolidated financial statements attached to this report.

Moreover, it is not our responsibility to verify that the consolidated financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

■ **Auditors' appointment**

We were appointed as Statutory Auditors of LISI by your General Meeting of April 12, 2023 for KPMG and of April 27, 2011 for ERNST & YOUNG et Autres.

As of December 31, 2023, KPMG was in the first year of its uninterrupted mission and ERNST & YOUNG et Autres in the thirteenth year of its mission.

Responsibilities of management and of those charged with corporate governance in relation to the consolidated financial statements

It is management's responsibility to draw up the consolidated financial statements giving a true and fair view in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union, and to put in place the internal control that it deems necessary for drawing up the consolidated financial statements free of material misstatements, whether due to fraud or error.

When drawing up the consolidated financial statements, it is the responsibility of management to assess the company's capacity to continue its operations, to present in these financial statements, if applicable, the necessary information on the going concern assumption and to apply the going concern principle, unless it is planned to wind up the company or discontinue its operation.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and the effectiveness of internal control and risk management systems, and, if applicable, the internal audit systems, with regard to the procedures concerning the preparation and processing of accounting and financial information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of Auditors relating to the audit of the consolidated financial statements

■ **Audit objective and approach**

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain a reasonable assurance that the consolidated financial statements, taken as a whole, are free of material misstatements. Reasonable assurance is a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards systematically ensures that any material misstatement is detected. Misstatements may be due to fraud or errors and are considered as material where it is reasonable to expect that they can, taken separately or together, influence the economic decisions that users of the financial statements take based on them.

As set out in Article L.821-55 of the French Commercial Code, our task of certifying the financial statements does not consist in guaranteeing the viability or the quality of the management of your company.

As part of our audit conducted in accordance with the professional standards applicable in France, the Auditor exercises his professional judgment throughout this audit. Furthermore:

- the Auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to tackle these risks, and gathers the information that he deems sufficient and relevant to form his/her opinion. The risk of non-detection of a material misstatement arising from a fraud is higher than that of a material misstatement arising from an error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentations or the circumvention of internal control;
- he/she reviews the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not with the objective of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the disclosures provided in the consolidated financial statements;
- he/she assesses the appropriateness of the application by management of the accounting principle of going concern and, based on the information gathered, the existence or non-existence of a significant uncertainty relating to events or circumstances likely to undermine your company's ability to continue its operation. This assessment is based on information compiled up to the date of his/her report, it being specified however that subsequent circumstances or events may undermine the company's ability to continue as a going concern. If he/she concludes that there is a significant uncertainty, he/she draws the attention of readers of his report on the information provided in the consolidated financial statements regarding this uncertainty or, if such information is not provided or is not relevant, he/she issues a qualified opinion or refuses to certify;
- he/she assesses the overall presentation of the consolidated financial statements and appraises whether the consolidated financial statements reflect the underlying transactions and events such as to give a true and fair view;

- as regards the financial information of companies included in the scope of consolidation, he/she gathers the information that he/she deems sufficient and relevant to express an opinion on the consolidated financial statements. He/she is responsible for the management, supervision and conduct of the audit of the consolidated financial statements and of the opinion expressed on these financial statements.

- **Report to the Audit Committee**

We submit a report to the Audit Committee presenting the scope of the audit work and the program of work implemented, as well as the findings following from our work. We also inform the Committee, where applicable, of significant weaknesses in internal control that we have identified as regards procedures relating to the preparation and processing of accounting and financial information.

The report to the Audit Committee includes information on the risks of material misstatements that we deemed to have been the most important for the audit of the consolidated financial statements for the fiscal year and which constitute the key audit matters that we have to describe in this report.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

The Auditors

Schiltigheim, April 4, 2024
KPMG
Stéphane Devin
Partner

Paris La Défense, April 4, 2024
ERNST & YOUNG et Autres
Henri-Pierre Navas
Partner

3

Separate financial statements

Contents

1 Income statement at 12/31/2023

(in thousands of euros)	Notes	2023	2022
REVENUE EXCL.TAX		**11,089**	**10,559**
Operating income	**5.4.1**	**12,280**	**11,219**
External costs	5.4.2	(5,585)	(5,246)
Taxes and duties	5.4.2	(427)	(355)
Employee benefits expense	5.4.2	(6,936)	(5,923)
Other charges	5.4.2	(468)	(460)
Depreciation, provisions	5.4.2	(1,257)	(985)
OPERATING PROFIT		**(2,393)**	**(1,750)**
Finance income			
– equity investments		57,150	25,665
– other interest and similar income		1,677	676
– positive exchange rate differences		8,153	23,077
– from disposal of marketable securities		307	1,121
– reversal of provisions		639	908
Financial expenses			
– other interest and similar expenses		(25,946)	(8,070)
– negative exchange rate differences		(17,004)	(20,902)
– from disposal of marketable securities		(127)	(314)
– increase in provisions		(503)	(639)
NET FINANCE INCOME (EXPENSE)	**5.4.3**	**24,345**	**21,522**
CURRENT PROFIT BEFORE TAX		**21,952**	**19,772**
Extraordinary earnings			
– on capital transactions		–	92
– on operating items		–	–
– reversal of provisions		626	–
Extraordinary charges			
– on capital transactions		–	–
– on operating items		(750)	–
– increase in provisions		–	–
NON-OPERATING PROFIT (LOSS)		**(124)**	**92**
Income tax	5.4.4	8,757	2,092
NET PROFIT (LOSS)		**30,585**	**21,956**

2 Balance sheet at 12/31/2023

ASSETS (in thousands of euros)	Notes	2023	2022
NON-CURRENT ASSET			
Intangible fixed assets	5.3.1	1,071	1,071
Property, plant, and equipment	5.3.1	2,734	2,625
Financial investments	5.3.2	216,408	225,647
Amortization and depreciation	5.3.1 & 5.3.3	(2,487)	(2,160)
TOTAL NET NON-CURRENT ASSETS		**217,726**	**227,183**
CURRENT ASSETS			
Trade receivables	5.3.4	8,361	6,589
Other debtors	5.3.4	12,372	6,360
Subsidiaries' current accounts	5.3.4	517,427	565,873
Tax credit	5.3.4	10,797	8,471
Marketable securities	5.3.5	14,214	30,461
Cash	5.3.6	83,271	65,495
Provisions for write-down of marketable securities		–	(33)
TOTAL CURRENT ASSETS		**646,442**	**683,216**
Deferred charges		212	226
Translation differences assets		503	606
TOTAL ACCRUALS		**715**	**832**
TOTAL ASSETS		**864,883**	**911,231**

LIABILITIES	Notes	2023	2022
SHAREHOLDERS' EQUITY			
Share capital		18,615	21,646
Issue, merger, and contribution premiums		–	71,822
Reserves		1,882	19,602
of which legal reserve		*1,861*	*2,165*
Balance carried forward		29,289	127,308
Profit (loss) for the period		30,585	21,956
Regulated provisions		–	–
TOTAL SHAREHOLDERS' EQUITY	**4**	**80,371**	**262,334**
PROVISIONS FOR RISKS AND CHARGES	**5.3.9**	**2,124**	**1,893**
Debt			
Sundry loans and financial debts (*)	5.3.4	512,199	296,675
Subsidiaries' current accounts	5.3.4	258,976	336,017
Accounts payable and apportioned accounts	5.3.4	4,164	5,249
Tax and statutory payments	5.3.4	3,056	2,806
Other creditors	5.3.4	176	841
TOTAL DEBT		**778,572**	**641,588**
Deferred income		–	–
Translation differences liabilities		3,816	5,416
TOTAL ACCRUALS		**3,816**	**5,416**
TOTAL LIABILITIES		**864,883**	**911,231**
(*) of which short-term banking facilities		(13,316)	(3,976)

3 Cash flow statement at 12/31/2023

(In thousands of euros)	2023	2022
Operating activities		
Operating cash flow	31,110	22,375
Effect of changes in inventory on cash	–	–
Effect of changes in accounts receivable and accounts payable	(12,933)	(4,155)
CASH FLOW FROM OR USED FOR OPERATIONS (A)	**18,177**	**18,220**
CAPEX		
Cash used to acquire tangible and intangible fixed assets	(109)	(65)
Cash received from the disposal of tangible and intangible fixed assets	–	92
Change in other financial assets	–	(500)
Cash payments and collections from loans to subsidiaries	9,239	2,792
CASH FLOW FROM OR USED FOR INVESTING ACTIVITIES (B)	**9,130**	**2,319**
Financing operations		
Reduction following OPRA 2023	(204,552)	
Dividends paid to shareholders of the parent company	(7,996)	(15,418)
Cash received from new loans	268,358	93,373
Repayment of loans	(62,334)	(121,810)
CASH FLOW FROM OR USED FOR FINANCING ACTIVITIES (C)	**(6,524)**	**(43,855)**
Impact of reclassification of receivables related to investments (D)		
CHANGE IN CASH (A+B+C+D) *	**20,783**	**(23,316)**
Cash at January 1 (E)	**321,836**	**345,152**
Cash at December 31 (A+B+C+D+E)	**342,620**	**321,836**
Marketable securities	14,214	30,461
Cash, subsidiaries' current accounts	600,698	631,368
Banking facilities, subsidiaries' current accounts	(272,292)	(339,993)
CLOSING CASH POSITION **	**342,620**	**321,836**

4 Change in shareholders' equity at 12/31/2023

(in thousands of euros)	
AS OF 31/12/2021	**255,796**
Profit (loss) for the period	21,956
Dividends paid	(15,418)
AS OF 12/31/2022	**262,334**
Profit (loss) for the period	30,585
Dividends paid	(7,996)
Reduction following OPRA 2023	(204,552)
AS OF 12/31/2023	**80,371**

5 Notes to the separate financial statements

The key role of LISI S.A., the parent company of the LISI Group, is to oversee projects of general interest and coordinate Company activity. More specifically, LISI manages the following services for its subsidiaries:

- Strategic planning, external growth procedure, action plans, resource allocation,
- Translation of the strategy into a medium-term plan and an annual budget plan,
- Financial control and internal audit (operating system controlling program),
- Financial and fiscal consolidation,
- Financial optimization, centralized cash management for the Group, management of investments and financial liabilities, hedging of foreign currencies and interest rates,
- Coordination of insurance, purchasing, quality, research and development, information systems, etc.,
- General policy and audit concerning health, safety and the environment (HSE) and sustainable development approach (CSR), human resources and investments as well as industrial improvement plans (LEAP) and cost control plans (COS),
- Management of strategic projects and implementation of the "LISI SYSTEM" and the NEW DEAL plan,
- Implementation of an overarching communication policy (internal, external, corporate, human resources, financial and marketing) directly linked to the Group's strategy,
- Implementation of a policy to protect employees and retain talent within the LISI group.

LISI S.A. is a *société anonyme* (public limited company) with a Board of Directors, with capital of €18,615,325.20 representing 46,538,313 shares with a nominal value of €0.40. It is registered at the Belfort trade registry, under No. 536 820 269. The head office is located in Grandvillars at 6 rue Juvénal Viellard.

The information below constitutes the notes to the balance sheet before distribution for the fiscal year ended December 31, 2023, the total amount of which is €864,882,910, and to the income statement for the fiscal year, presented in list form, which shows a profit of €30,584,839.

The fiscal year lasted twelve (12) months, from January 1, 2023 to December 31, 2023.

The notes and tables presented below, with figures shown in thousands of euros, are an integral part of the annual financial statements.

The presentation of figures in thousands of euros may involve rounding differences in the aggregation and cross-referencing of balance sheet and income statement items with the various notes to the financial statements.

These financial statements were approved on February 22, 2024 by the Board of Directors.

5.1 2023 highlights

Share buyback

Pursuant to its decision on February 23, 2023, the Board of Directors decided to file a proposed share buyback for a maximum of 7,576,004 Company shares, at a price of €27.00 per share, with a view to their cancellation as part of a capital reduction not motivated by losses (the "OPRA") subject to the publication by the French Financial Markets Authority (AMF) of its compliance decision relating to the share buyback and the approval of the resolution relating to the reduction of the share capital by way of a share buyback and cancellation of shares by the Combined Shareholders' General Meeting of LISI S.A. convened on April 12, 2023.

The AMF declared the proposed share buyback compliant on April 4, 2023, and as a result issued visa No. 23-100 on LISI S.A.'s prospectus relating to the share buyback (OPRA).

Pursuant to its decisions of April 12, 2023, the Combined General Meeting authorized the Board of Directors to reduce the Company's share capital by a maximum amount of €3,030,401.60, by way of a buyback by the Company of a maximum of 7,576,004 of its own shares with a view to their cancellation and to formulate to all shareholders an offer by the Company to buy back a maximum of 7,576,004 of its own shares.

A €200 million variable rate + margin loan was taken out to finance the operation. LISI S.A. signed two interest rate swaps for a total value of €100 million to hedge the interest rate.

The capital reduction was carried out on May 15, 2023 and concerned 7,576,004 Company shares for an amount of share capital, including premiums and reserves of -€204.6 million.

5.2 Accounting principles and policies

The financial statements for 2023 were drawn up in line with current French accounting regulations. The accounting principles and policies have been applied in line with the prudence principle and with underlying assumptions which aim to provide an accurate picture of the Company:

- The continuity of operations,
- The comparability of accounting policies,
- The independence of fiscal years.

Items listed on the balance sheet are, depending on the item, valued at historic cost, transfer value, or net asset value.

The accounting principles on which the separate financial statements for 2023 were drawn up are identical to those for 2022.

The preparation of financial statements requires LISI S.A. to make estimates and assumptions which are liable to impact on both its assets and liabilities as well as those of its subsidiaries and equity interests.

The latter are exposed both to specific, industry-related risks as well as risks relating to the wider international environment.

In the financial statements of LISI S.A., the judgments made and the assumptions used to apply the accounting policies concern more specifically equity investments, particularly when the valuations are based on the subsidiaries' forecast data.

5.3 Breakdown of statement of financial position

5.3.1 Tangible and intangible fixed assets

Property, plant and equipment are valued at their historical cost (price of purchase and related expenses), and depreciation is calculated using the straight-line method, in accordance with their actual or expected useful life.

	Economic depreciation
Software programs	5 years straight line
Buildings	33.33 years straight line
Transport equipment	5 years straight line
Office equipment	3 to 5 years straight line
Office furniture	5 to 10 years straight line

a) Gross tangible and intangible fixed assets

(in thousands of euros)	As of 12/31/2022	Acquisitions	Disposals / Deconsolidations / item-to-item	As of 12/31/2023
Start-up and development costs	–	–	–	–
Other intangible fixed asset items	1,071	–	–	1,071
TOTAL 1 INTANGIBLE ASSETS	**1,071**	**–**	**–**	**1,071**
Land	37	–	–	37
Building on freehold land	76	–	–	76
Buildings on third-party land	–	–	–	–
Buildings, installations, fixtures, etc.	–	–	–	–
General installations, fixtures and fittings	1,600	69	–	1,669
Office and IT equipment, furniture	911	17	–	928
TOTAL 2 TANGIBLE ASSETS	**2,624**	**86**	**–**	**2,710**
Property, plant and equipment in progress	–	24	–	24
TOTAL 3 PROPERTY, PLANT AND EQUIPMENT IN PROGRESS	**–**	**24**	**–**	**24**
TOTAL	**3,695**	**110**	**–**	**3,805**

b) Depreciation and amortization of tangible and intangible fixed assets

(in thousands of euros)	As of 12/31/2022	Allowances	Decreases or reversals	As of 12/31/2023
Start-up and development costs	–	–	–	–
Other intangible fixed asset items	748	101	–	849
TOTAL 1	**748**	**101**	**–**	**849**
Land	–			
Buildings	76	–	–	76
General installations, fixtures, and fittings	725	163	–	888
Transport equipment	–	–	–	–
Office and IT equipment, furniture	603	63	–	666
TOTAL 2	**1,404**	**226**	**–**	**1,630**
TOTAL	**2,152**	**327**	**–**	**2,479**

5.3.2 Financial investments

Participating shares and other financial fixed assets are valued at their purchase price, excluding the costs incurred in their acquisition. If these values are higher than the value in use, a provision for depreciation is recorded to account for the discrepancy.

The value in use is calculated from each line of investment, based on the profitability and performance outlook for the companies concerned, on developments in the economic sectors in which they operate, and on their positions within these sectors.

The inventory value has been brought into line with the utility value calculated for valuations which did not show any loss in value.

Figures expressed (in thousands of euros)	Gross value as of 12/31/2022	Acquisitions and item to item transfers	Disposals and item to item transfers	Gross value as of 12/31/2023
Equity-accounted investments	–			
Equity interests and related receivables	224,887	207	9,446	215,648
– of which LISI Holding North America loan	*43,698*	*163*	*6,957*	*36,905*
– of which, Hi-Vol loan	*23,351*	*44*	*2,489*	*20,906*
Other financial investments	760	–	–	760
TOTAL	**225,647**	**207**	**9,446**	**216,408**

The line "Other financial assets" includes three holdbacks on loan guarantees for a total of €750 thousand.

5.3.3 Provisions for impairment of financial and tangible assets

No provisions for equity interests or for receivables related to equity holdings are recognized in the LISI S.A. accounts.

A provision for other financial investments was recorded on the balance sheet in the amount of €8 thousand. It relates to the holding of minority securities.

5.3.4 Receivables and payables by maturity

RECEIVABLES (in thousands of euros)	Gross amount at end of period	Less than 1 year	1 to 5 years	More than 5 years
Customers	8,361	8,361	–	–
Income tax	10,797	10,797	–	–
Tax integration current accounts	6,763	6,763	–	–
Subsidiaries' current accounts	517,427	517,427	–	–
Other debtors	5,747	5,747	–	–
TOTAL	**549,095**	**549,095**	**–**	**–**

DEBT (in thousands of euros)	Gross amount at end of period	Less than 1 year	1 to 5 years	More than 5 years
Loans and debts from credit institutions:				
at a maximum of 1 year when contracted	13,662	13,662	–	–
at more than 1 year when contracted	498,537	82,572	374,968	40,997
Sundry loans and financial debts	–	–	–	–
Accounts payable and apportioned accounts	4,162	4,162	–	–
Debt on fixed assets and apportioned accounts	3	3	–	–
Tax and statutory payments	3,056	3,056	–	–
Income tax	–	–	–	–
Tax integration current accounts	173	173	–	–
Subsidiaries' current accounts	258,976	258,976	–	–
Other creditors	2	2	–	–
TOTAL	**778,571**	**362,606**	**374,968**	**40,997**

At December 31, 2023, "Borrowings from credit institutions" included:

1. The issue of unsecured notes on the US Private Placement (USPP) market on March 20, 2015 for an amount of €20 million, on March 4, 2016 for an amount of €40 million and on May 6, 2021 for an amount of €50 million. The balance at December 31, 2023 of €72.9 million will be paid out in the following installments:
   - at one year: €8.6 million,
   - at two to five years: €42.9 million,
   - at more than 5 years: €21.4 million.

   Financial covenants related to this debt are:
   - consolidated gearing ratio <1.2 (net debt/shareholders' equity),
   - consolidated leverage ratio <3.5 (net debt/EBITDA),
   - Coverage ratio of consolidated interest expense >4.5 (EBITDA / Net interest expense).
2. The subscription of a loan of €200 million to finance the capital reduction operation that took place during the first half-year 2023. The capital will be repaid in the amount of €15 million in 2024 and the balance will be spread over two to five years.

   Financial covenants related to this loan are as follows:
   - consolidated gearing ratio <1.2 (net debt/shareholders' equity),
   - consolidated leverage ratio <3.5 (net debt/EBITDA),

5.3.5 Marketable securities

Marketable securities

Marketable securities are valued at their purchase price, excluding the costs incurred in their acquisition. They may be depreciated in line with the average price or the year-end price.

Treasury shares

Treasury stock is held as marketable securities. The latter are valued at their lowest acquisition price or market value (average stock market price for December) for treasury stocks purchased under price regulation or equity not allocated to staff stock option or share allocation plans. For shares allocated to plans, CNC notice No. 2008-17 applies.

LISI S.A., through a market making agreement with an independent service provider (ODDO BHF), purchased 219,668 LISI shares for €4.9 million and sold 247,443 LISI shares for a sum of €5.5 million. At December 31, 2023, the number of LISI shares held through the market-making agreement was 18,879.

This liquidity contract is part of the share buyback program authorized by the LISI S.A. General Meeting of April 12, 2023.

As of December 31, 2023, marketable securities were as follows:

(in thousands of euros)	
1,064,830 LISI shares*	11,213
SICAV and deposit certificates	3,001
I.E. A GROSS VALUE OF	**14,214**

* 1,064,830 shares held under the delegation for the purpose of repurchasing the Company's own shares up to a limit of 10%, including those held under the market-making agreement, i.e. 2.3% of the share capital.

5.3.6 Cash

This item amounted to €83.3 million in 2023 compared to €65.5 million in 2022. It mainly consists of foreign currency bank accounts.

5.3.7 Cash and Net Debt

(in thousands of euros)	2023	2022
Subsidiaries' current accounts	517,427	565,872
Marketable securities	14,214	30,461
Cash	83,271	65,495
AVAILABLE CASH [A]	**614,912**	**661,828**
Subsidiaries' current accounts [B]	258,976	336,017
Banking facilities for operations [B]	13,316	3,976
NET CASH [A – B]	**342,620**	**321,835**
Borrowings and debt	498,883	292,699
Financial debt [C]	**498,883**	**292,699**
NET DEBT [D = C + B – A]	**156,263**	**(29,136)**

The increase in financial debt compared to 2022 is due to the subscription of a loan of €200 million on May 15, 2023 to finance the capital decrease related to the share buyback. This variable-rate loan is partially hedged by two SWAPs for a nominal value of €100 million. The fair value of these swaps at 12/31/2023 was -€1.3 million.

5.3.8 Inventory of financial investments

a) Shares

(in thousands of euros)	Gross book values	Provisions	Net book values
Equity interests			
French companies	157,837	–	157,837
LISI AEROSPACE	*30,864*		*30,864*
LISI AUTOMOTIVE	*93,636*		*93,636*
LISI MEDICAL	*33,337*		*33,337*
Foreign companies	–	–	–
TOTAL EQUITY INTERESTS	**157,837**	**–**	**157,837**
Securities held for sale	**–**	**–**	**–**
French companies	9	8	1
Foreign companies	–	–	–
TOTAL MARKETABLE SECURITIES	**9**	**8**	**1**

b) Marketable securities

(in thousands of euros)	Gross book values	Provisions	Net book values
Treasury shares	11,213	–	11,213
SICAV and deposit certificates	3,001	–	3,001
TOTAL MARKETABLE SECURITIES	**14,214**	**–**	**14,214**

5.3.9 Provisions for risks and charges

Provisions for risks and charges are recognized in accordance with the CRC Regulation 2000-06 of December 7, 2000, on liabilities.

This regulation stipulates that a liability is recognized when a company has an obligation to a third party and it is probable or certain that this obligation will necessitate an outflow of resources to the third party, with no equivalent or larger payment in return. The obligation must exist at the closing of accounts in order to be recognized.

Provisions are calculated with help from the Group's lawyers and consultants, based on current protocol and an assessment of the risks at the date of closing of accounts.

(in thousands of euros)	As of 12/31/2022	Allowances	Reversals	As of 12/31/2023
Provision for long service medals	19	8	4	23
Provisions for risk	–	–	–	–
Provision for allocation of free shares subject to performance conditions	1,268	922	592	1,598
Provisions for exchange losses	606	503	606	503
TOTAL	**1,893**	**1,433**	**1,202**	**2,124**

5.4 Breakdown of main income statement items

5.4.1 Operating income

	2023	2022
Revenue	11,089	10,559
Expense transfers	542	455
Reversal of provisions	596	205
Other products	53	–
TOTAL OPERATING INCOME	**12,280**	**11,219**

LISI S.A.'s revenue is essentially made up of services invoiced to the subsidiaries of LISI S.A. in respect of assistance, control and coordination of activities. These invoices reflect operating expenses enabling LISI S.A. to carry out its general management and coordination tasks with its subsidiaries, with a margin of 10%.

The reversals of provisions mainly concern share plans subject to performance conditions attributable to all employees enrolled in the various plans.

Expense transfers include specific rebilling to subsidiaries for €0.3 million and the valuation of performance share plans outstanding at the end of the fiscal year for LISI S.A. employees for an amount of €0.2 million.

5.4.2 Operating expenses

	2023	2022
External costs	5,585	5,246
Taxes and duties	427	355
employee benefits expense	6,936	5,923
Other charges	468	460
Depreciation	327	345
Provisions	930	640
TOTAL OPERATING EXPENSES	**14,673**	**12,969**

The increase in payroll is partly due to the strengthening of the IT and Human Resources departments as well as the end of the Deputy CEO's term of office. A finance project manager was also recruited during the fiscal year to support the department with regard to information systems development projects.

The increase in provisions mainly concerns the fair value of performance share plans attributable to all Group employees enrolled in the various plans in progress. These plans are backed by the Group's strategic plans.

5.4.3 Net finance income (expense)

	2023	2022
Financial income and revenue on cash		
Net revenue on cash	1,856	1,483
Revenues from subsidiaries' loans and current accounts	27,152	9,617
Financial income	(13,226)	(3,898)
Interest expense on subsidiaries' current accounts	(12,719)	(4,172)
SUBTOTAL INCOME FROM CASH AND CASH EQUIVALENTS	**3,063**	**3,030**
Other financial income and expenses	**–**	
Net exchange rate differences	(8,851)	2,175
Dividends received	29,997	16,048
[increase in] provisions	(503)	(639)
Reversal of provisions	639	908
SUBTOTAL OTHER FINANCIAL INCOME AND EXPENSES	**21,282**	**18,492**
NET FINANCE INCOME (EXPENSE)	**24,345**	**21,522**

Allocations to and reversals of financial provisions concern the revaluation of Group borrowings in US dollars.

The net finance income (expense) excluding dividends received from LISI AEROSPACE was negative at -€5.6 million, compared to +€5.5 million in 2022. This difference is mainly due to:

- a negative foreign exchange loss of -€8.9 million in 2023 compared to +€2.2 million in 2022: this amount comes from the impact of the revaluation of LISI S.A.'s receivables and debts towards its foreign subsidiaries on the one hand and, on the other hand, the revaluation of its foreign currency bank accounts,
- Financing of the capital reduction transaction carried out in the first half-year led LISI S.A. to take out a loan of €200 million on May 15, 2023: the amount of interest paid during the fiscal year amounted to €6.6 million,
- The increase in interest rates, which had a strong impact on cash income and financing expenses, particularly concerning the financial interest of subsidiaries, which represented an impact of +€9 million.

5.4.4 Corporate income tax and tax consolidation

As part of a tax agreement, LISI S.A. is the parent company of a tax consolidation group including its subsidiaries which are at least 95%-held and having opted for the corresponding tax regime (all French entities of the LISI S.A. Group listed in the scope of consolidation in Chapter 2 of the Universal Registration Document are included for tax purposes as of December 31).

It is solely liable for the corporate income tax due on the overall income of the tax group thus formed.

The tax expense is allocated to the financial statements of the various entities comprising the tax group according to the so-called neutrality method: each subsidiary bears the tax that would have been its own in the absence of consolidation.

The parent company records its own tax as well as the additional savings or expenses resulting from the application of the tax consolidation regime.

In the event of a loss-making subsidiary, the loss is deducted from the overall income in the year in which it is recognized. It will be transferred back to the subsidiary when it is able to deduct it from its own taxable profits.

In 2023, the application of the Group's tax regime resulted in a tax saving of €8.9 million in the LISI S.A. separate financial statements.

LISI S.A. had a tax loss at December 31, 2023 and therefore did not recognize any income tax expense.

The expenses that were reintegrated for tax purposes mainly comprise depreciation & amortization and passenger car rents for an amount of €55,511, and the non-deductible portion of directors' fees for an amount of €237,146.

5.5 Other information

5.5.1 Financial commitments

Financial commitments given

No financial commitment was given by LISI S.A. to its subsidiaries.

Financial derivatives

Results relating to financial instruments used in hedging operations are calculated and recognized in such a way as to balance the income and expenses relating to the hedged elements.

ANC Regulation 2015-05 has no impact on LISI's financial statements.

LISI S.A. uses financial derivatives to hedge its exposure and the exposure of Group subsidiaries to foreign exchange risk, and to hedge its interest rate risks resulting from its financial activities. In accordance with its cash management policy, LISI S.A. neither holds nor issues financial derivatives for speculative purposes.

The currency hedges are underwritten by LISI S.A. to cover all of the LISI Group's needs.

The breakdown as of December 31, 2023 is as follows:

	12/31/2023					12/31/2022				
	Fair value[(1)]	Notional amount[(2)]	Less than 1 year	From 1 to 5 years	More than 5 years	Fair value[(1)]	Notional amount[(2)]	Less than 1 year	From 1 to 5 years	More than 5 years
Long position of GBP against USD	1.1	24	24	–	–	0.4	12	12	–	–
Long position of CAD against USD	0.5	27	27	–	–	(0.3)	24	24	–	–
Long position of TRY against EUR	(0.6)	72	72	–	–	–	–	–	–	–
Long position of PLN against USD	–	–	–	–	–	0.1	12	12	–	–
Long position of CZK against EUR	(0.1)	244.8	244.8	–	–	0.2	260.4	260.4	–	–
Long position of EUR against USD	2	96.2	65.6	30.6	–	(6.5)	182	81.2	100.8	–
	2.8	**–**	**–**	**–**	**–**	**(6)**	**–**	**–**	**–**	**–**

(1) Fair value amounts are expressed in millions of euros.
(2) Maximum notional amounts are expressed in millions in currencies.

5.5.2 Subsidiaries and equity interests

Items concerning related companies and holdings

(in thousands of euros)	Amount concerning related companies
ASSETS:	
Receivables related to equity holdings	57,811
Debtors and apportioned accounts	8,361
Cash advances to subsidiaries	517,427
Tax integration current account	6,763
LIABILITIES:	
Receivables related to equity holdings	–
Subsidiaries' financial assistance	258,976
Tax integration current account	173
Suppliers	1,613
INCOME STATEMENT:	
IT maintenance	(59)
Rental expenses	(69)
Miscellaneous services	(406)
Reserves for equity interests	(12,719)
Service and management fees invoices	11,062
Rental invoices	20
Miscellaneous chargebacks	330
Free share plan rebilling	626
Revenues from subsidiaries' loans and current accounts	27,152
Revenues from equity interest	29,997

Subsidiaries and equity interests (company data in euros)

Companies	Capital stock	Shareholders' equity and minority interests	Share of capital held (as a %)	Gross book value of securities held	Provisions on securities held	Net book value of securities held	Loans, advances granted by the company not yet repaid	Loans, advances received by the company not yet repaid	Revenues excl. VAT of the last fiscal year	Net income or net loss of the last fiscal year	Dividends received by the parent company during the last fiscal year
SUBSIDIARIES:											
LISI AEROSPACE	2,475,200	72,094,571	100.00%	30,863,817	–	30,863,817	144,278,542	–	333,751,823	45,249,795	29,997,329
LISI AUTOMOTIVE	31,690,000	80,994,063	100.00%	93,636,481	–	93,636,481	90,216,833	–	34,260,882	(10,228,421)	–
LISI MEDICAL	26,737,000	34,401,869	100.00%	33,337,000	–	33,337,000	25,942,596	–	4,946,946	3,552,164	–

5.5.3 Identity of the consolidating company

Compagnie Industrielle de Delle (CID)

Limited company (S.A.) with share capital of €1,908,160

Head office: 6 rue Juvénal Viellard – 90600 Grandvillars

The Compagnie Industrielle de Delle held, on December 31, 2023, 44.18% of the LISI S.A. capital.

5.5.4 Allocation of shares subject to performance conditions and free shares

The Group has implemented bonus share plans based on performance for certain employees and managers. The objective of these plans is to create an additional incentive to improve the Group's performance, retain key managers and align the interests of management and shareholders.

In order to reward certain employees who have spent most of their career at the LISI Group, and who have actively participated in its development, the Group has also set up free share plans as part of their retirement plan.

When an outflow of resources relating to free allocations subject to performance conditions is probable, the amount of the future expense is provisioned in proportion to the rights acquired since the allocation date for all eligible employees of the LISI Group.

This provision is measured on the basis of the price of treasury shares held on the books of LISI S.A. and allocated to the share award programs.

The conditions for granting the various plans mentioned below are defined in Chapter 4 "Corporate social responsibility".

Free share plans

On the proposal of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI decided on December 9, 2022 to allocate 6,900 free shares to the Deputy CEO as part of the end of his executive term of office.

The Board of Directors, which will meet in February 2025, will record the definitive allocation of these Free shares.

AASCP plans

Acting on the proposal of the NRG (Nominations, Compensation and Governance) Committee, LISI's Board of Directors decided, on December 8, 2021, to allocate performance shares to members of the Executive Committee and to members of the main Management Committees for the three LISI Group divisions, subject to their meeting certain performance targets.

The Board of Directors, which met on February 22, 2024, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the performance criterion rate of the 21C23 plan for the LISI Group is 66.4% and represents a total vesting of 106,793 LISI shares.

Plans of a similar nature were put in place for 2022 and 2023. The Board meetings of December 9, 2022 and December 7, 2023 approved the opening of these new plans under similar conditions.

Loyalty plan

The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 39 employees of the Group.

Plans having impacted LISI S.A.'s financial statements in 2023

	Plan 20C22	Plan 21C23	Plan 22C24	Plan 22C25	Plan 23C26	Plan DEFI 2020	Total
Grant date	12/9/2020	12/8/2021	12/9/2022	12/9/2022	12/7/2023	12/9/2020	
Acquisition date	Feb. 2023	Feb. 2024	Feb. 2025	Feb. 2026	Feb. 2027	Feb. 2026	
Value (in thousands of euros) as of 12/31/2023	–	742	465	113	47	231	1,598
Net expenses (in thousands of euros) on the income statement of LISI S.A. at 12/31/2023 (excluding social security contributions)	561	(346)	(416)	(113)	(47)	31	(330)
Number of total shares allocated at the origin of the plan (for an allocation with 100% of the conditions)	–	185,580	196,460	183,070	189,380	233,000	987,490

The Board of Directors meeting of February 23, 2023 noted the achievement of the performance criteria of plan 20C22 allowing the definitive allocation of 100,502 shares. The provision was reversed for an amount of €561 thousand, and the shares of employees registered in the group's subsidiaries were rebilled for an amount of €626 thousand.

The Board of Directors of February 22, 2024, approved the percentage of achievement of the performance criteria of the 21C23 plan.

5.5.5 Miscellaneous information

Executive compensation amounted to €924,123 for the 2023 fiscal year (compensation net of social charges including the variable portion).

- The corporate officers do not receive directors' fees.
- The overall compensation paid to the 5 highest-paid individuals totaled €1,917,537.
- Headcount as of December 31, 2023 was 41 individuals including 7 apprentices.
- Retirement commitments not recognized in the separate financial statements amount to €604,626. The discount rate used is 3.17%.
- The Company does not have any financial leasing agreements.
- The fees recognized for the year ended December 31, 2023, for our Statutory Auditors, Ernst & Young and KPMG, amounted to €74,731.

5.6 Events occurring since the close of the fiscal year

No events occurred since the close of the fiscal year.

5.7 2024 outlook

Upstream dividend payments from the various subsidiaries and the maintenance of Group royalties should allow LISI S.A. to continue its policy of supporting its divisions and ensuring that dividends are paid out to its shareholders.

5.8 Financial risks related to the effects of climate change

Details of these risks are given in Chapter 4 "CSR" of the Universal Registration Document.

5.9 Internal control guidelines

The elements relating to internal control are discussed in Chapter 5 "Risk factors" of the Universal Registration Document.

6 LISI S.A.'s financial results over the last five fiscal years

(Articles 133, 135 and 148 of the decree on commercial companies)

NATURE OF THE INDICATIONS (in euros)	2019	2020	2021	2022	2023
FINANCIAL POSITION AT THE REPORTING DATE					
Share capital	21,645,726	21,645,726	21,645,726	21,645,726	18,615,325
Number of shares issued	54,114,317	54,114,317	54,114,317	54,114,317	46,538,313
TOTAL RESULT OF ACTUAL OPERATIONS					
Revenue excl. tax	10,020,772	8,098,293	8,988,650	10,559,422	11,089,112
Profit after tax, but before depreciation and provisions	31,682,073	(10,256,196)	7,206,045	20,374,358	31,251,085
Income tax	12,241,197	6,423,098	1,391,972	2,092,500	8,757,147
Employee profit-sharing					
Profit after tax, depreciation, and provisions	47,199,320	(7,664,914)	10,136,822	21,955,681	30,584,839
Distributed earnings *	–	7,437,433	15,417,562	7,995,511	14,426,877
INCOME FROM OPERATIONS PER SHARE					
Profit after tax, but before depreciation and provisions	0.74	(0.07)	0.14	0.38	0.67
Profit after tax, depreciation, and provisions	0.61	(0.14)	0.19	0.41	0.66
Dividends allocated per share (net)	–	0.14	0.29	0.15	0.31
PERSONNEL					
Average headcount	26	26	29	35	41
Payroll	(3,000,970)	(3,194,278)	(3,455,523)	(4,011,534)	(4,750,763)
Amounts paid for benefits (social security, other employee benefits, etc.).	(1,321,483)	(1,369,073)	(1,617,060)	(1,912,036)	(2,185,564)

* After deducting the dividend for the treasury shares held by the Company for fiscal years 2019 to 2022.

The proposed allocation of earnings to be proposed to the General Meeting of April 26, 2024, is indicated in Chapter 7 "General Meeting" of the Universal Registration Document.

7 Supplier and customer terms of payment

In the tables below, you will find the details of the terms of payment for suppliers and customers concerning LISI S.A. operating invoices:

Invoices received and issued at year-end that are past due (amounts in thousands of euros):

	Article D.4415.-1°: Invoices received and not paid at year-end which are overdue					Article D.4415.-2: Invoices issued and not paid at year-end which are overdue				
	1 to 30 days	31 to 60 days	60 to 90 days	91 days or more	Total (1 day or more)	1 to 30 days	31 to 60 days	60 to 90 days	91 days or more	Total (1 day or more)
(A) LATE PAYMENT TRANCHES										
Total amount of invoices affected excl. VAT	315.26	–	13.32	6.32	334.91	13.1		1.2	8.1	22.4
Percentage of the total amount of purchases excl. VAT for the fiscal year	5.64%	–%	0.24%	0.11%	5.99%					
Percentage of revenue excl. tax of the fiscal year						0.12%		0.01%	0.07%	0.20%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED DEBTS AND RECEIVABLES										
Number of invoices excluded										
Total amount of invoices excluded										
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR LEGAL TERM - ARTICLE L.441-6 OR ARTICLE L.443-1 OF THE FRENCH COMMERCIAL CODE)										
Terms of payment used to calculate late payments	Statutory terms: 30 days end of month +15					Statutory terms: 30 days end of month +15				

8 Statutory Auditors' Report on the annual financial statements – Fiscal year ended December 31, 2023

Opinion

Pursuant to the assignment entrusted to us by your General Meeting, we have conducted the audit of the annual financial statements of the company LISI regarding the fiscal year ended December 31, 2023, as appended to this report.

We certify that the annual financial statements are, in accordance with French accounting rules and principles, regular and truthful and give a true and fair view of the results of operations for the past fiscal year as well as the financial position and assets of the Company at the end of the fiscal year.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

■ Audit repository

We have carried out our audit in accordance with the professional standards in use in France. We consider that the items we have gathered from both a sufficient and an appropriate basis for our opinion.

Our responsibilities under these standards are specified in the section "Responsibilities of Auditors relating to the audit of the annual financial statements" of this report.

■ Independence

We have conducted our audit in compliance with the rules of independence applicable to us under the provisions of the French Commercial Code and the French Code of Ethics for Auditors, for the period running from January 1, 2023 to the date of issue of this report, and we have not provided services prohibited under Article 5, paragraph 1, of Regulation (EU) No. 537/2014.

■ Justification of our assessments – Key audit matters

In accordance with the provisions of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key audit matters relating to risks of material misstatement which, in our professional judgment, were the most significant for the audit of the annual financial statements for the fiscal year, as well as the responses we have provided to these risks.

The assessments thus made are part of the audit of the annual financial statements taken as a whole and the formation of our opinion expressed above. We do not express an opinion on elements of these annual financial statements taken separately.

■ Valuation of equity investments and related receivables

Key audit matter	Audit response provided
Equity interests and related receivables, shown in the assets at December 31, 2023, for a net amount of €216,408 thousand are the second largest item on your Company's balance sheet. As specified in Note 5.3.2 of the notes to the annual financial statements, they are measured at the cost at which they were acquired, excluding the costs incurred for their acquisition or, if applicable, their value in use. The value in use is calculated from each line of investment, based on the profitability and performance outlook for the companies concerned, on developments in the economic sectors in which they operate, and on their positions within these sectors. Considering the weight of equity interests in the balance sheet and their sensitivity to variations in data and in the assumptions on which estimates of the profitability outlook are based, we have considered the measurement of the value in use of equity interests as a key audit matter.	To appraise the reasonable nature of the estimate of the value in use of equity interests, based on information provided to us by your company, our work notably included: ■ assessing the consistency of the assumptions made relating to the profitability and performance outlook for the companies concerned, on developments in the economic sector in which the entities operate and on their positions within this sector, compared to the forecast data from the latest strategic plans drawn up by the Board of Directors; ■ verifying that the shareholders' equity used in the impairment testing on equity interests is consistent with the financial statements of the entities concerned, taking into account the results of the audit work on the significant subsidiaries held and analytical procedures for the other subsidiaries; ■ checking, using sample testing techniques, the mathematical correctness of the calculation of values in use used by your Company.

Specific verifications

We have also carried out, in accordance with French professional regulations, the specific verifications specifically required by the laws and regulations in force.

- **Information provided in the management report and in other documents sent to shareholders on the financial situation and the Company financial statements**

We have no comments to make concerning the sincerity and consistency with the annual financial statements of the information provided in the Board of Directors' Management Report or the other documents on the financial position and annual financial statements sent to the shareholders .

We certify the truthfulness of the information and its consistency with the annual financial statements relating to the terms of payment mentioned in Article D.441-6 of the French Commercial Code.

- **Report on corporate governance**

We certify that the Board of Directors' report on corporate governance contains the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

With regard to the information supplied in application of the provisions of Article L.22-10-9 of the French Commercial Code on compensation and benefits paid to corporate officers as well as on commitments approved in their favor, we have checked their consistency with the accounts or with the data used in the drawing-up of these accounts, and, where relevant, with the information gathered by your Company from companies controlled by it that are included in the scope of consolidation. On the basis of our work, we vouch for the accuracy and honesty of this information.

With regard to the information relating to the elements that your Company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to the provisions of Article L.22-10-11 of the French Commercial Code, we verified their compliance with the documents from which they originated and which were provided to us. Based on this work, we have no matters to report on this information.

Other information

In accordance with the law, we ensured that the information relating to the identity of the holders of the share capital or voting rights was communicated to you in the management report.

Other verifications or information required by current laws and regulations

- **Format of presentation of the annual financial statements to be included in the annual financial report**

In accordance with the professional standards relating to the work of statutory auditors on annual and consolidated financial statements presented in single European electronic reporting format, we also verified compliance with this format, as defined by Delegated European Regulation 2019/815 of December 17, 2018 on the presentation of annual financial statements to be included in the annual financial report mentioned in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chief Executive Officer.

On the basis of our work, we concluded that the presentation of the annual financial statements to be included in the annual financial report complies, in all material respects, with the single European electronic reporting format.

It is not our responsibility to verify that the annual financial statements that will be included by your company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

- **Auditors' appointment**

We were appointed as Statutory Auditors of LISI by your General Meeting of April 12, 2023 for KPMG and of April 27, 2011 for ERNST & YOUNG et Autres.

As of December 31, 2023, KPMG was in the first year of its uninterrupted mission and ERNST & YOUNG et Autres in the thirteenth year of its mission.

Responsibilities of management and of those charged with corporate governance in relation to the Company financial statements

It is management's responsibility to draw up the Company annual financial statements giving a true and fair view in accordance with the French accounting rules and principles and to put in place the internal control that it deems necessary for drawing up the Company financial statements free of material misstatements, whether due to fraud or error.

When drawing up the Company financial statements, it is the responsibility of management to assess the company's capacity to continue its operations, to present in these financial statements, if applicable, the necessary information on the going concern assumption and to apply the going concern principle, unless it is planned to wind up the company or discontinue its operation.

It is the responsibility of the Audit Committee to monitor the process of preparing the financial information and the effectiveness of internal control and risk management systems, and, if applicable, the internal audit systems, with regard to the procedures concerning the preparation and processing of accounting and financial information.

The annual financial statements were approved by the Board of Directors.

Responsibilities of Auditors relating to the audit of the Company financial statements

■ Audit objective and approach

It is our responsibility to prepare a report on the annual financial statements. Our objective is to obtain a reasonable assurance that the annual financial statements, taken as a whole, are free of material misstatements. Reasonable assurance is a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards systematically ensures that any material misstatement is detected. Misstatements may be due to fraud or errors and are considered as material where it is reasonable to expect that they can, taken separately or together, influence the economic decisions that users of the financial statements take based on them.

As set out in Article L.821-55 of the French Commercial Code, our task of certifying the financial statements does not consist in guaranteeing the viability or the quality of the management of your company.

As part of our audit conducted in accordance with the professional standards applicable in France, the Auditor exercises his professional judgment throughout this audit. Furthermore:

- the Auditor identifies and assesses the risks that the annual financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures to tackle these risks, and gathers the information that he/she deems sufficient and relevant to form his/her opinion. The risk of non-detection of a material misstatement arising from a fraud is higher than that of a material misstatement arising from an error, since fraud may involve collusion, forgery, deliberate omissions, misrepresentations or the circumvention of internal control;
- he/she reviews the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances, and not with the objective of expressing an opinion on the effectiveness of the internal control;
- he/she assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the disclosures provided in the Company's annual financial statements;
- he/she assesses the appropriateness of the application by management of the accounting principle of going concern and, based on the information gathered, the existence or non-existence of a significant uncertainty relating to events or circumstances likely to undermine the company's ability to continue its operation. This assessment is based on information compiled up to the date of his/her report, it being specified however that subsequent circumstances or events may undermine the company's ability to continue as a going concern. If he/she concludes that there is a significant uncertainty, he/she draws the attention of readers of his/her report on the information provided in the annual financial statements regarding this uncertainty or, if such information is not provided or is not relevant, he/she issues a qualified opinion or refuses to certify;

he/she assesses the overall presentation of the annual financial statements and appraises whether the annual financial statements reflect the underlying transactions and events such as to give a true and fair view.

■ Report to the Audit Committee

We submit a report to the Audit Committee presenting the scope of the audit work and the program of work implemented, as well as the findings following from our work. We also inform the Committee, where applicable, of significant weaknesses in internal control that we have identified as regards procedures relating to the preparation and processing of accounting and financial information.

The report to the Audit Committee includes information on the risks of material misstatements that we deemed to have been the most important for the audit of the annual financial statements of the fiscal year and which constitute the key audit matters that we have to describe in this report.

We also submit to the Audit Committee the declaration set out in Article 6 of Regulation (EU) No. 537/2014 confirming our independence, within the meaning of the rules applicable in France as they are set out in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Auditors. Where necessary, we discuss the risks to our independence and the safeguard measures applied with the Audit Committee.

The Auditors

Schiltigheim, April 4, 2024	Paris-La Défense, April 4, 2024
KPMG	ERNST & YOUNG et Autres
Stéphane Devin	Henri-Pierre Navas
Partner	Partner

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4 Corporate social responsibility

Contents

1 LISI's social and environmental responsibility

Emmanuel VIELLARD
CEO

The LISI Group, with its 247-year history, is one of the rare industrial groups in the world to still be owned by the founding families. This unwavering commitment gives our governance exemplary stability.

This ability to project ourselves over the long term is a major asset given the amplitude of our business line cycles. It is also a strength that has enabled us to overcome significant crises of all kinds with proven resilience.

NOur stability also ensures that we maintain the **values** that have made our success:

- See far: #Sustainability,
- Communicate transparently: #Integrity, #Transparency
- Cultivate innovation: #Innovation, #Digital
- Develop our skills: #Human, #Evolution
- Always aim higher: #Excellence, #Pragmatism

Our purpose, **"Shape and share sustainable links"** is a powerful indicator of our Corporate Social Responsibility commitments.

It reflects our long-term vision, and our desire to anticipate the impacts of our industry and to reinforce the links between economic progress, societal progress, and environmental progress.

This willingness to adapt strengthens the position of the LISI Group, recognized as a strategic development partner by its major customers. This agility does not take the LISI Group away from its long-term trajectory, traced for years and rich with a centuries-old history.

From the climate emergency to the transformation of the mobility sector through the creation of a more inclusive society, our stakeholders expect LISI to act with strong measures that have a real impact on society and territories in which we operate. This is the mission that LISI employees have set for themselves.

Sustainable development has become a prerequisite for all development initiatives. More importantly, it is a deep conviction that inspires and engages all of LISI's 10,000 employees worldwide.

By combining financial and non-financial performance in our long-term trajectories, we have opened a new chapter in our history. By combining profitability and responsibility, our CSR approach (**People, Planet, Profit**) represents an asset for short-, medium- and long-term value creation. Our operating model is designed to deliver on its global and local promises. LISI has the talent and processes necessary to become a benchmark as a company guided by its purpose.

With this clear roadmap, we are taking action for a sustainable future. Our determination is complete: thanks to the energy, know-how, commitment of our teams and the support of our stakeholders, LISI is confident in its ability to move forward together and make progress for the benefit of all.

Emmanuel Viellard

CEO

Anne-Delphine BEAULIEU
Director of CSR & Digital Transformation

HIGHLIGHTS

We are pleased with the first results of our 3P approach, **People, Planet, Profit**.

Thanks to our commitment, we are proud to have:
- made progress on all our ESG ratings (Ecovadis, Ethifinance, ISS, Moodys)
- confirmed the CDP Climat B rating
- been awarded the 2023 Best Managed Companies Label by Deloitte for the second consecutive year
- achieved 70% of the objectives of our first CSR Balanced Score Card
- put into production 3 solar panel projects in 3 different countries
- completed 41 energy efficiency projects generating savings of 1.7% of the MWh consumed in 2022
- implemented an investment policy that includes the carbon impact
- invested €4.3 million in projects that reduce the carbon footprint, *i.e.* 4.6% of the Group's total investments
- informed our ~130 key suppliers about the CSR meaning of our commitments and expectations
- signed a contract to supply low-carbon steel
- completed €50 million in impact financing and a first green loan with BPI for €5 million

These results are tangible proof of the commitment of all employees to our 3P program.

1.1 Our sustainable development strategy [GRI 103]

1.1.1 Our convictions. Our strong commitments

LISI's convictions in terms of sustainability form the basis of our CSR strategy. Our convictions are driven by our values, our management and LISI's operational system.

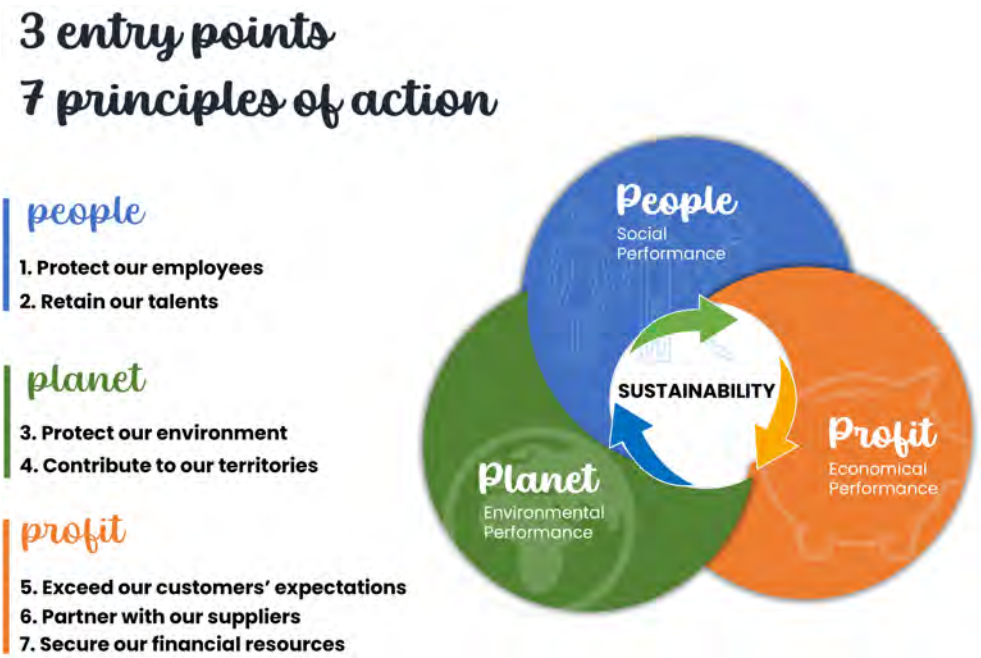
Our convictions are as follows:

- The world is in constant transformation and requires an agile organization.
- Environmental issues are a major challenge for humanity.
- Thinking only in the short term hurts future generations and undermines the resilience of our business.
- Diversity is a strength.
- Companies must have a positive impact on society and the regions they occupy.

As a civic and responsible company, LISI therefore takes into account the social, human, economic and environmental dimensions of its activity in its relations with its stakeholders, its various partners, and its employees. It acts with a permanent concern for progress and the sustainability of its business.

Guided by our purpose **("Shape and share sustainable links")** and through our values, LISI's sustainable development strategy is structured around three entry points, the 3Ps: **People, Planet, Profit**.

Each of these 3Ps breaks down into seven themes that guide our actions.



1.1.2 Our values

Aware that collective commitment makes it possible to achieve greater goals, the Group relies on 5 major values shared by all:

#Sustainability

The LISI Group has always adapted to the changes of its time. Today, we are committed to continuing the work of the generations of women and men who have made LISI a sustainable and successful international company. Aware of our impact on society and the environment, we focus on the long term and strive to reduce the environmental footprint of our sites in accordance with our strategic development plan.

#Integrity #Transparency

In everything we do, we act with honesty, awareness, and openness, complying with regulations, and involving all our stakeholders. We expect exemplary behavior from our employees and partners. We create transparent and lasting relationships with our customers and suppliers and regularly communicate our commitments and results.

#Innovation #Digital

We anticipate the changes and risks associated with our businesses to offer the best solutions to interested parties. Innovation is fueled by technology and creativity. We design environmentally friendly products and services taking into account their entire life cycle.

We deploy solutions developed with start-ups and innovative companies to meet the needs of the business lines and make life at work ever more attractive.

#Human #Evolution

The women and men who work at LISI are the primary driver of our development. We promote and develop skills and make a point of promoting the talented women and men who are key to our Group. We protect health, safety, and well-being. We implement a policy of non-discrimination and diversity at all stages of human resources management.

#Excellence #Pragmatism

We strive to offer competitive, quality products and services that achieve the highest standards and excellence that our stakeholders expect. We continually measure our performance and constantly strive to improve. The satisfaction of our customers is the main guarantee of our sustainability. We are individually and collectively committed and involved, to anticipate and exceed the expectations of all stakeholders. Our actions aim to be practical and concrete.

1.1.3 Compliance with major international reference frameworks

LISI's sustainable development strategy is also guided by a number of major international reference frameworks.

LISI, a signatory of the Global Compact

The LISI Group is guided in particular by the Global Compact, which offers a simple and universal framework of commitments based on 10 principles. LISI has been a signatory of the Global Compact since 2018.

This signature is a public act of leadership that demonstrates the Group's commitment to taking into account the principles of the Global Compact in its actions and internal processes.

The Global Compact is a United Nations initiative launched in 2000 and aimed at encouraging businesses worldwide to adopt a socially responsible attitude. Businesses commit to uphold and promote a number of principles relating to human rights, international labor relations, and the fight against corruption.

By joining the Global Compact in 2018, LISI committed to:

- making yearly progress in each of the 4 core areas of the Global Compact,
- submitting an annual "Communication on Progress" (COP) report explaining the progress made.

The 4 core areas of the Global Compact are subdivided into 10 principles.

Human rights

LISI has undertaken to:

- Support and respect the protection of internationally proclaimed human rights.
- Make sure that it is not accomplice of human right violations.

International labor standards

LISI has undertaken to:

- Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Contribute to the elimination of all forms of forced and compulsory labor.
- Contribute to the effective abolition of child labor.
- Contribute to the elimination of discrimination in respect of employment and occupation.

Environment

LISI has undertaken to:

- Support a precautionary approach to environmental challenges.
- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and dissemination of environmentally friendly technologies.

Anti-corruption

LISI has undertaken to:

- Fight corruption in all its forms, including extortion and bribery.

LISI contributes to the United Nations Sustainable Development Goals (SDGs)

Our sustainable development strategy is also based on the United Nations Sustainable Development Goals (SDGs). This program lists 17 sustainable development goals aimed at achieving a better and more sustainable future for all.

LISI has structured its Corporate Social Responsibility approach for the conduct of its activities in order to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs).

We identified 12 SDGs to which LISI contributes through its sustainable development actions and its operations.

LISI and transparency on ESG disclosure standards

LISI believes that transparency is an essential factor in building relationships of trust with its stakeholders and ensuring the Group pursues a continuous improvement process. Pending the adoption of a harmonized non-financial reporting framework at the international level, LISI ensures that it reports on its performance on the basis of the various ESG reporting frameworks commonly used. Thus, LISI refers to the standards of the GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board).

1.1.4 Our roadmap

LISI's Corporate Social Responsibility approach is based on:

- an analysis of challenges and risks informed by both risk mapping and a materiality matrix of stakeholder challenges and risks,
- governance adapted to these challenges,
- policies implemented in a cross-cutting manner,
- action plans and monitoring indicators.

Our Corporate Social Responsibility strategy is based on 3 entry points broken down into 7 key commitments.

These 3 entry points correspond to **People, Planet, Profit.**

They are also known as the 3 Ps.

These three entry points form the basis of our roadmap, which includes our seven key commitments.

people	planet	profit
#1 Protect our employees #2 Retain our talent	#3 Protect our environment #4 Work in our regions	#5 Exceed our Customers' expectations #6 Involve our suppliers #7 Secure our financial resources

These are 7 long-term commitments formalized by short-, medium- and long-term objectives.
The commitments and flagship projects that underpin this roadmap are described in the table below:

people

		Flagship products
1.	**Protect our employees**	■ Continuous decrease in TF1 ■ Elimination of Level 1 machine non-compliance ■ Safety training for 100% of staff at least once a year ■ Disruption plan for accident-prone sites ■ ISO 45001 certification
2.	**Retain our talent**	■ Develop LISI's attractiveness ■ Increase the proportion of women ■ Develop the skills of our employees ■ Improve quality of life at work ■ Raise the commitment level

planet

		Flagship products
3	**Preserve our environment**	■ Management of the Carbon assessment in an adapted solution ■ Implementation of energy sobriety plans ■ Develop renewable energies ■ ISO 14001 and ISO 26000 certification ■ CDP Climat: achieve an A rating ■ SBTi: have a carbon trajectory certified by the SBTi
4.	**Work in our regions**	■ Deploy water management plans in water-stressed areas

profit

		Flagship products
5.	**Exceed our Customers' expectations**	■ Development of new products ■ Assessment of the carbon footprint of our products ■ Development of eco-design ■ IATF 16949, EN 9100, ISO 13485 certifications
6.	**Involve our suppliers**	■ CSR assessment plan for our suppliers ■ Commit our key suppliers to reducing their carbon footprint
7.	**Secure our financial resources**	■ Rigorous management of working capital requirements ■ Currency hedging for up to three years to secure USD contracts ■ Differentiation of sources of financing

1.1.5 Our performance indicators

Each of these 7 key commitments is managed using several monitoring indicators. These indicators can be found in our Balanced Scorecards at all levels of our organization.

people		GRI	ODD
1.	**Protect our employees**		
	FR1	GRI 403-2	3. GOOD HEALTH AND WELL-BEING
	% of employees trained in Safety	GRI 410-1	
	Headcount (average FTE)		
2.	**Retain our talent**		
	Absenteeism	GRI 401-1	
	% of resignations	GRI 401-1	
	% of women among managers	GRI 405-1	5. GENDER EQUALITY

planet		GRI	ODD
3.	**Preserve our environment**		
	% of energy savings in MWh from projects vs. N-1	GRI 302-1 ; GRI 302-4	13. CLIMATE ACTION
	% of renewable energy produced on site	GRI 301-1	
4.	**Work in our regions**		
	% of sites in water-stressed areas with an action plan	GRI 303-1 ; GRI 303-2	6. CLEAN WATER AND SANITATION

profit		GRI	ODD
5.	**Exceed our customers' expectations**		
	% of revenue generated by new products – LISI AEROSPACE	GRI 201-1	9. INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Renewal rate for new products – LISI AUTOMOTIVE	GRI 201-1	
	Revenue generated by new products – LISI MEDICAL	GRI 201-1	
6.	**Involve our suppliers**		
	% of CSR-sensitive suppliers evaluated Engage our suppliers in reducing their carbon footprint	GRI 414-1	12. RESPONSIBLE CONSUMPTION AND PRODUCTION
7.	**Secure our financial resources**		
	Revenue (in millions of euros)	GRI 201-1	
	EBIT (% of revenue)	GRI 201-1	
	Free cash flow (% of revenue)	GRI 201-1	
	ROCE	GRI 201-1	
	Inventories (No. of revenue days)	GRI 201-1	
	LPD (>30 days)	GRI 201-1	
	Added value / employees	GRI 201-1	
	CAPEX (% of revenue)	GRI 201-1	

In 2023, for the first time, new CSR indicators were monitored every month in the Balanced Scorecards of the sites, business groups, divisions and at the consolidated level. They are:

people

- % of resignations (No. of resignations/Total registered employees)
- % of women among managers (No. of women managers/No. of managers)

planet

- % of energy savings in MWh versus N-1 consumption achieved through projects
- % of renewable energy produced on site
- % of sites in water-stressed areas that have implemented an action plan

profit

- % of suppliers assessed as sensitive in terms of CSR

The 2023 results are as follows:

Our 7 areas of action	The 3Ps	LISI GROUP Key Indicators		2020	2021	2022	2023	B 2023
2 - Retain talent	people	**Health and Safety**	FR1	7	8.5	7.2	6.7	<7
		Attractiveness	% of resignations	5.3%	6.5%	9.0%	8.1%	<8%
		Diversity	% of female managers	30.1%	27.1%	28.3%	28.1%	29.2%
3 - Preserve our environment 4 - Contribution in our regions	planet	**Environment**	% energy savings in MWh thanks to projects vs. consumption in year N-1	Nd	Nd	Nd	1.7%	>1%
			% of renewable energy produced on site	Nd	Nd	0.0%	0.4%	>0.4%
			% of sites in water-stressed areas with an action plan	Nd	Nd	18.0%	100.0%	100.0%
6 - Partnership with our suppliers	profit	**Purchases**	No. of strategic suppliers assessed on CSR criteria	Nd	Nd	Nd	56.4%	40.0%

1.1.6 Awards and highlights

Highlights

100%
Of our ESG ratings have improved

-37%
Greenhouse gas emissions compared to 2019

28.1%
Women executives in the organization

€4.3M
Investments reducing the carbon footprint

3
Sites with photovoltaic panels

8.1%
Resignation rate down by 0.9 points

41
Energy efficiency projects

70%
Successful CSR Balanced Scorecard indicators

ISO 14001
ISO 45001
Obtaining certification for 2 additional sites

B
CDP Climate (D in 2021)

ECOVADIS
69/100 (67/100 in 2022)

Winner of 2023 Best Managed Companies for the 2nd consecutive year

Our non-financial performance is regularly assessed by non-financial rating agencies in terms of its respect for the environment, social values, societal commitment, and corporate governance. These assessments attest to the Group's CSR performance. They serve as a reference for fund managers and investors looking for companies that perform well in terms of CSR.

In 2023, we are proud to have made significant progress, which demonstrates that our governance, our roadmap and our employees' ongoing commitment to moving society forward are paying off.

Awards in 2023

ECOVADIS: We are continuing our progression with 69/100 compared to 67/100 in 2022 and 57/100 in 2021).

CDP: We confirmed our B in 2023, which we have strengthened in five areas (B in 2022 and D in 2021).

LISI LISI is the 2023 Winner of the Best Managed Companies awards by Deloitte for the 2nd consecutive year.

The summary of our assessments is as follows:

Non-financial rating	CDP Climate	Ecovadis	Ethifinance / Gaia*	Moodys	Statista – Le Point ranking	Best managed companies Deloitte
2023 score	B Management	69/100	63	44	Nd	2023 winner
2022 score	B Management	67/100	56		175th/2,000	2022 winner
2021 score	D Disclosure	Nd	53	36		
2020 score	D - Disclosure	57/100	53		Nd	
Industry average		LISI in the 15% of the most efficient companies			8th place in the Aeronautics sector	
Highlights	Carried out in collaboration with ClimateSeed					
No. of companies assessed	> 15,000	> 100,000				

* Ethifinance / Gaia has updated its assessment methodology. The ratings for previous years have been updated by Ethifinance to take this new methodology into account.

1.1.7 Impact financing

Among the highlights, LISI carried out several impact loans in 2022 and 2023 based on criteria for achieving CSR objectives.

LISI has contracted the following loans:

- In 2022, a loan of €20 million, with a maturity of 7 years with a subsidized rate of 0.10% if the following three criteria are met: FR1, CO_2 emissions, Ecovadis rating;
- In 2023, a loan of €15 million, with a maturity of 7 years with a subsidized rate of 0.10% if the following two criteria are met: FR1, CO_2 emissions;
- In 2023, a loan of €15 million with a maturity of six years with a subsidized rate of 0.10% based solely on the criterion of achieving the Ecovadis rating.

In total, impact financing represented €50 million. The expected rate subsidy if all the criteria are met is €148 thousand.

At the end of 2023, all CSR criteria commitments had been met.

	2022 Loan	2023 Loan	2023 Loan
Amount	€20 million	€15 million	€15 million
Term	7 years	7 years	6 years
Interest rate subsidy	0.10%	0.10%	
CSR criterion No. 1	TF1	TF1	
CSR criterion No. 2	CO_2 emissions	CO_2 emissions	
CSR criterion No. 3	Ecovadis rating		Ecovadis rating

Lastly, for the first time, LISI set up a green loan with BPI worth €10 million of green investments, which would be financed up to €5 million.

To date, 13 green investment projects are being considered for this loan.

- 4 photovoltaic panel projects for €4.0 million
- 2 wind farm projects for €5.6 million
- 2 electrolyser projects to produce hydrogen for €0.6 million
- 2 energy efficiency projects for €2.8 million
- 1 hydroelectric turbine project for €0.6 million
- 2 electric charging station projects for €0.2 million

The majority of these projects are still at preliminary stages. The most advanced are detailed in the PLANET chapter.

	Number of projects	Amount in M€
LISI AEROSPACE	7	11.5
LISI AUTOMOTIVE	5	1.7
LISI SA	1	0.6
TOTAL	**13**	**13.8**

1.2 Integration of Corporate Social Responsibility into the Group's strategy

1.2.1 Taking into account non-financial challenges and risks

1.2.1.1 - Ongoing dialogue with LISI's stakeholders

LISI developed its CSR strategy by consulting all its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.).

The graph below presents our stakeholders.

Our Company places an emphasis on implementing an organization that allows for regular dialogue with each of them.

This dialogue aims to anticipate their requests and best meet their expectations.

For example, LISI has ongoing dialogue with:

- **its customers** *via* the revenue departments of the divisions, trade shows such as the Paris Air show, etc.,
- **its insurers,** who are included at every stage of the projects, to take into account their opinions and who regularly visit the plants. An annual assessment of the partnership is carried out in the presence of the Group's Senior Management,
- **its shareholders** *via* individual meetings for shareholders and numerous meetings with investors,
- **its employees** *via* the social partners but also via the Group's various communication tools: emails, PSM, memos, the intranet and other company digital tools, any type of survey or questionnaire (Quality of Life at Work, for example),
- **its suppliers** *via* central and local buyers, regular meetings, and meetings on the follow-up of partnerships,
- **the authorities** *via* exchanges of letters, telephone calls, regulatory reports but also via on-site meetings, whether requested by the authorities or by the sites,
- **professional federations.** The LISI Group has been represented at *the Groupement des Industries Françaises Aéronautiques et Spatiales* (GIFAS) for several years, as well as at the *Union des Industries et Métiers de la Métallurgie* (UIMM). The company is also a member of the *Plateforme Française Automobile* (PFA).

The table below shows the main channels for dialogue with stakeholders. It is not exhaustive.

Our Stakeholders	Forms of dialogue	Department
Customers	• Dedicated sales contact • Annual Performance Reviews • Trade fairs (e.g. Bourget trade fair)	• Commercial departments • General Management • Communication & marketing
Insurers	• Annual prevention visits • Integration of insurers in projects through regular • progress points • Annual review	• HSE departments • Project team & HSE department • General Management
Shareholders	• Individual shareholder fairs, investor meetings, letters to shareholders	• General Management
Employees	• Communication tool (email, memo, intranet, PSM, etc.) • QVT Survey • Meetings with the social partners (e.g. group committee and European committee, CSE, etc.)	• Communication • HR department • General management and site management
Suppliers	• Supplier Evaluation Questionnaires • Communication of the supplier charter • Supplier audits • Performance reviews	• Purchasing and Supplier quality
Authorities	• Relations with public authorities (prefecture, communities of • municipalities, municipalities, etc.) • Exchanges (correspondence, telephone calls, e-mails, on-site meetings, etc.) • Regulatory Declarations	• General Management • Sites
Institutions	• Participation in professional federations (MEDEF, UIMM, GIFAS, PFA, ARTEMA, etc.) • Accession and promotion of the UN Global Compact • Participation in the ADEME working group (e.g. EXPEDITE)	• General Management
Civil Society	• Participation in the local economic fabric (EIG, partnership with • local companies, local associations) • Integration into local life (open day, visit of colleges • and high schools)	• Sites
Technical	• R&D meeting • Facilitation of the community of technical experts • Internal and external Benchmark visits	• R&D • Our Experts network

The expectations and challenges in terms of social responsibility were gathered through two consultative processes:

- the development of the materiality matrix,
- coordination of employee working groups.

1.2.1.2 - The materiality matrix

In a context of growing expectations among LISI's internal and external stakeholders in terms of social responsibility, the Group updated its materiality matrix of non-financial challenges in late 2023. The previous version dated from 2020.

This matrix presents the main non-financial challenges, in a hierarchical manner.

This matrix was created pursuant to the principles of the ISO 26000 standard.

When it was drawn up, the main Group stakeholders and those of its divisions were consulted in order to gather needs and expectations, on the basis of interviews.

This work led to the identification and assessment of 22 issues grouped into 7 categories that represent the 7 central topics of the ISO 26000 standard:

- Governance,
- Human rights,
- Work relations and conditions,
- Environment,
- Loyalty practices,
- Consumer issues,
- Communities and local development.

The 2023 update was completed by taking into account stakeholder feedback and communications (in particular customers, investors, local authorities, changes in international standards such as the Global Compact, the UN Sustainable Development Goals, the Global Reporting Initiative (GRI) or the SASB (Sustainability Accounting Standards Board) throughout the year.

These issues were presented to Senior Management for approval.

The matrix was developed with:

- on the x-axis, challenges ranked from 0 to 5 according to their importance for the stakeholder consulted,
- on the y-axis, challenges ranked from 0 to 5 according to their importance in terms of impact on LISI's business.

It represents, at a given time, a summary of the opinions and perceptions of the people who responded. This update of the matrix led to the emergence of an internal and external consensus on the 10 priority challenges for LISI and on the evolution of expectations. These 10 challenges include all topics greater than or equal to 4 on the x-axis or the y-axis.

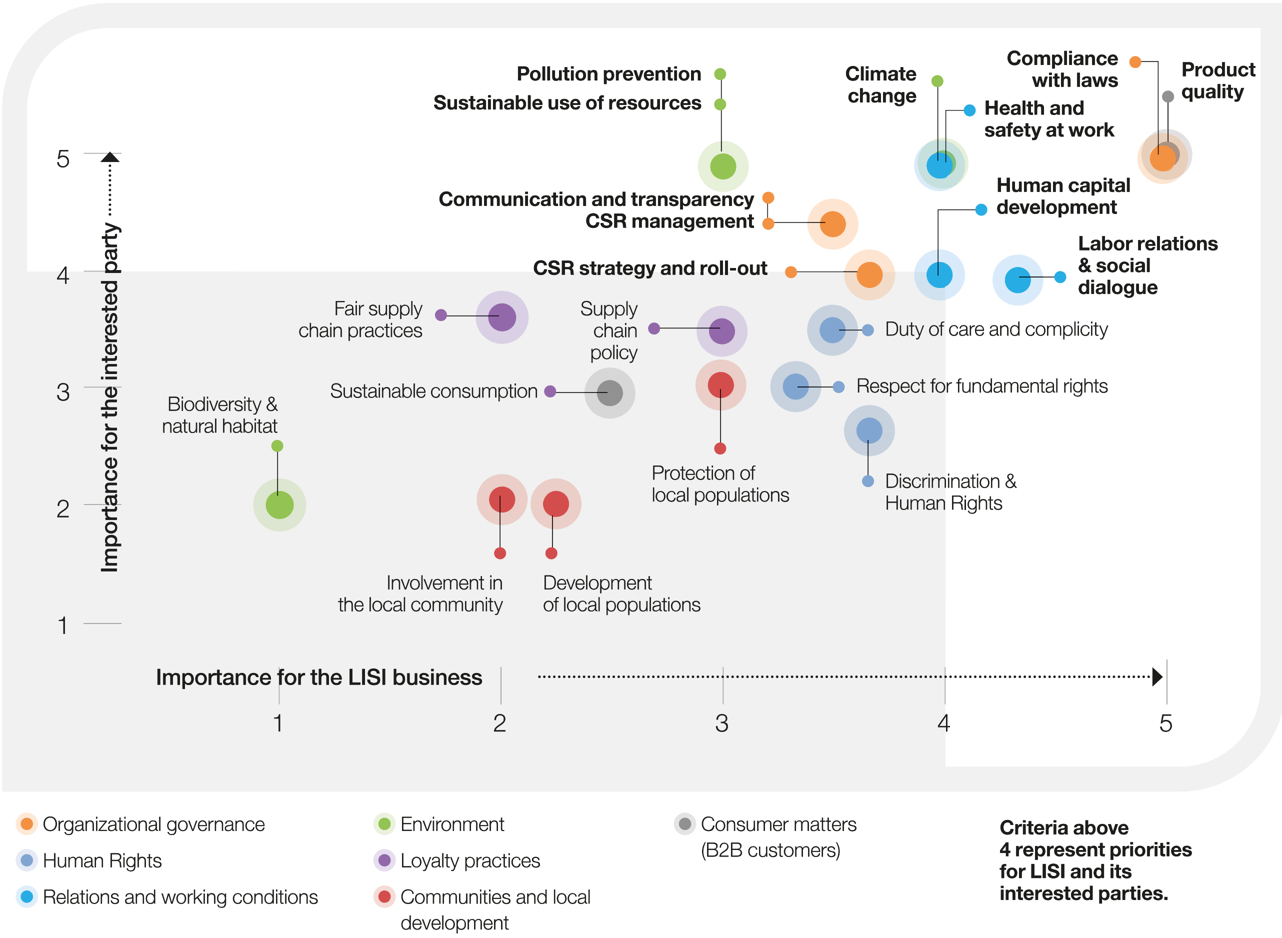
These results made it possible to enhance our Corporate Social Responsibility strategy.

These 10 challenges are shown in bold in the upper right-hand corner of the matrix. They are:

1. Compliance with laws (see § 4.4);
2. Product quality and safety (see § 4.4.8);
3. Health and safety at work (see § 4.2.2);
4. Climate change (see § 4.3);
5. Human capital development (see § 4.2.5);
6. Professional relations and social dialog (see § 4.2.7);
7. CSR strategy and its deployment (see § 4.1)
8. CSR management (see § 4.1);
9. Communication and transparency (see § 4.1);
10. Pollution prevention and sustainable use of resources (see § 4.3).

The overhaul of the matrix is planned for 2024 as part of the implementation of the dual materiality analysis expected as part of the CSRD.

Materiality matrix



These challenges are also included in our sustainable development roadmap, to which are associated objectives, monitoring indicators and action plans.

This roadmap is monitored quarterly by the Executive Committee in charge of sustainable transformation. These non-financial risks are included in the mapping and the Group risk management of this Universal Registration Document in Chapter 5. They are reviewed annually by the Audit Committee and quarterly by the Executive Committee and the Group Risk Committee, including the Director of Sustainable Development.

1.2.2 Governance and policies adapted to the challenges

1.2.2.1 - Governance and management of sustainable transformation

GRI STANDARDS **GRI 101**

The transformation and sustainable development strategy was subject to regular strategic and operational monitoring by the Executive Committee and the Board of Directors.

- **The Board of Directors reviews the Group's sustainable transformation performance through:**
  - the analysis of non-financial risks;
  - the review of sustainable transformation performance;
  - dialogue on the orientations of the sustainable transformation strategy.

  In 2023, the Board of Directors decided to create a CSR Committee composed of six members. This Committee met for the first time in September 2023.
- **The Executive Committee defines and guides the sustainable transformation strategy, through:**
  - the definition of the sustainable development roadmap and its associated action plans;
  - dialogue on the integration of sustainable development into the Group's strategy and operations;
  - the management of sustainable development performance.
- **At the Executive Committee, the Director of Corporate Social Responsibility (CSR) in charge of sustainable transformation monitors the roadmap.**
- **The CSR and Sustainable Transformation Department manages, leads, and coordinates the CSR strategy.** It reports on the progress of the roadmap to the Executive Committee and to the CSR Committee in charge of strategy and sustainable development. The sustainable transformation department leads working groups (WGs) with the main key functions in this transformation:
  - **The Carbon WG** is composed of representatives of the divisions. This Carbon WG proposes and carries out all long-term actions and projects to reduce LISI's carbon footprint and implement energy sobriety plans. It is also in charge of preparing LISI's Carbon Assessment (Scopes 1/2/3), and of continually improving its construction, notably with regard to the quality of data and the establishment of a reduction trajectory for LISI.

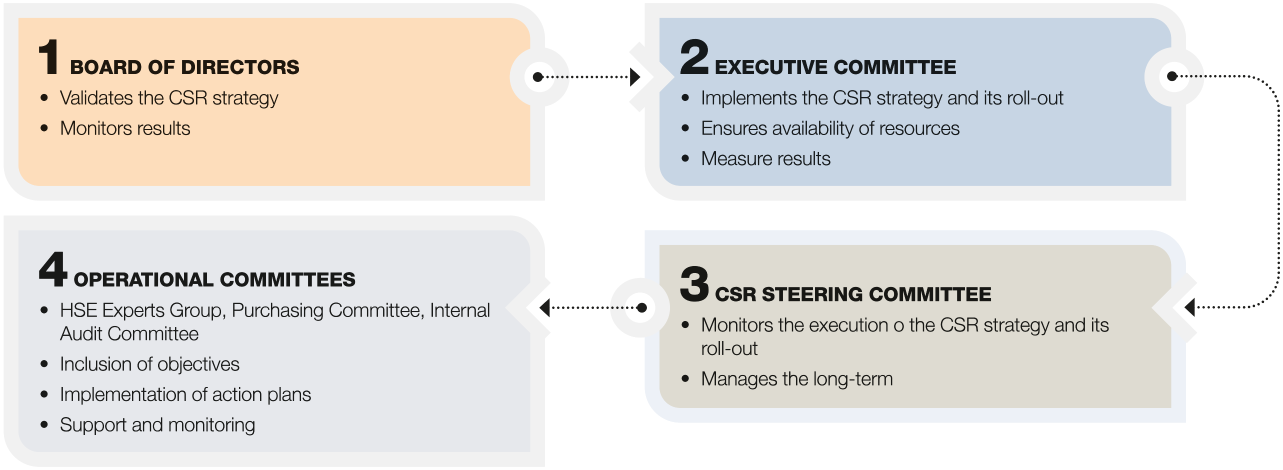
  In 2023, the Carbon WG met three times. The work themes focused on:
  - improving the quality of the Carbon Assessment data (moving from monetary to physical);
  - increasing the number of Scope 3 items to be included in our Carbon Assessment;
  - the commitment of suppliers to our approach;
  - the adaptation of our investment policy;
  - testing of our Carbon Assessment on TRAACE;
  - anticipation of preparatory work for the future CSRD.
  - **The Purchasing WG** is composed of the Lead Buyers of the six main purchasing segments with the highest impact in LISI's Carbon Assessment (Energy, Raw Materials, Subcontracting, Transport, Waste, IT). These lead buyers help the CSR sustainable transformation department to obtain actual consumption data and direct emission factors (Market-based Factor). They are also working to commit our value chain to a carbon reduction trajectory that will be reflected in LISI's Scope 3 in the medium term.

  In 2023, the Purchasing WG met three times. It worked on:
  - the assessment of the 255 suppliers deemed sensitive in terms of CSR;
  - the creation of a CSR questionnaire for suppliers;
  - an information letter to suppliers to involve them in our approach to reducing the carbon footprint and specify our expectations of them.
  - **The Finance WG** is composed of the Chief Financial Officers, Management Controllers and Consolidators. The objective of this WG is to adapt our organization to anticipate the European CSRD (Corporate Social Responsibility Directive) and the Taxonomy.

  In 2023, the work of the Finance WG was devoted to understanding the challenges of the future CSRD and anticipating the tasks to be carried out.
  - **The Human Resources WG** is composed of the Human Resources Directors. The goal is to work together on the objectives and means to help LISI make progress on the themes of "Diversity and inclusion", "Gender parity and equality" and "Commitment".
- **The operational CSR Steering Committee monitors performance and implements the associated action plans.** It is composed of energy officers and officers from each Working Group (the 4 WGs above). It ensures the due implementation of CSR in the various strategic plans of the functions and businesses, the integration of CSR in policies and processes, and the deployment of the approach across all Group entities. They discuss and exchange annually regarding:
  - the new orientations of the sustainable strategy;
  - the results of the action plans;
  - the mapping of non-financial risks;
  - the review of the annual non-financial audit.

Lastly, the CSR strategy is shared by all in-house and integrated into the strategic plans of the 3 divisions.

The governance and management of our sustainable development strategy is presented in the table below:



1.2.2.2 - Variable compensation indexed to CSR issues

The short-term (bonus) and long-term (performance-based shares) variable compensation systems are aligned with the Group's strategic objectives and incorporate social and environmental responsibility criteria.

Under the guidance of the Director of Sustainable Development, a reflection was carried out over 2023 on the update of these criteria and their extension. Working discussions took place within various bodies and with the help of the Executive Committee.

These discussions led to a consensus on the most relevant criteria to represent our actions on the Carbon trajectory and those related to Diversity, Inclusion and Attractiveness.

The following decisions were taken:

- Concerning the health and safety criterion: maintenance of the TF1 (frequency rate of accidents with and without lost time for LISI employees and temporary workers – see Section 2.2.5 on health and safety),
- Extension to gender diversity criteria with two new indicators: % of women among managers and % of women executives (on the Executive Committee and Leadership Board) ahead of the Rixain law,
- Better representation of our actions on the carbon trajectory with a combination of criteria:
  - A criterion representing our sobriety plans with an indicator linked to energy savings in MWh related to projects compared to the previous year's consumption,
  - A criterion to monitor the share of renewable energy produced on site or purchased,
  - A criterion linked to the responsible use of water resources at our sites subject to water stress,
  - A longer-term criterion to reflect our greenhouse gas emission reduction targets.
- In 2023, these criteria were included in the short-term (bonus) and long-term (performance-related shares) variable compensation targets. The results of these objectives are presented in Section 1.1.5.

1.2.2.3 - Investment policy integrating CSR issues

In 2023, the LISI Group reviewed its investment procedure (CAPEX) to align it with the 3P program (People, Planet, Profit). In the past, only the Profit analysis (IRR and Payback) was required.

From now on, each major investment must account for its impact on each of the 3Ps.

- **PEOPLE:** an impact grid is requested on the subjects: machine compliance, workstation ergonomics, hazardous products.
- **PROFIT:** a calculation of the rate of return on investment and payback.
- **PLANET:** a calculation of greenhouse gas emissions (Carbon Impact). The assessment compares the situation before/after in tonnes of CO_2 equivalent.

REMINDER OF CRITERIA

Financial decision criteria	Acceptable	To be deepened
IRR - %	19%	15%
Payback - years	5	7
Environment decision-making criteria	**Favorable**	**Unfavorable**
Carbon savings - tCO_2	> 0	< 0

The purpose of this policy is to make factual strategic thinking on the impact of our investments on the environment and on working conditions.

It must raise awareness of our decisions on the three aspects (our 3Ps) and integrate concepts other than just profit in the decision.

This procedure was implemented in the second quarter of 2023.

Conditions set out in the procedure: the following projects must include a calculation of greenhouse gas emissions (Carbon impact):

- All projects of more than €250 thousand, regardless of the purpose;
- All projects in the following categories regardless of the amount:
  - new building or building renovation projects, or projects relating to the intelligent management of buildings, energy or utilities (HVAC, BMS, etc.),
  - renewable energy or fossil fuel projects,
  - projects associated with the decarbonization or energy sobriety plan.

- **At the end of 2023,**
  - The LISI AUTOMOTIVE division had applied this new procedure to 16 investments.
  - The LISI AEROSPACE division had applied this new procedure to 14 investments.

1.2.2.4 - The responsible purchasing policy integrating CSR issues

In 2023, LISI amended its Suppliers Charter to better integrate the CSR challenges expected from our partners.

In particular, LISI suppliers must undertake to:

- Respect the 10 principles of the United Nations Global Compact - GLOBAL COMPACT;
- Comply with conflict minerals regulations - CONFLICT MINERAL ACT;
- Comply with the regulations associated with the dangerousness of products in the countries to which they are delivered (e.g. EU: REACH, SDS, CLP, ROHS or its equivalents for other countries);
- Comply with all anti-corruption laws and regulations;
- Fight against all forms of discrimination;
- Engage in an innovative design approach for products or services that is eco-responsible;
- Respect the principles of ISO 14001 and ISO 45001 and converge as much as possible towards certification;
- Reduce their environmental footprint by undertaking an ambitious, structured approach with clearly established objectives;
- Communicate each year the greenhouse gas (GHG) emissions associated with the products and services purchased.

Suppliers must also familiarize themselves with and comply with the LISI Anti-Corruption Code of Conduct, which can be consulted on LISI's official website (ethics section). LISI also makes an alert system available to all (including its suppliers) in the event of non-compliance with this code of conduct.

SUPPLIERS CHARTER

lisi

SCOPE

The LISI group's SUPPLIER CHARTER applies equally to the Group and its three divisions **LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL**.
The best conditions granted by suppliers to a LISI site must apply to any site of the group, regardless of its division or location. The requirements of this charter must be **deployed by suppliers to their own suppliers.**

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

LISI suppliers must commit to:

- Respect the 10 principles of the United Nation Global Compact Program - ***GLOBAL COMPACT***
- Respect conflict minerals regulations - ***CONFLICT MINERALS ACT***
- Respect products hazardous materials regulations associated with the countries where they are delivered - (example EU: ***REACH, FDS, CLP, ROHS*** or their equivalents for other countries)
- Comply with all anti-corruption laws and regulations
- Fight against all forms of discrimination
- Initiate an eco-responsible approach to the innovative design of products and services
- Respect the principles of **ISO 14001 and ISO 45001** and converge as far as possible towards certification
- Reduce **their environmental footprint** by taking an ambitious, structured approach with clearly defined objectives
- Communicate each year the greenhouse gas (GHG) emissions associated with products and services purchased - LISI is committed to a decarbonization strategy (Scope 3 Upstream)

Suppliers must also be aware of and comply with LISI's **Anti-Corruption code of conduct**, which can be consulted on LISI's official website (ethics section). https://www.LISI-group.com/fr/documentations.html

LISI also provides everyone (including its suppliers) with an **alert system** in the event of non-compliance with this code of conduct. https://www.LISI-group.com/fr/documentations.html

LIABILITY AND INSURANCE

Suppliers working with the various divisions of LISI are aware of the criticality of its products and applications in the Aerospace, Automotive and Medical fields, and must **assume their responsibilities** by taking out the necessary **insurance policies**, from notoriously solvent companies, covering all direct and indirect costs in the event of failure of their supplies and/or services, including any financial consequences incurred throughout the supply chain right up to the final user.

For imports and exports, suppliers must ensure that their business practices comply with applicable laws, guidelines and regulations, and if necessary, obtain the required export control licenses.

SUPPLIERS CHARTER

lisi

QUALITY CERTIFICATIONS

For the supply of products and services that have a direct impact on the conformity of products manufactured by LISI, the implementation of a Quality Management System certified **ISO 9001** is a prerequisite. **Certifications EN9100 for aeronautics, IATF 16949 for automotive and ISO 13485 for medical** are highly recommended.

RISK MANAGEMENT

Suppliers must have an **identification, prevention and risk management process** in place that is supported by adequate procedures (**security and continuing plan**).

OPERATING PERFORMANCE

Suppliers must meet all their **contractual commitments, particularly in terms of quality, price and delivery times**, and must also engage in a **continuous improvement process** in order to achieve operational excellence in all areas.

The LISI Group encourages its suppliers to suggest **shared innovation** approaches **that are profitable** for everyone and a source of mutual sustainability.

INFORMATION PROTECTION

In particular, LISI expects its suppliers to respect the principles of **ISO 27001** and the **TISAX label** (applicable to our **LISI AUTOMOTIVE** division), and to converge as far as possible towards the corresponding certifications.

Suppliers shall deal appropriately with sensitive confidential, proprietary and personal information and shall comply with applicable legislation **concerning intellectual property rights including protection against disclosure**, as well as with applicable national and supranational legislation concerning the **protection of personal data**. Suppliers shall implement appropriate physical and electronic security procedures, such as cyber security programs, and shall report to LISI any suspected or actual data breach or security incident as soon as they become aware of it.

PRESERVATION OF LISI'S IMAGE

Suppliers must ensure that they implement all **the necessary measures to maintain the image of LISI.**

Emmanuel VIELLARD

Frédéric BALCERZAK

1.3 Compliance and responses to stakeholder expectations

1.3.1 International frameworks and external expertise

LISI ensures compliance with best environmental, labor and societal practices and adheres to recognized international norms and standards. The Group also relies on recognized CSR partners and methodologies to support and control its supply chain and develop its climate strategy, as well as on international reporting frameworks to ensure its transparency and on certifications to guarantee the quality of processes and its employer brand.

- LISI's CSR strategy contributes to **the United Nations Sustainable Development Goals** (SDGs). LISI supports the goals of this program and thus identified, in 2019, among the 17 SDGs, those to which the Group contributes through its CSR actions and its activities.
- The 3 Ps of its CSR strategy thus contribute to the SDGs presented in the table below through the policies and action plans described.

LISI's CSR commitments are based on recognized international standards, principles and frameworks:

- ISO standards: ISO 9001, ISO 14001, ISO 45001, ISO 26000,
- The standards of the Global Reporting Initiative (GRI),
- The UN Sustainable Development Goals,
- The UN Global Compact.

Our commitments also seek to align to the best practices of certain assessment bodies such as the Carbon Disclosure Project (CDP) or Ecovadis.

1.3.2 ISO 14001 / ISO 45001 / ISO 50001 / ISO 26000 certifications

LISI received ISO 14001 (v2015) and ISO 45001 (v2018) certificates following the audits carried out by Bureau Veritas at the end of 2021. The Group is audited each year and a follow-up audit was successfully carried out at the end of 2023 to verify continued compliance with the ISO 14001 and ISO 45001 standards.

BUREAU VERITAS Certification

LISI SA

6 RUE JUVENAL VIELLARD
90600 GRANDVILLARS – FRANCE

This is a multi-site certificate, additional site(s) are listed on the next page(s)

Bureau Veritas Certification Holding SAS – UK Branch certifies that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

ISO 14001:2015

Scope of certification

DESIGN AND MANUFACTURE OF ASSEMBLY SOLUTIONS AND COMPONENTS.

CONCEPTION ET FABRICATION DE SOLUTIONS ET COMPOSANTS D'ASSEMBLAGE.

Original cycle start date:	**25 February 2022**
Expiry date of previous cycle:	**N/A**
Certification / Recertification Audit date:	**14 December 2021**
Certification / Recertification cycle start date:	**25 February 2022**

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **24 February 2025**

Certificate No. *FR073126* Version: 2 Revision date: 11 April 2023
File No 10080281

Laurent CROGUENNEC –President
Signed on behalf of BVCH SAS – UK Branch

Certification body address: 5th Floor, 66 Prescot Street, London E1 8HG, United Kingdom
Local office: Bureau Veritas Certification France
Le Triangle de l'Arche - 9 Cours du Triangle - 92937 Paris La Défense

Further clarifications regarding the scope of this certificate and the applicability of the management system requirements may be obtained by consulting the organisation

To check this certificate validity please call + 33(0) 1 41 97 00 60

BUREAU VERITAS Certification

LISI SA

6 RUE JUVENAL VIELLARD
90600 GRANDVILLARS – FRANCE

This is a multi-site certificate, additional site details are listed in the appendix to this certificate

Bureau Veritas Certification Holding SAS – UK Branch certify that the Management System of the above organisation has been audited and found to be in accordance with the requirements of the management system standards detailed below

Standard

ISO 45001:2018

Scope of certification

DESIGN AND MANUFACTURE OF ASSEMBLY SOLUTIONS AND COMPONENTS.

CONCEPTION ET FABRICATION DE SOLUTIONS ET COMPOSANTS D'ASSEMBLAGE.

Original cycle start date:	**25 February 2022**
Expiry date of previous cycle:	**N/A**
Certification / Recertification Audit date:	**14 December 2021**
Certification / Recertification cycle start date:	**25 February 2022**

Subject to the continued satisfactory operation of the organization's Management System, this certificate expires on: **24 February 2025**

Certificate No : FR073127 - Version 2 Revision Date : 11 April 2023
File No : 10080281

Laurent CROGUENNEC - President,
Signed on behalf of BVCH SAS UK Branch

Certification body address: 66 Prescot Street, London E1 8HG, United Kingdom
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To check this certificate validity please call + 33(0) 1 41 97 00 60

40 out of the 47 sites (85%) have dual ISO 14001 (v2015) & ISO 45001 (v2018) certification, either through multi-site LISI certification, or through local certification.

In addition, the Lake Zurich site (United States) is ISO 14001 certified locally.

- Shanghai (China): the ISO 14001 & ISO 45001 certificates issued in Europe are not recognized by the Chinese government. This site is therefore certified locally.
- Bangalore (India), Livonia, Lake Zurich, and Garden Grove (United States), Queretaro (Mexico), and Suzhou (China) were recently acquired (or majority interest acquired). The LISI Group must put in place the Group's HSE management system before including them in the multi-site certification. The Lake Zurich and Garden Grove (United States) sites will become Group certified in 2023.
- Ayguemorte-les-Graves (France) is fully autonomous and integrated (process, revenue, etc.). Even though the site is not certified, it applies the principles of the Group's HSE management system.

In December 2023, the independent third-party organization Bureau Veritas confirmed the LISI Group's dual ISO 14001 & ISO 45001 certification.

11% of sites (5 sites) also have ISO 50001 certification on an individual basis. They are the following sites: Saint-Ouen l'Aumône, Villefranche-de-Rouergue, Vignoux-sur-Barangeon (France), Kierspe and Mellrichstadt (Germany).

Lastly, 3 sites were assessed individually according to ISO 26000: Saint-Ouen l'Aumône, Villefranche-de-Rouergue, Vignoux-sur-Barangeon (France).

1.3.3 Non-financial performance statement (NFPS) and duty of care

This chapter on sustainable performance addresses:

- the requirements resulting from Order No. 2017-1180 of July 19, 2017, and Decree No. 2017-1265 of August 9, 2017, establishing a non-financial performance statement, detailed notably in Articles L.225-102-1 and R.225-105 *et seq.* of the French Commercial Code (see Section 4.7.1),
- the requirements of Law No. 2017-399 of March 27, 2017 on the duty of care (see Section 4.3.4).

1.4 Anticipation of the CSRD

2023 was also devoted to anticipating work for the future Corporate Social Responsibility Directive (CSRD). This new European regulation, transposed into French law, will apply to LISI from next year.

LISI has participated as a member in most of the Sustainable Finance Committees/Commissions of the various federations (GIFAS, PFA, MEDEF, etc.) and EFRAG presentations. Preparatory discussions also took place with our Statutory Auditors.

In 2023, in concrete terms, our work to anticipate the future CSRD consisted in:

- Performing our gap analysis empirically on the ~1; 100 expected quantitative and qualitative data points;
- Starting discussions on the future dual materiality analysis;
- Initiating reflection on the choice of our future sustainability auditor;
- Considering IT solutions to support this non-financial reporting.

In 2023, we also launched our search for the future sustainability auditor. In particular, we have:

- Drafted specifications defining our needs and expectations;
- Launched a call for tenders with eight candidates;
- Selected four finalists who gave presentations in front of a multidisciplinary team composed of:
  - CSR skills: the CSR Director, the Group CSR manager,
  - FINANCE skills: the Group Chief Financial Officer,
  - RISKS & COMPLIANCE Expertise: the Group Secretary General, the Director of Internal Control, Risks and Compliance,
  - GOVERNANCE skills: a member of the Board of Directors of LISI, who is also a member of the Board of Directors' CSR Committee.

For the four finalists, we chose to hear from three Statutory Auditors (including two who are currently our statutory auditors) and one independent third party. The final choice will be confirmed by the General Meeting in April 2024.


People
Protecting our employees
Retain our talent

2 People: embody, live and accomplish our purpose, together

Alexis POLIN

Group Human Resources Director

In 2023, the LISI Group continued, with its 10,014 employees, the human adventure begun nearly 250 years ago, and prepared for the future. Our purpose, "Shape and share sustainable links", applies to all our stakeholders, foremost among them our current and future teams and talents.

Our Human Resources policy is based on the following five ambitions:

1– Honoring our social and societal responsibility

We strive to always live up to our responsibility as an employer, both in terms of the health and safety of our employees, as well as those of working conditions and the prevention of risks related to individual behavior and/or inappropriate management practices, or any form of harassment or discrimination.

2–Providing our employees with an environment conducive to their development

We place great importance on skills development and talent management. We are investing heavily in training, notably through LISI Knowledge Institute, our corporate university. We advocate an organization that promotes initiative, involvement and problem-solving as a team as close as possible to the field. We offer career development opportunities to our employees.

3–Making diversity a strength

In our industrial environment, we are working to develop gender diversity within our management bodies and management. This requires combating unconscious prejudices and biases. Our commitment to diversity goes beyond gender. All talents must be able to find a place within LISI, regardless of their age, ethnic origin, sexual orientation, religion, disability or any other characteristics protected by applicable law.

4–Working for local authorities and regions

LISI has always been committed to supporting local communities and the regions where the Group operates. Our contribution is not only limited to job creation, but extends well beyond, as evidenced by the commitments of the Group and its employees.

5–Préparer et réussir le futur, ensemble

The world is changing, and so are the expectations of our customers. Our industries are facing profound organizational and technological changes, including automation, digitalization and artificial intelligence. Our factories are undergoing transformation and we are committed to preparing, adapting and supporting our teams. We are proud of the ability demonstrated by our employees to succeed in changes, mutations and transformations. Together, they are writing the future of our industries.

people

1. Protect our employees

3. GOOD HEALTH AND WELL-BEING

4. QUALITY EDUCATION

2. Retain our talents

5. GENDER EQUALITY

8. DECENT WORK AND ECONOMIC GROWTH

10. REDUCED INEQUALITIES

2.1 Convictions, awards, highlights

People – Highlights

76% Employee satisfaction rate for Quality of Life at Work surveys	**6.7** TF1 – Accident Frequency Rate with and Without Stop (incl. interim)	**28.1%** Women executives in the organization	**38** "ELLES BOUGENT" godmothers in France (25 in 2022)
3 Digital solutions implemented: Welcome to the jungle, Mercateam and PeopleDoc	**100%** Recruiters trained in non-discrimination in France	**BEST** Winner 2023 – Best Managed Company	**0** No more level 1 machine non-conformity
ISO 45001 Maintaining ISO 45001 certification	**3** CSR criteria integrated in the remuneration of senior management	**2,216** New employees (excluding apprentices)	**220,472** Training hours (+42% vs. 2022)

In 2023, the HR strategy focused on reconciling the transformations of the economic, social, and political environment with an efficient and caring organization.

The **digitalization of HR tools** is continuing and growing. Over the past two years, significant achievements have been made. This transformation will continue in 2024 and 2025 with the Global HR Core project under Workday.

- **Global HR Core:** a worldwide contract was signed with WORKDAY. Our vision is to set up a global HR Core, with On/Off boarding functionalities, an enhanced 360° analysis of our employees, simplification and standardization of HR processes, automation of our reporting KPIs, and digitalized recruitment. This large-scale project will be spread over the next two years. The year 2023 was mainly devoted to the structuring of a project team, to researching key skills in data integration for the realization of the many interfaces and to opening a first test environment.
- **Dematerialization of expense reports:** Within the *WORKDAY* project, the digitalization of expense reports is taking place at the same time. We aim to eliminate the paper forms and receipts that continue to be required for accounting validation.
- **Digitization of payslips:** the electronic *safe PEOPLEDOC* was commissioned for all French employees. The solution also offers structured document management for HR teams. During 2024 and 2025, our intention is to continue this extension to other countries.
- **Skills management & job competencies.** The *MERCATEAM* solutions is continuing its rapid deployment. We went from 12 sites in 2022 to 19 sites in 2023. It is now present in six countries (France, United States, Turkey, United Kingdom, Morocco, Germany). This solution makes it possible to manage workstation versatility and gain agility and responsiveness in managing schedules. In 2024, this solution will include provisional management of jobs based on the risk of job obsolescence in the coming years. The idea is to anticipate, in agreement with our employees, the training necessary to upgrade their skills for the jobs of tomorrow.
- **Digitalization of the Job Exchange and Attractiveness:** Since 2022, LISI's showcase and career opportunities are visible internally and externally *via* the site *WELCOME TO THE JUNGLE*. In 2023, we produced a video called "Culture", the purpose of which is to highlight our purpose, our values and our corporate culture.

Again, this year, **the development of the management teams** was considered as essential to ensure the well-being of employees and their development, but also to achieve the performance objectives expected by the Group.

Thus, the LISI Company University (LKI) supported the training of 108 managers representing 4,046 hours.

New training, such as the Digital Transformation offered in the course for facility managers, was added to the catalog. Foreign sites such as Germany and the United States also launched specific programs.

The promotion of the Group and the search for new talent were strengthened. In 2023, 2,216 people joined us (1,465 men and 751 women on permanent and fixed-term contracts). The sites massively developed their actions with local institutions, partners, schools and universities to attract and recruit. Many platforms were also used (internet, radio, television, webinars, etc.). Videos were produced to promote the professions and the men and women who occupy them.

Television reports were filmed in Bologne (France) and Fuenlabrada (Spain). Not to mention podcasts or the use of social networks such as Instagram or LinkedIn.

The adaptation of human resources remains a major challenge to constantly adapt working hours to production needs. The Divisions are preparing for a strong ramp-up. Listening to, and meeting the expectations of, employees are essential in reassuring, involving and motivating in these periods of instability. The Quality of Life at Work (QLW) survey, launched, as every year, in September, made it possible to strengthen our listening skills and the feedback on needs. In addition, teleworking, one of the high expectations of employees, continued to develop within the Group, including internationally.

2.2 Employee health and safety

GRI STANDARDS **GRI 403**

Health and safety at work is a fundamental value of our Group policy.

The LISI Group pays great attention to the health and safety of its employees and prioritizes it. Ensuring that everyone leaves work in good health and improving working conditions are among the Group's values.

2.2.1 Health and safety at work policy

The Group's ambition is to achieve excellence in health and safety at work. For LISI, excellence means:

- everyone coming home after work in good health,
- the Group continually improving working conditions,
- the Group complying with regulatory obligations and other commitments to which it is subject.

By signing this policy, the Group's Senior Management and the management of the divisions committed to dedicating momentum and resources into achieving this excellence.

The LISI Group uses the principles of ISO 45001, the international standard on health and safety at work, to implement this policy. This deployment strategy is based on the prioritization of prevention measures:

- Elimination of the hazard,
- Substitution with less hazardous operations or equipment,
- Collective protection,
- Training,
- Individual protection.

2.2.2 Deployment of Health and safety at work

2.2.2.1 - LISI HSE Excellence:

LISI has built a tailor-made program: LISI HSE Excellence, which is the heart of its health and safety at work management system.

This ambitious program aims to engage each employee around a common goal: prevention for health and safety at work but also protection of the environment. It provides everyone with easy-to-use tools to achieve HSE targets. It is based on 12 areas for continuous improvement.

The use of certain tools is mandatory, such as:

- LISI RM, a software tool used to identify, assess and manage HSE risks,
- Golden Rules: HSE rules common to all LISI sites,
- 8D cause analysis, a tool for analyzing the root causes of accidents and incidents.

Other tools are available depending on the specific needs of each site, for example:

- "Don't walk on by", a tool enabling each employee to be a daily player in a dangerous situation, and to develop shared vigilance,
- "HSE mission of supervisors" training,
- Best practices on energy, fire, etc.,
- "Change Management" tool, to manage risks when setting up new projects.

Moreover, HSE is one of the first items discussed during each meeting:

- Problem Solving Management (PSM),
- Weekly Steering Committee meeting at Group level,
- Monthly presentation of the results of each division/ Business Group/site,
- Monthly Management Committee and Executive Committee meetings,
- Advice on the annual performance of each site.

Governance:

A specific annual HSE management review ensures the achievement of the objectives and the effectiveness of the LISI HSE Excellence program. Taking part in this management review are:

- Two members of the Executive Committee: the Industrial and Purchasing Director, the CSR & Digital Transformation Director,
- The Group HSE Manager,
- The Group CSR Manager,
- The Quality and Industrial Performance Directors of LISI AEROSPACE and LISI AUTOMOTIVE,
- The HSE Directors of each division.

An HSE Expert Committee also meets on a monthly basis. It is composed of:

- The Industrial and Purchasing Director,
- The Group HSE Manager,
- The Group CSR Manager,
- The HSE Directors of each division.

It has an operational role of support and continuous improvement in the areas of health, safety, and the environment. In 2023, it worked on the transversalization of corrective actions, the sharing of best practices, the progress of the Group's HSE strategic plan and the definition of the HSE roadmap for the coming years.

2.2.2.2 - Internal audits

An internal HSE audit program makes it possible to assess the deployment of the LISI HSE Excellence program at the sites according to an internal audit grid specific to LISI. The audit determines the level of maturity of the site according to 4 increasing levels: Non-Standard, Bronze, Silver and Gold.

These assessments are carried out by trained and experienced internal auditors.

Out of the ten sites audited internally in 2023, four were classified as "Non-Standard", three achieved "Bronze" level, two the "Silver" level, and one the "Gold" level. Each audited site must provide an action plan related to the gaps identified during the audit. With regard to non-compliance, an analysis of the causes must be provided and an action plan implemented.

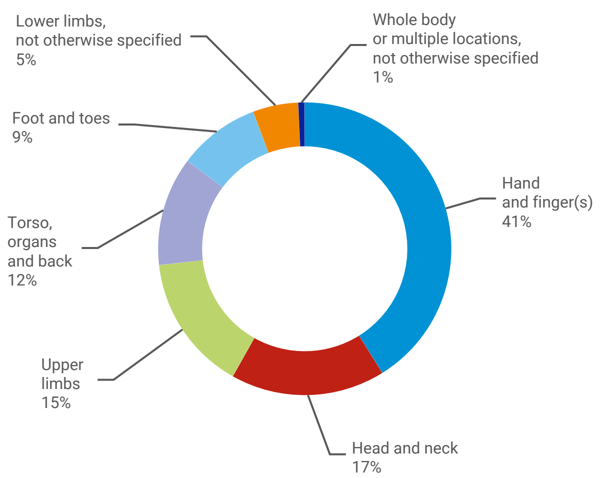
2.2.3 Identification of the main risks and hazards at work

LISI regularly assesses occupational risks at workstations. The purpose of this assessment is to identify significant risks and implement the necessary action plans to eliminate them and, if this is not possible, reduce them.

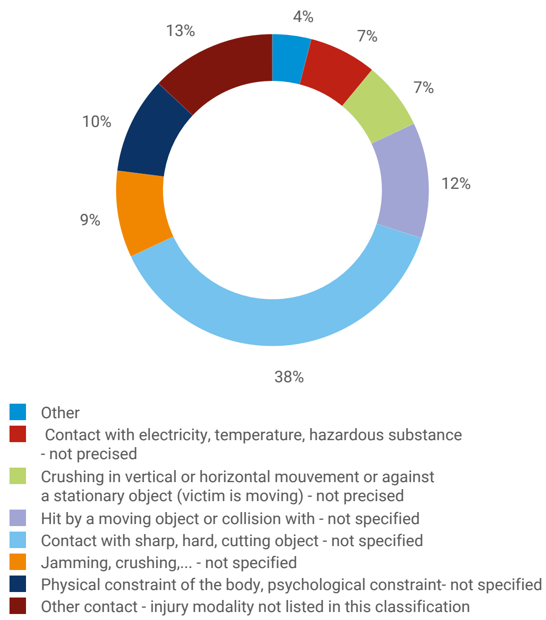
These action plans describe approaches to ensure safe working conditions and promote employee commitment in company-wide safety processes.

The main tables presenting the injuries in 2023 are as follows:

Breakdown of 2023 accidents (with and without lost time) by site of injury



Breakdown of 2023 accidents (with and without lost time) by cause of injury



On all of the Group's sites, 37,899 risks were identified but only 0.75% (*i.e.* 286 risks) were assessed as significant, of which 195 are the subject of at least one action plan, the others are being analyzed.

The five main types of significant risks (49% of significant risks) identified within the LISI Group are:

- Gestures and postures,
- Ambient noise,
- Manual handling,
- Inhaling a chemical agent,
- Entrapment/entanglement.

Once these risks have been identified, the sites define and implement the action plans necessary to eliminate them – or at least reduce them – in order to guarantee safe working conditions and promote employee commitment in risk prevention.

2.2.4 Health and safety at work prevention actions

2.2.4.1 - Training and awareness-raising

The LISI Group devotes a number of resources to the training of its staff throughout the professional life of employees and temporary workers:

- The general onboarding of all employees and temporary workers includes essential concepts such as the HSE policy and objectives, the LISI golden rules, the individual protective equipment to be worn on the site, emergency situations, the main risks of a site, the concepts of withdrawal rights and shared vigilance, etc.
- Onboarding at the workstation also recalls all the elements relating to health and safety but specific to the workstation. They are presented by a tutor or supervisor.
- Regular training for employees and temporary workers. It may involve:
  - Mandatory training to occupy the workstation: driver's license, electrical certification, etc.
  - General training in health and safety: first aid, handling of fire extinguishers, safety culture, etc.
  - Training for managers: "HSE mission for supervisors", civil and criminal liability, etc.

In order to continue the development of the HSE culture, LISI is committed to ensuring that 100% of the Group's employees participate in at least one health and safety training/awareness-raising activity per year from 2023.

In 2023, the target was achieved. All employees have received at least one health and safety awareness/training:

- for newcomers, through their onboarding,
- for staff present for one year, through a two-hour awareness-raising session on the general safety rules and the risks specific to their workstation.

2.2.4.2 - Health and safety improvement plans

Each site draws up a health and safety improvement plan that includes the following actions:

- Actions aimed at eliminating or reducing significant risks from the assessment of occupational risks,
- Corrective actions resulting from analyzes of the causes of accidents/ health and safety incidents,
- Corrective actions following non-compliance cases from external audits,
- Corrective actions following non-compliance cases and internal audit recommendations,
- Actions resulting from site management reviews,
- Actions to achieve the Group's HSE objectives,
- Actions resulting from the consultation/participation of employees or their representatives.

These improvement plans are drawn up with the HSE department of each site. Different routines for monitoring the progress of these improvement plans are implemented at the sites:

- Daily team meetings (PSM),
- Weekly or monthly meetings of the site Management Committees (A3 follow-up, Executive Committee meetings, etc.),
- Sometimes monthly HSE meetings,
- Annual review during the Management Review.

The responsibility for carrying out these actions lies with the pilots, which may be the production department, the maintenance department, the HSE department, etc. Responsibility for monitoring progress is divided between the HSE department and the General Management of each site.

Sites where health and safety results are not at the level expected by the Group may be subject to a specific action plan (disruption plan), monitored by the division concerned and/or the Group.

At the end of 2023, ten sites were affected by this type of approach.

2.2.4.3 - Prevention of psychosocial risks

In France, employees of the LISI Group benefit from the services of Workplace Options, in order to prevent any psychosocial risks, regardless of their origin, whether work-related or personal.

This listening and support platform, composed of psychologists available 24/7, allows any employee to obtain the assistance of a qualified professional to overcome their problems and find a solution to their difficulties, be they of a personal, professional, family or addiction-related nature.

A telephone call allows the employee to be put in touch with a psychosocial worker in his/her region, in a completely confidential manner, who will thus be able to establish an initial diagnosis. The employee may benefit from a consultation covering up to 12 hours of treatment.

2.2.5 Workplace health and safety results

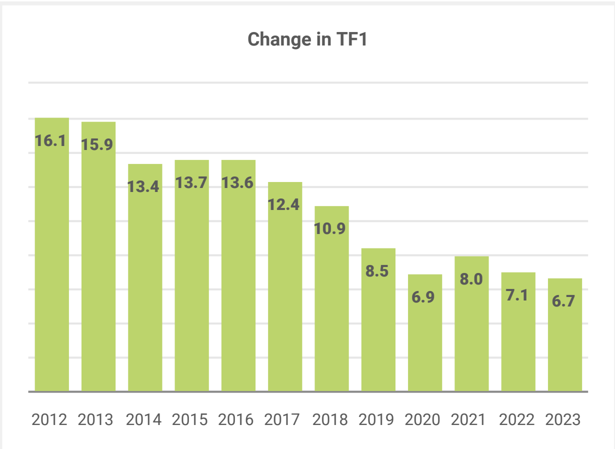
2023 target: an TF1 of less than 7

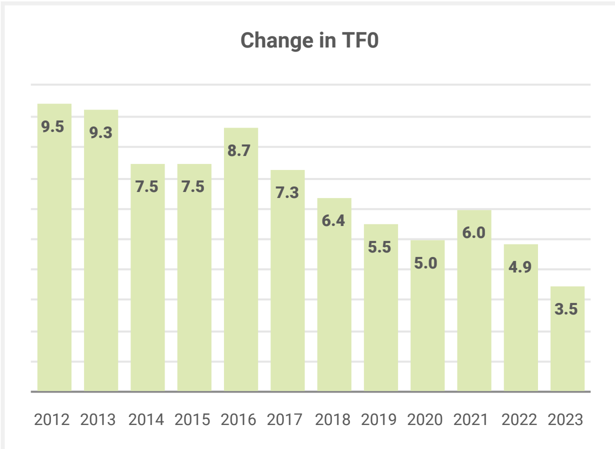
LISI monitors the TF1 as the main indicator relating to workers' health and safety. It represents the number of occupational accidents with or without time lost for LISI employees and temporary workers per million of hours worked.

Each accident with or without lost time that occurs at the LISI Group is reported at the highest level, up to the members of the Executive Committee.

Indicators	2019	2020	2021	2022	2023	Change over 10 years	Change over 5 years
TF0 LISI employees	5.9	5.0	6.0	4.9	3.5	-62%	-46%
TF0 LISI employees + temporary workers	6.8	5.1	6.1	5.7	4.4	-57%	-40%
TF1 LISI employees	8.0	6.9	7.9	6.1	5.7	-61%	-37%
TF1 temporary workers	21.2	6.7	9.4	24.2	18.8	-42%	-11%
TF1 LISI employees + temporary workers	9.0	6.9	8.0	7.1	6.7	-58%	-34%

TF0 = number of occupational accidents with time lost per million of hours worked.
TF1 = number of workplace accidents with and without day lost per million of hours worked.





Significant events in 2023:

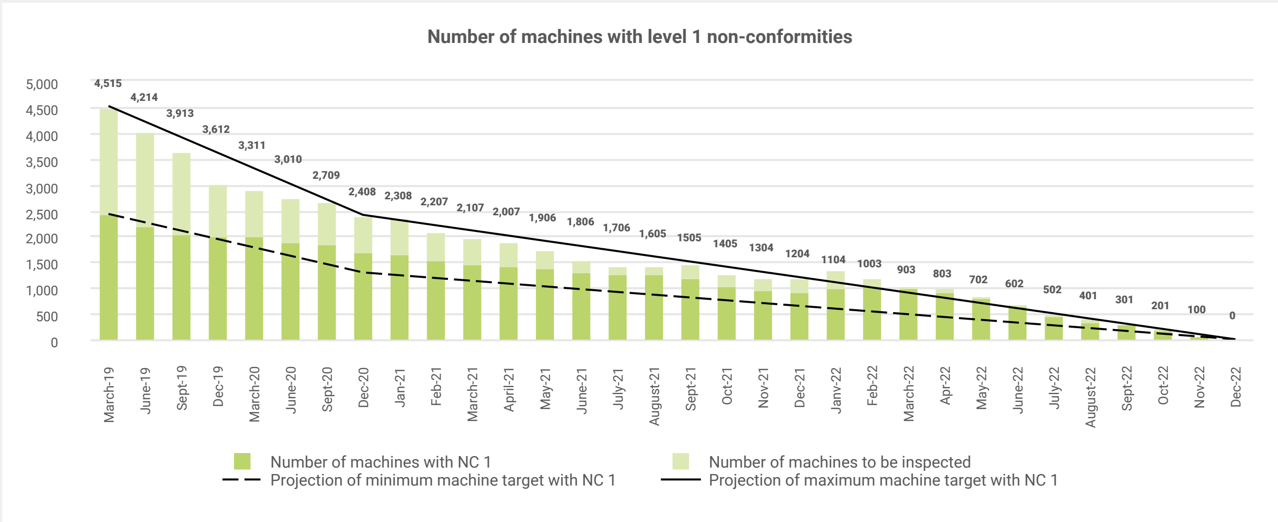
- Unfortunately, for the first time, a LISI employee lost his life during a maintenance operation. This tragedy deeply upset the teams. The Group immediately took the necessary support measures for the family of this employee and for close employees who were also very affected. The LISI Group has obviously questioned all its processes to learn all the lessons from this tragedy and ensure that such an accident cannot happen again. In particular, the HSE and Maintenance teams:
  - strengthened the performance of risk analyzes before any maintenance operation and their relevance,
  - organized feedback sessions,
  - carried out work sessions on the definition of 12 maintenance standards,
  - implemented awareness raising of all maintenance teams on these 12 standards.
- Despite this tragic event, the LISI Group continued to make progress in terms of accidents. The frequency rate of accidents with and without lost time for LISI employees and temporary workers is less than 7 ($TF1_{\text{LISI employees + temporary workers}}$ = 6.7), *i.e.* an improvement of 58% in ten years and of 34% in five years.
- The frequency rate of accidents with time lost for LISI employees ($TF0_{\text{LISI}}$) dropped by 62% in ten years to 3.5 accidents per million hours worked at the end of 2023.
- 67% of production sites had an occupational accident frequency rate with and without lost time that was below the target of 7 and 29% (12 sites) had no accidents in 2023 (frequency rate = 0).
- The severity rate was 0.19 days of leave for LISI employees and temporary workers per thousand hours worked at the end of 2023.

Note: The Bangalore site in India is not consolidated in the data. Nevertheless, the accidentology of this site is monitored at the local level. The site reported 4 accidents (4 with and 0 without lost time), i.e. an occupational accident Frequency Rate with and without lost time for LISI employees and temporary workers of 5.8. This frequency rate is stable compared to last year.

Occupational diseases:

At all of the Group's production sites, 24 occupational illnesses were recognized by the competent authorities in 2023. They are mainly related to tendinopathies and epicondylitis caused by certain movements and postures. All sites are working to reduce physical strain by conducting analyzes and making ergonomic improvements to workstations, while also limiting the weight of containers or offering warmups prior to starting work, and using robots for certain operations.

Machine compliance:



The Group launched an ambitious program to bring its machines into compliance to anticipate and limit the risk of injuries. The objective, known as 0 NC1, is for all machines with level 1 non-compliance (that could endanger the physical integrity of employees) to be treated.

At the end of 2022, the target had been achieved except at the four recently acquired sites, which benefited from an additional extension: Garden Grove, Livonia, Lake Zurich (United States) and Suzhou (China). Of these four sites, two achieved the target of 0 NC1 in 2023 (Garden Grove and Suzhou). The Livonia and Lake Zurich sites have until the summer of 2024 to reach the target. The progress in 2023 on these four sites was significant, since we started the year with 214 machines with NC1s and ended with 58 machines remaining to be addressed, *i.e.* a reduction of -73%.

All machines with level 1 non-compliance issues addressed:

- Were either brought back into compliance,
- Or were replaced by more recent and compliant equipment,
- Or, for a small part, were consigned (installation of a padlock) pending their return to compliance or replacement. The latter will be subject to specific monitoring to ensure that their treatment is duly taken into account.

Site visits and audits in 2023 made it possible to ensure the proper implementation and maintenance of compliance actions.

2.3 Workforce, recruitment and staff turnover (GRI 401-1)

2.3.1 Workforce

Our headcount amounted to 10,014 employees, an increase of +3.5%. With the exception of the LISI AUTOMOTIVE division, which decreased slightly, all the other divisions recorded an increase.

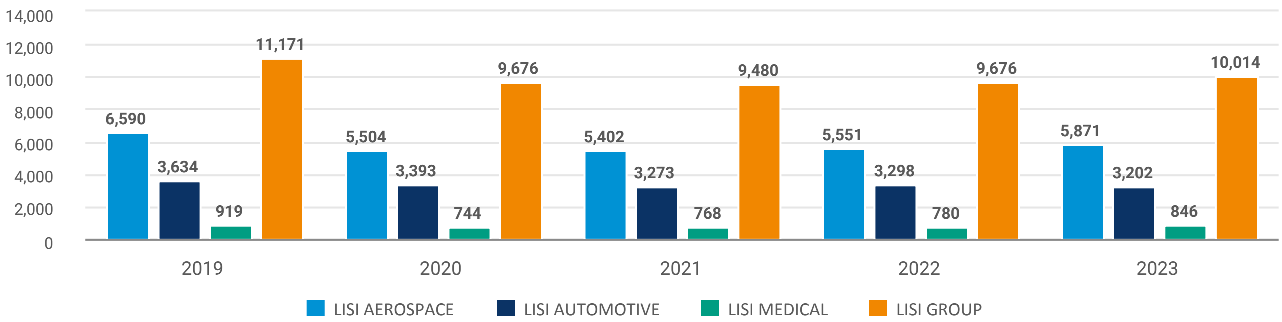
It should be noted that the growth of LISI Corporate is due to the reclassification of the 50 registered employees of the Accounting Shared Services Center in France, who were previously housed in the LISI AEROSPACE and LISI AUTOMOTIVE divisions.

The change in the number of registered employees since 2019 is as follows:

	2019	2020	2021	2022	2023	Variation
LISI AEROSPACE	6,590	5,504	5,402	5,551	5,871	+5.8%
LISI AUTOMOTIVE	3,634	3,393	3,273	3,298	3,202	(2.9%)
LISI MEDICAL	919	744	768	780	846	+8.5 %
LISI CORPORATE	28	35	37	47	95	+102.1 %
TOTAL	**11,171**	**9,676**	**9,480**	**9,676**	**10,014**	**+3.5%**

The LISI AEROSPACE division represents 58.6% of registered employees, followed by the LISI AUTOMOTIVE division at 32.0% and the MEDICAL division at 8.4%.

Change in headcount



Breakdown by type of contract and gender

The number of registered employees breaks down as follows:

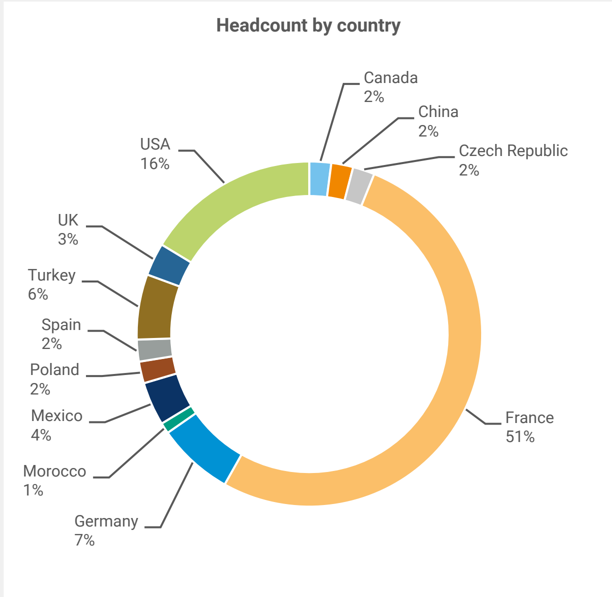
- 23.6% women and 76.4% men
- 91.0% permanent contracts, 6.0% fixed-term contracts and 3% apprentices

Number of listed employees, by contract type and gender	Women	Men	Total
Permanent	2,107	7,018	9,125
Fixed term	190	408	598
Apprentices	70	221	291
Total	**2,367**	**7,647**	**10,014**

Breakdown by country

LISI is present in 13 countries. France represents 51% of the headcount, followed by the United States (16.4%), Germany (6.9%) and Turkey (5.7%). These four countries represent 80.3% of the Group's registered headcount.

Headcount	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	LISI CORPORATE	TOTAL
Germany	5	690	0	0	695
Canada	286	4	0	0	290
China	0	134	0	0	134
Spain	0	170	0	0	170
France	3,257	1,304	459	90	5,110
India	198	0	0	0	198
Morocco	75	34	0	0	109
Mexico	0	332	0	0	332
Poland	243	0	0	0	243
Czech Rep.	0	196	0	0	196
Turkey	571	0	0	0	571
UK	304	0	0	0	304
US	932	338	387	5	1,662
TOTAL	**5,871**	**3,202**	**846**	**95**	**10,014**



2.3.2 Breakdown of executives and non-executives

Within LISI, the breakdown of managers and non-managers is one of the important aspects of HR analysis and reporting. The definition of managerial staff was reviewed in 2023 in order to better match the French concept of managerial staff on foreign sites.

Since 2023, the following are considered as managers within LISI:

- In France, people whose socio-professional category is "manager" (cadre); from 2024, in metallurgy, job classes 11 to 18 of the new national collective agreement for metallurgy.
- For countries outside France, people in the following categories are considered managers:
  - Exempt (United States, Poland and Turkey),
  - Managers, Directors and Chief Executive Officers (Canada, United Kingdom, Spain, Mexico, Czech Republic, China, India),
  - Managers and Manager equivalents (Morocco),
  - EG12 and off-tariff employees (Germany, Kierspe), EG13 and off-tariff employees and AT (Germany, Heidelberg), EG14 and off-tariff employees (Germany, Mellrichstadt).

At the end of 2023, LISI had 1,350 managers, *i.e.* 13.5% of the registered headcount. The number of managers is slightly down compared to 13.9% in 2022. The percentage of managers by division is as follows:

	Non- Managers	Managers	% of Managers
LISI AEROSPACE	5,172	699	11.9%
LISI AUTOMOTIVE	2,739	463	14.5%
LISI MEDICAL	709	137	16.2%
LISI CORPORATE	44	51	53.7%
TOTAL GROUP	**8,664**	**1,350**	**13.5%**

2.3.3 Age structure

The age pyramid at the end of 2023 breaks down as follows:

- Under 30 years old: 18.9%
- 30 to 40 years old: 25.2%
- 40 to 50 years old: 27.4%
- 50 to 60 years old: 23.2%
- More than 60 years old: 5.2%

Age	Women	Men	Total	Proportion	Of which Women	Of which Men
< 25 years	192	556	748	7.5%	8.2%	7.2%
25-30 years	253	895	1,148	11.5%	10.8%	11.7%
31-35 years	276	956	1,232	12.3%	11.8%	12.4%
36-40 years	236	1,059	1,295	12.9%	10.1%	13.8%
41-45 years	308	1,089	1,397	14.0%	13.2%	14.2%
46-50 years	351	998	1,349	13.5%	15.0%	13.0%
51-55 years	320	897	1,217	12.2%	13.7%	11.7%
56-60 years	267	840	1,107	11.1%	11.4%	10.9%
61 and over	132	389	521	5.2%	5.7%	5.1%
TOTAL	**2,335**	**7,679**	**10,014**	**100.0%**	**100.0%**	**100.0%**

2.3.4 External hires

In 2023, 2,216 216 external hires (fixed-term and permanent contracts) were made, breaking down as follows:

- 66.1% men and 33.9% women
- 10.3% managers and 89,7% non-managers
- 1,909 hires on permanent contracts (86.1%) and 307 on fixed-term contracts (13.9%)

In addition to these 2,216 hires on permanent and fixed-term contracts, 149 new apprentices were added, bringing the total number of hires to 2,365 people.

	2019	**2020**	**2021**	**2022**	**2023**
Total permanent contracts	**983**	**472**	**1,055**	**1,675**	**1,909**
of which permanent management hires	*188*	*127*	*155*	*204*	*257*
Total fixed-term contracts	**361**	**350**	**262**	**420**	**307**
of which fixed-term contract management hires	16	14	10	31	18
TOTAL HIRES (PERMANENT + FIXED-TERM CONTRACTS)	**1,344**	**822**	**1,317**	**2,095**	**2,216**
of which management hires	*204*	*141*	*165*	*235*	*275*
Total hires apprentices	**n.d.**	**n.d.**	**n.d.**	**n.d.**	**149**
TOTAL HIRES (ALL)	**1,344**	**822**	**1,317**	**2,095**	**2,365**

The 2,365 new hires compared to the registered headcount of 10,014 represent 23.6%, reflecting the associated recruitment and integration effort.

Recruitment by division is as follows: LISI AEROSPACE: 1,158, *i.e.* 49% of total hires; LISI AUTOMOTIVE: 930, *i.e.* 39.3% of total hires; LISI MEDICAL: 209, *i.e.* 8.8% of total hires; LISI CORPORATE: 68, i.e. 2.9% of total hires.

2.3.5 Staff turnover

In 2023, 2,027 registered employees left us, broken down as follows:

- 1,783 employees on permanent contracts,
- 157 employees on fixed-term contracts,
- 87 apprentices (or professional training contracts).

For employees with permanent contracts, the breakdown of employee departures by reason is as follows:

	Women		Men			
End of permanent contracts, by reason, status and gender	Cadres	Non-cadres	Cadres	Non-cadres	TOTAL	Proportion
End of trial period at employee's initiative	3	69	7	60	139	7.8%
End of trial period at employer's initiative	4	14	7	40	65	3.6%
Resignation	39	143	83	404	669	37.5%
Job abandonment	–	183	1	141	325	18.2%
Retirement	7	21	11	111	150	8.4%
Mutually agreed termination	9	18	14	24	65	3.6%
Dismissal for medical unfitness	–	7	1	25	33	1.9%
Disciplinary dismissal	1	13	7	80	101	5.7%
Dismissal for professional incompetence	2	7	3	15	27	1.5%
RIF/Redundancy	7	35	7	50	99	5.6%
Transfer to another LISI site in the same country	18	27	17	12	74	4.2%
Transfer to another LISI site in another country	–	–	1	–	1	0.1%
Death	–	1	1	11	13	0.7%
Other reason(s) for ending contract	–	3	–	19	22	1.2%
Total	**90**	**541**	**160**	**992**	**1,783**	**100.0%**
Proportion	**5.0%**	**30.3%**	**9.0%**	**55.6%**	**100.0%**	
out of which voluntary departures	*42*	*212*	*90*	*464*	*808*	*45.3%*
Proportion over voluntary departures	**5.2%**	**26.2%**	**11.1%**	**57.4%**	**100.0%**	

The indicator monitored within LISI to assess the turnover of employees is the so-called “resignation rate”. This indicator includes the following reasons for voluntary departures:

- Resignations
- End of trial period at the initiative of the employee.

Abandonment of positions was recorded for the first time this year. As the definition was not assessed in the same way in all countries, and very concentrated on Mexico, this typology is currently excluded from the resignation rate.

In addition, only departures of employees on permanent employment contracts are included in this analysis.

In 2023, the “resignation rate” thus defined was 8.1% for a target set at 8%, an improvement compared to the rate for 2022.

	2019	2020	2021	2022	2023
Resignation rate	6.2%	5.3%	6.5%	9.0%	8.1%
Nb of headcount	11,171	9,676	9,480	9,676	10,014
Nb of resignations	691	517	619	849	808

The resignation rate by division is as follows: LISI AEROSPACE: 6.3%; LISI AUTOMOTIVE: 10.9%; LISI MEDICAL: 9.9%; LISI Corporate: 5.3%

It should be noted that nine sites have a resignation rate of more than 15% and 25 sites have a resignation rate of less than 5%.

Resignations can be broken down according to the length of service of the persons concerned:

- 35% in the first year
- 56% in the first 24 months
- 18% between 2 and 5 years
- 14% between 5 and 10 years
- 12% beyond 10 years of service.

Resignations, by seniority at the notification date, by status and gender	Women		Men		TOTAL	Proportion
	Cadres	Non-cadres	Cadres	Non-cadres		
0 to 1 year	2	55	13	163	233	34.8%
1 to 2 years	9	42	18	71	140	20.9%
2 to 3 years	4	8	5	25	42	6.3%
3 to 5 years	7	14	13	42	76	11.4%
5 to 10 years	13	15	20	49	97	14.5%
10 to 20 years	4	7	8	46	65	9.7%
20 to 30 years	–	–	2	12	14	2.1%
30 years and over	–	–	1	1	2	0.3%
Total	**39**	**141**	**80**	**409**	**669**	**100.0%**

Key figures on hires/departures

	2019	2020	2021	2022	2023
Total headcount	11,171	9,676	9,480	9,676	10,014
Total departures	**1,570**	**2,135**	**1,476**	**1,818**	**2,027**
% of departures on headcount	15.7%	21.3%	14.7%	18.2%	20.2%
Total hires	**1,344**	**822**	**1,317**	**2,095**	**2,365**
% of hires on headcount	13.4%	8.2%	13.2%	20.9%	23.6%
Net balance (hires - departures)	**(226)**	**(1,313)**	**(159)**	**277**	**338**
Turnover rate	13.0%	15.3%	14.7%	20.2%	21.9%
Total resignations	**691**	**517**	**619**	**849**	**808**
Resignation rate	6.9%	5.2%	6.2%	8.5%	8.1%

These statistics reveal the challenges of integration and the attractiveness of our company for those who join us. Each year, we have a significant proportion of movements. In 2023, new hires represented the equivalent of 23.6% of registered employees. Departures represent 20.2% of registered employees.

2.4 Diversity and inclusion (GRI 405-1)

"Diversity is a strength" is our conviction. We promote a work environment that is inclusive and open to all. Each employee must be able to feel "at their place" at LISI regardless of their origin, age, sexual identity or orientation, or whether or not they have a disability.

Within the Group, all employees must be treated fairly and without discrimination in terms of recruitment, compensation, benefits and career progression.

2.4.1 Gender diversity

LISI's efforts in terms of gender diversity focus on the following areas:

- Increase the proportion of women in the organization;
- Promote equal opportunities;
- Fight against gender disparities to achieve professional equality among men and women;
- Fight against the stereotypes attached to the notion of "female" or "male" jobs;
- Display clear progress objectives that enable all management teams to be on board.

The Group is composed of 23.6% women and 76.4% men. The proportion of women in the group decreased slightly in 2023.

% women	2019	2020	2021	2022	2023
% of women within LISI	22.0%	23.0%	23.0%	23.9%	23.6%
% of women among managers	24.6%	30.1%	27.1%	28.3%	28.1%
% of women managers	3.0%	4.0%	3.2%	3.9%	3.9%

This target was not achieved, with women representing only 28.1% of managers at the end of 2023, down compared to 2022. However, the representation of women among managers remains higher than the overall percentage of women within the group.

% women	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	LISI CORPORATE
% women	19.9%	28.7%	24.9%	68.4%
% of women among managers	26.6%	26.1%	31.4%	58.8%
% of female managers	3.2%	3.8%	5.1%	31.6%

Statistics on gender diversity by country at end are as follows at end 2023:

% by country	Women	Men	% de femmes cadres
Canada	10.6%	89.4%	36.8%
China	47.5%	52.5%	47.1%
Czech Rep.	24.9%	75.1%	40.0%
France	21.1%	78.9%	29.0%
Germany	19.5%	80.5%	10.8%
Morocco	15.4%	84.6%	30.0%
Mexico	61.4%	38.6%	8.3%
Poland	58.3%	41.7%	36.4%
Spain	18.9%	81.1%	36.4%
Turkey	11.1%	88.9%	25.0%
India	8.6%	91.4%	—%
United Kingdom	13.9%	86.1%	26.7%
United States of America	26.9%	73.1%	29.2%
TOTAL	**23.6%**	**76.4%**	**28.1%**

The countries with the highest rates of women in general and among managers are China, Poland and the Czech Republic. The countries with the lowest representation of women are India, Germany and Turkey.

The main results statistics on the employment of women are as follows:

In terms of hires, in 2023, women represented:

- 31.8% of new hires in general,
- 38.5% of hires of managers.

In both cases, these rates are higher than the current representation of women.

In terms of departures, in 2023, women represented:

- 36.4% of departures in general,
- 36.9% of departures of managers.

In both cases, these rates are higher than the current representation of women.

In terms of resignation, the statistics are as follows:

- 31.4% of resignations were women, and 38.5% of manager resignations were women,
- 10.7% of women (registered headcount) resigned compared to 7.1% of men,
- 11.1% of female managers (registered headcount) resigned compared to 9.3% of male managers.

In both cases, a higher proportion of women resign than men.

In terms of training and promotion

- Of all those who received training: 21.6% were women and 78.4% were men;
- In terms of number of training hours, 19.7% of hours were for women and 80.9% for men
- Of the 439 people promoted: 21.6% were women and 78.4% were men;
- Of the 30 promotions from non-managerial to managerial roles: 43.3% were women and 56.7% were men.

2.4.1.1 - Combating gender stereotypes (GRI 406-1)

LISI wants to take action to combat the unconscious stereotypes and biases that influence decisions and behaviors. In France, in 2022, 100% of HR managers and managers involved in the recruitment process were trained in non-discrimination in hiring. This training has been provided to newcomers since then. Similar training will be provided in 2024 at all foreign sites.

LISI endeavors to showcase women who occupy technical professions, particularly in its communications on social networks, thus combating the assumptions that certain professions tend to be reserved for men and others for women.

In the same vein, LISI has created with the association **"Elles Bougent",** a group of 38 LISI "godmothers". Their role is to promote industrial careers internally as well as externally among secondary school students.

During the Paris Air Show, LISI AEROSPACE welcomed the association "Elles Bougent" to its stand: 150 students and high school students visited our stand. They were welcomed by two LISI godmothers.

In 2023, LISI AUTOMOTIVE had the pleasure of welcoming the **"Elles Bougent"** Regional Delegate of Bourgogne-Franche Comté to Grandvillars.

In the United States and Canada, the Torrance, Garden Grove, City of Industry and Dorval sites are members and/or participate in events organized by the association "Women in Aerospace". On the occasion of the annual "Women in Aerospace" conference in 2023, three LISI ambassadors were recognized.

2.4.1.2 - Recruit women

In 2023, women represented 33.9% of permanent and fixed-term contract hires, and 38.5% of managerial hires.

Proportion of women	2023
Hires – Women on permanent contracts	**637**
of which managers	96
Hires - Women on fixed-term contracts	**114**
of which managers	10
TOTAL HIRES oF WOMEN	**751**
of which managers	106
% of women among hires	33.9%
% of women managers among new hires	38.5%

LISI encourages all its sites to increase the efforts made to hire women in jobs predominantly held by men and the recruitment of female managers.

In 2023, Čejč (Czech Republic) recruited a woman as Plant Manager, bringing the number of Plant Managers within the division to two.

2.4.1.3 - Promote women

Of the 439 promotions made during the 2023, 95 were women, *i.e.* 21.6% of promotions.

Women represented 43.3% of promotions to managerial status in 2023 (13 women managers out of 30 managerial promotions).

Promotions to manager status	2023
Total number of promotions to manager status	30
Out of which promotion of women to manager status	13
% of women among promotion to manager status	43.3%

2.4.1.4 - Increase the number of women in management bodies

The proportion of women in the two governing bodies decreased in 2023.

Executive Committee: the proportion of women on the Executive Committee changed as follows:

- 2020: 12.5% (8 members, 1 woman and 7 men)
- 2021: 12.5% (8 members, 1 woman and 7 men)
- 2022: 22.2% (9 members, 2 women and 7 men)
- 2023: 20.0% (10 members, 2 women and 8 men)

Leadership Board: the proportion of women on the Leadership Board changed as follows:

- 2019: 10.5% (19 members, 2 women and 17 men)
- 2020: 17.4% (23 members, 4 women and 19 men)
- 2021: 17.4% (23 members, 4 women and 19 men)
- 2022: 20.8% (24 members, 5 women and 19 men)
- 2023: 20.0% (25 members, 5 women and 20 men)

Pursuant to the Rixain law in France, LISI aims to achieve 30% women on its governing bodies by 2026 and 40% by 2029.

2.4.1.5 - Professional equality between women and men

LISI is committed to ensuring that men and women receive the same treatment and the same career prospects.

In France, the Group's companies publish their gender equality index every year.

All sites obtained scores above 75% in 2023. The rates increased in four of the nine legal entities that are able to calculate the index. Only two entities deteriorated.

Division	Entity	2022	2023
LISI AEROSPACE	BAI (Saint-Ouen l'Aumône, Vignoux sur Barangeon, Villefranche de Rouergue)	88%	88%
LISI AEROSPACE	Forged Integrated Solutions (Bar sur Aube, Bologne, Parthenay)	82%	87%
LISI AEROSPACE	Creuzet (Marmande)	87%	87%
LISI AEROSPACE	Blanc Aero Technologies	Not calculable	Not calculable
LISI AEROSPACE	LISI AEROSPACE SAS	86%	89%
LISI AUTOMOTIVE	LISI AUTOMOTIVE SAS	75%	77%
LISI AUTOMOTIVE	L.A. Rapid (Puiseux)	76%	79%
LISI AUTOMOTIVE	L.A. Former (Delle, Dasle, Grandvillars, Lure, Melisey)	89%	89%
LISI AUTOMOTIVE	L.A. Nomel (La Ferté Fresnel)	93%	91%
LISI MEDICAL	L.M. Orthopaedics (Hérouville)	87%	85%
LISI MEDICAL	L.M. Fasteners (Neyron)	Not calculable	Not calculable

2.4.2 Inclusion of young people and seniors

The inclusion of young people and seniors is a veritable societal challenge. At the end of 2023, LISI as a whole had 18.9% of registered employees aged 30 and under, 28.4% aged over 50 and 16.3% aged 56 and over.

Number of listed employees (permanent, fixed-term and apprentices) by age groups, status and gender	Women		Men		TOTAL
	Managers	Non-Managers	Managers	Non-Managers	
< 25 years	8	184	22	534	748
25-30 years	64	189	141	754	1,148
31-35 years	59	217	129	827	1,232
36-40 years	52	184	127	932	1,295
41-45 years	69	239	130	959	1,397
46-50 years	48	303	131	867	1,349
51-55 years	33	287	127	770	1,217
56 - 60 years	28	239	108	732	1,107
61 years and over	12	120	55	334	521
Total	**373**	**1,962**	**970**	**6,709**	**10,014**

In the recruitment process, young and senior candidates have their place like any other candidate. In 2023, the number of hires on permanent and/or changes to permanent contract for employees aged over 55 years (56 years and over) was 88 people, *i.e.* 4.5% of new hires or changes to permanent contracts.

Hires and transitions to permanent status in 2023, by age, status and gender	Women		Men		TOTAL
	Cadres	Non-cadres	Cadres	Non-cadres	
< 25 years	8	136	6	247	397
25-30 years	22	91	39	294	446
31-35 years	18	77	29	176	300
36-40 years	12	60	17	138	227
41-45 years	13	54	24	113	204
46-50 years	10	59	22	69	160
51-55 years	4	33	15	61	113
56 - 60 years	1	15	8	32	56
61 years and over	–	5	5	22	32
Total	**88**	**530**	**165**	**1,152**	**1,935**

2.4.3 Inclusion of people with disabilities

The inclusion of people with disabilities is not only a social and societal responsibility. By helping to develop and nurture an inclusive culture, it promotes openness to others and caring, and contributes to the diversity of talents, a guarantee of creativity and innovation.

People with disabilities have their place in the recruitment process.

At the end of 2023, LISI had 302 employees recognized as disabled workers in each country, representing 3.0% of the registered headcount.

	2020	2021	2022	2023
% of employees with a disability	3.3%	4.3%	3.4%	3.0%

In addition to the hiring and retention of workers with disabilities, several LISI sites in France entrust part of their activities to work-assistance establishments and services (ESAT).

In 2023, in order to fight against stereotypes, the LISI AEROSPACE site in Saint-Brieuc took part in "Duo Day", an operation to share their daily life with a person with a disability. The site hosted an employee of a partner ESAT for one day.

2.4.4 Diversity of nationalities

The Group is present in 13 countries. All members of the Executive Committee have French nationality. Within the Leadership Board, 16% have American nationality and 84% have French nationality.

2.5 Attractiveness

2.5.1 Employer brand

Within LISI, many elements contribute to the employer brand, including:

- The Group's centuries-old history, purpose and values,
- Its exciting activities (aeronautics, automotive, medical), products and professions,
- Its CSR commitments in favor of the environment, the preservation of resources and the reduction of CO_2 emissions,
- Its commitments to diversity and inclusion,
- Its presence in the regions in which it operates.

As the promotion of the employer brand is essential to attract talent, the communication teams have significantly developed LISI's presence on social networks in recent years, with communications focused largely on potential candidates.

The younger generation, particularly interns and apprentices, as well as women, are often showcased.

In 2023, LISI on social networks means:

- 23 thematic publications aimed at the general development of the employer brand,
- 8 publications relating to awards or recognitions received,
- 7 publications on the Group's history and values,
- 4 publications showcasing LISI women,
- 4 publications showcasing our interns and apprentices,
- 7 publications specifically focused on job offers, career and recruitment page,
- 4 CSR publications.

This is without counting the publications made by the divisions on their own pages.

2.5.2 Promotion of the LISI industry and professions

LISI sites regularly meet potential candidates at job fairs or forums, whether local, regional or national in scope.

The sites regularly carry out actions to promote industrial professions, host visits (middle school students, high school students, students, etc.) and even organize open days.

Examples of initiatives or achievements in 2023:

- Rugby (United Kingdom) opened its doors to 3 local universities (presentation of the smart plant project and new machines).
- Rugby (United Kingdom) also took part in the "National Manufacturing Day", a national day to celebrate the industry.
- Puiseux-Pontoise (France), in collaboration with the GIM, grouping of metallurgy industries, welcomed a group of students from year 8.
- Saint-Brieuc (France) took part in the science festival. The objective of this festival is to present to the younger generations, in this case young children, the field of metallurgy.
- Neyron (France) hosted a group of learners from a local production school, with the aim of integrating one of the students from this school into a qualifying training course.
- The LISI AEROSPACE HR teams took turns throughout the Paris Air Show to present the LISI Group, the LISI AEROSPACE division and its business lines to all visitors looking for guidance or employment.
- Fuenlabrada (Spain) took part in "Madrid Motor Student", an event bringing together 2,500 students in engineering and technological secondary education, on the Formula 1 circuit of Jarama.

2.5.3 Labels and awards

LISI is regularly recognized for its status as an employer by external labels or recognitions.

- For the second consecutive year, LISI received the Best Managed Company Label by Deloitte.
- Having already been ranked 14th, 17th and 15th in 2018, 2019 and 2020 by CAPITAL magazine, LISI AEROSPACE progressed, this time being ranked 12th best employers in the "aeronautics, rail and naval" sectors.
- Rugby (United Kingdom) has had the "Investors in People" label, Gold level, since March 2021.
- For the second time, in 2023, Fuenlabrada (Spain) received the family-friendly company award from the CIFE (Department of Economic Development, Employment, Commerce and Industry of the City of Fuenlabrada).

2.5.4 Welcome to the Jungle, the LISI career page

Since 2022, LISI has made the Welcome to the Jungle (WTTJ) platform its career page and its internal job exchange. WTTJ is a popular recruitment platform for new generations. It has also become our application management solution.

This platform offers visitors:

- A modern presentation of the Group to share our culture and values.
- Video presentations of the jobs of the men and women who make up LISI.
- Access to job offers within the Group.

The advantages of the platform? Nearly 3 million unique visitors per month and more than 1 million followers on social networks.

In 2023, 47,000 visitors and 137,000 pages were read on our showcase. There were also 982 job offers posted online that generated 6,491 clicks on Apply (*i.e.* 10.7% of traffic). It should be noted that 47.6% of visitors are women.

Finally, in 2023, our showcase was supplemented by a video called Culture+, focused on the Group's purpose and values. We also renewed our partnership with WTTJ until 2025.

2.5.5 Internships and apprenticeships

LISI encourages its sites to use apprenticeships, both to attract future talent, to rejuvenate teams, and to ensure the transfer of knowledge and skills from more experienced employees to the next generation.

At the end of 2023, LISI had 291 apprentices or professional training contracts, including 143 who joined during the year. Numerous initiatives have been taken to facilitate their integration and stimulate their desire to remain with LISI.

- LISI AUTOMOTIVE invited its apprentices from Franche-Comté to the premises of LKI, the LISI Group's corporate university in Grandvillars (France), for a morning presentation of the company, discussions on their respective first months, events.
- At the end of a training course called "Power Azubi Schmiede" (the forge of the power of apprentices), the apprentices of the 2nd year in Mellrichstadt (Germany) followed the last day of the program in the open air in July 2023. It is a development path consisting of six one-day modules. Apprentices are involved interactively and acquire long-term transversal skills that will be useful throughout their personal and professional lives.

122 LISI apprentices, all sites, all countries, reached the end of their apprenticeship contract in 2023. Among these:

- 13 were hired on a fixed-term contract at the end of their apprenticeship contract,
- 22 were hired on permanent contracts. *i.e.* a "conversion" rate of apprentices of 28.7%.

Lastly, LISI welcomed 494 interns in 2023.

2.5.6 School relations

Attracting talent requires LISI to be close to the schools and universities where future talents are trained, and to make itself known to students before they choose their first company and/or first job.

LISI encourages each of its sites to maintain structured partnerships with schools or universities in line with its business lines and its recurring recruitment needs.

- For example, Villefranche-de-Rouergue (France) signed an agreement with the École des Mines d'Albi in 2023.
- Rugby (United Kingdom), which regularly hosts interns and apprentices from the city's university, donated two 3D printers as part of the partnership between the two structures.
- Saint-Brieuc (France) signed a sponsorship charter for the Materials Science and Engineering division of the IUT of Saint-Brieuc (22); 3-year partnership until students obtain their diplomas.

Also in October, as an extension of the partnership relations maintained between LISI AUTOMOTIVE and the University of Technology of Belfort-Montbéliard (UTBM), the LISI AUTOMOTIVE central HR team, accompanied by operational staff, took part in the 39th edition of the UTBM Industrial Congress.

LISI AUTOMOTIVE has maintained a partnership relationship with ESTA (École Supérieure des Technologies et des Affaires) in Belfort since 2019. The agreement was renewed for 3 years in 2022.

2.5.7 Co-optation

Co-opting provides access to candidates that are complementary to those available through other recruitment methods.

Co-opting is carried out at around ten sites in France, as well as in the following countries: the United States, Canada, the United Kingdom, Turkey, Poland and Mexico.

Several sites grant co-opting bonuses to their co-opting employees. The bonuses are either a fixed amount or according to the level or grade of the post in question.

Some sites open the possibility of co-opting to all hires, regardless of the position. Other sites reserve it for positions or functions experiencing the greatest recruitment difficulties.

In 2023, 137 positions were filled by co-option, the most numerous being at the sites of Izmir in Turkey (36), Rzeszów in Poland (33), Monterrey in Mexico (11), Livonia in the United States (10), Rugby in the United Kingdom (10) and Garden Grove in the United States (8).

2.6 Retention commitment

2.6.1 Vision and strategy

Employee commitment requires them to understand the Company's situation, the vision of the future and the strategy developed to achieve this vision. This applies to LISI as a whole, for each division, each business group and each site.

The vision and strategy are presented annually to employee representative bodies and to all employees.

The strategy is presented in a variety of forms, ranging from information meetings for all staff to meetings in small groups, workshops, or departments.

2.6.2 Quality of life at work

Quality of life at work (QLW) as perceived and appreciated by employees is an essential factor of commitment and retention.

For measurement and continuous improvement purposes, LISI has designed an annual QLW process rolled out across all of the Group's sites.

The process begins with a questionnaire sent to all employees, all sites and all countries. The questionnaire covers all topics relating to quality of life at work.

The employee participation rate in the QVT 2023 questionnaire was 71%, against a target set at 70%. It is progressing compared to 2022 (69%), and 2021 (65%).

The target satisfaction rate is set at 70%. It was 76% in 2023, after 75% in 2022 and 78% in 2021.

The results of the questionnaire are analyzed by the General Management team at each site. In order to complete the quantitative analysis, each site organizes results discussion groups made up of volunteer employees. By referring to the results of the questionnaire and the feedback from these focus groups, the General Management team at each site develops and implements a QLW action plan, targeting three to five actions to be implemented quickly. The following year, the process begins again, in a process of continuous improvement.

Since 2021, LISI has supplemented its QLW process with the "QLW Week", which takes place in June each year. It lasts two weeks, during which each of the LISI sites around the world is invited to implement initiatives to promote quality of life at work; actions focused on health, sport, sharing and conviviality.

Some examples of initiatives and actions carried out as part of QLW 2023: picnic, barbecue or pancake party, relaxation therapy, sports quiz, board games, "I bring my dog" day, ice-cream stand , nutrition workshops, initiation to archery, gardening, installation of beehives, yoga, meditation, introduction to golf, professional photography, smoking cessation assistance, introduction to drone piloting, charity football tournament, etc.

As the quality of life at work is not limited to two weeks per year, the sites are invited to carry out actions in favor of well-being and conviviality throughout the year. Some 2023 examples:

- Rugby (United Kingdom) and Fuenlabrada (Spain) organized a family day.
- Paris Central Seine (France) was invited to a day focused on well-being: conference "Wellbeing with oneself to live better together", a moment of sharing, workshop to raise awareness of postures and work.
- Mellrichstadt and Heidelberg (Germany) offered their employees massages twice a month.
- The LISI AUTOMOTIVE division invited interested employees to make cross-visits of its Delle, Dasle and Grandvillars Preparation Matière sites (France).
- The central LISI communication team launched a photo competition for all of the Group's apprentices, all sites and all countries. The theme: "Working in industry looks like this…". 40 apprentices participated. Three of them were rewarded, the first with an iPad.
- 130 employees of Mélisey (France) were able to visit the 116 airbase in Luxeuil.
- Bologne and Chaumont (France), celebrated Saint-Eloi, patron saint of the iron and steel trades.

2.6.3 Internal communication

Effective internal communication creates a working environment where employees feel well informed and considered, which are necessary conditions for engagement.

In addition to the communication tools developed locally on the sites, LISI contributes to the proper information of employees through a Group intranet called Intralinks, and a digital internal communication medium called LISI & You.

LISI & You allows the dissemination of illustrated information, both Group and Divisions. LISI & You is distributed and accessible:

- on Intralinks and by e-mail for people equipped with LISI professional equipment (computer, smartphone),
- on the Fabriq application on all sites using this digital solution for information management, problem solving and action plan monitoring.

2.6.4 Quality of management

The quality of management strongly influences the perception of employees and their commitment. This is one of the determining factors for retention.

In 2020, during the Covid crisis, LISI deemed it appropriate and necessary to send messages of trust and benevolence to all employees. Senior management has developed and shared with everyone, managers and employees, its managerial vision called "Benevolent Management". This concept of "Benevolent Management", developed at the time, remains the management method promoted within LISI and expected of any person with hierarchical or functional responsibility.

"Benevolent Management" consists of supporting employees by adopting a genuinely positive attitude towards them, basing the working relationship on trust, respect and listening.

Through LKI, the Group's corporate university, LISI offers several training courses, videos and e-learning courses aimed at developing managerial skills.

As a best practice, Villefranche-de-Rouergue (France) set up a mandatory training course for its managers from 2023, including the Take-Off or Boost managerial training courses (see the chapter on LKI, the Group's corporate university below), training in how to conduct annual interviews and training in the prevention of psychosocial risks.

Torrance (United States) organizes "Skip level meeting" (meeting without intermediate levels), between a given team and its N + 2, without the presence of the N + 1, for an open discussion including on any managerial difficulties, in a logic of coaching of N + 1, and continuous improvement.

2.6.5 Effective problem solving and staff involvement

There is nothing that is more demotivating than a work environment marked by numerous dysfunctions and the absence of problem-solving. Since the beginning of the 2010s, as part of the LEAP program (LISI Excellence Achievement Program), LISI has rolled out a process for employee involvement, problem resolution and treatment of irritants, known as Problem Solving Management (PSM), across all its sites.

There are 6 levels of PSM

- Level 1: Autonomous Production Group (GAP)
- Level 2: Autonomous Production Unit (PSU)
- Level 3: Factory/Establishment
- Level 4: The Business Group
- Level 5: The Division
- Level 6: The Group

Each level is encouraged to independently resolve reported issues and only report cases that require higher level involvement.

After having been managed for several years on paper board or Velleda media, the PSMs 1, 2 and 3 are now digitalized using the Fabriq solution.

At the end of 2023, 36 LISI sites and 555 teams, manage their PSM under Fabriq.

The level 1 autonomy rate in problem-solving is around 65%, with the best ones around 90%.

2.6.6 Work-life balance

LISI is committed to work-life balance and recognizes the right to disconnect.

In all countries or sites where this is legally possible, and culturally and socially common, LISI offers its employees whose workstations and collective work organization allow it, flexible hours and the possibility of remote working.

In 2023, 1,827 employees, *i.e.* 18.2% of registered employees, benefited from the possibility of remote working at least partially.

2.6.7 Assistance for parenthood and helping employees

LISI encourages a work environment favorable to parenthood and the role of family caregiver, such as:

- chosen part-time work or working time arrangements,
- flexible leave policy,
- flexible overtime recovery,
- offering health insurance schemes covering children's health, or services to support parents and caregivers,
- and for positions that allow it, partial remote working, flexible hours, flexibility in projects and tasks.

The Saint-Ouen-l'Aumône, Beyssac and Carpète (France) sites have reserved places in inter-company or partner crèches to help their parent employees.

Since 2023, LISI AEROSPACE has been offering some of its French employees access to the Sunshine-me platform, a modern and inclusive solution offering in particular support, advice, assistance and services to employee parents and caregivers.

At the end of 2023, 315 employees on permanent contracts were working part-time within the Group, *i.e.* 3.1% of the headcount.

2.6.8 Maternity, paternity and parental leave

LISI supports and applies legislation granting employees the possibility of taking maternity, paternity and/or parental leave.

- 60 employees were on maternity leave for at least part of 2023.
- Among these, 32 returned from maternity leave in 2023, all returned to the same position as the one they had when they left, or a comparable position.
- 31 employees, *i.e.* 96.9% benefited during their leave or upon their return, from at least the same salary increase as if they had not been on maternity leave.
- 212 employees benefited from paternity leave for at least part of 2023.
- 72 employees benefited from parental leave for all or part of 2023.

2.7 Prevention at work

2.7.1 Prevention of psychosocial risks

LISI is committed to preventing psychosocial risks (PSR) and makes this an important part of its HR policy.

LISI considers that preventing PSR is everyone's business, not just management. Everyone has a duty to maintain a positive working atmosphere.

The LISI Code of Conduct states that everyone must at all times speak with respect to colleagues and other members of the Company, refrain from using excessive and/or disrespectful language and/or adopt an aggressive attitude; that we must not make comments, even in the form of jokes, or commit acts likely to offend, intimidate or embarrass others.

The LISI Code of Conduct also prohibits all forms of harassment and discrimination, as well as any violence or threats in the workplace.

In France, Group employees and their beneficiaries faced with a difficult psychological situation can benefit from the assistance of Workplace Options, a specialized service provider. A telephone call allows the employee to be put in touch with a psychosocial worker in his/her region, in a completely confidential manner, who will thus be able to establish an initial diagnosis. If necessary, the employee or beneficiary is offered a face-to-face consultation of up to 12 hours of treatment. In 2023, 49 employees or beneficiaries benefited from this psychological assistance. 52 employees or beneficiaries benefited in 2022; 57 in 2021.

The Sunshine-me platform offered by LISI AEROSPACE since mid-2023 to some of its French employees provides advice and assistance to employees and their relatives going through a situation of psychological suffering, in addition to helping carer employees and parent employees.

Employees of the Group's American and Canadian sites benefit from an assistance system called "Employee Assistance Program – EAP", a set of services and resources intended to support the well-being of employees, including services such as psychological counseling, financial advice, legal services, and other resources aimed at assisting employees in various aspects of their professional and personal life.

Employees of Izmir (Turkey) benefit, through their health insurance, from the possibility of a psychological assistance consultation if necessary.

Employees of Rzeszów (Poland) benefit from three consultations of assistance or psychological care, with the following consultations benefiting from a partial payment.

2.7.2 Assistance and social action

All French LISI employees are covered by the health and personal risk insurance contract known as the "Group contract", and benefit from a social action plan managed by the insurer AG2R. If necessary, in the face of life's uncertainties, employees can benefit from personalized support to be listened to and obtain information through an "ECO" (Listening Guidance Counseling) approach. The areas of intervention of the AG2R social action are as follows: health and prevention, situations of vulnerability, disability, support for employee caregivers, professional integration.

Several French sites provide their employees with a social assistance service provided by an inter-company social service or other external professionals. This is the case for the Villefranche-de-Rouergue, Beyssac, Bar-sur-Aube, La Ferté-Fresnel and Hérouville-Saint-Clair sites and from 2024 for the Bologne site.

Employees at American sites receive assistance through the EAP (Employee Assistance Program) mentioned above.

2.7.3 Prevention of moral or sexual harassment

No behavior that encourages or could constitute a hostile working environment is tolerated within LISI. No employee may be subject to physical or verbal violence, intimidation or any other form of moral harassment.

LISI prohibits sexual advances and any physical contact deemed unwelcome, gestures or comments, and the dissemination of information or documents with a sexual connotation.

These provisions prohibiting any moral or sexual harassment are an integral part of the LISI Code of Conduct. Any breach of these provisions must be reported to the appropriate hierarchical level. Employees also have the option of making a report *via* the whistleblowing system available on the Group's website. They may also contact an external authority directly.

Each report must be investigated and, if necessary, sanctioned, up to and including dismissal.

The non-retaliation policy protects people who in good faith are subject to moral or sexual harassment.

In 2023, the following were reported:

- 29 cases of moral harassment,
- 11 cases of sexual harassment.

A case refers to a legal action or a complaint filed against the company or with the competent authorities through an official procedure, or a report *via* the LISI whistleblowing system.

Of the 29 cases of moral harassment, 26 were investigated. Of these 26 cases investigated:

- 18 were closed after an investigation that did not confirm the existence of moral harassment,
- 3 were closed after action and/or compensation following an investigation that confirmed the existence of moral harassment,
- 5 are still under investigation or proceedings.
- Out of the 11 cases of sexual harassment, all were investigated. Among these 11 cases:
- 5 were closed after an investigation that did not confirm the existence of sexual harassment,
- 4 were closed after action and/or compensation following an investigation that confirmed the existence of sexual harassment,
- 2 are still under investigation or proceedings.

2.7.4 Prevention of discrimination

In accordance with the Global Compact, the LISI Code of Conduct in place since 2023 prohibits all forms of discrimination and stipulates that decisions can only be made on the basis of legitimate criteria, such as the qualifications or skills of people, and in no way on the basis of age, gender, religion, ethnic origin, state of pregnancy, disability, sexual orientation or any other characteristics protected by the applicable law.

In 2023, within LISI, 8 cases of discrimination were reported. All were investigated.

Out of these 8 cases:

- 7 were closed after an investigation that did not confirm the existence of discrimination,
- 1 was closed after action and/or compensation following an investigation that confirmed the existence of facts of a discriminatory nature.

A case refers to a legal action or a complaint filed against the company or with the competent authorities through an official procedure, or a report via the LISI whistleblowing system.

2.7.5 Prevention of absenteeism

Absenteeism due to illness is has multiple factors of origin. It is very largely dependent on health factors outside the professional activity, but, at least in part, is important to monitor in that it is also an indicator of working conditions, the working environment, and employee commitment.

At LISI, the indicator used to calculate absenteeism is the percentage of so-called "compressible" absences, as opposed to so-called "uncompressible" absences. By agreement, sick leave beyond 6 weeks is considered uncompressible.

The Group's absenteeism rate was 3.9% in 2023, an improvement of 0.6 points compared to 2022.

	2019	2020	2021	2022	2023
Absenteeism rate	3.4%	4.4%	4.2%	4.5%	3.9%

All LISI sites are invited to closely monitor their absenteeism, to seek to understand the causes, in particular any internal causes, and to act on them.

2.7.6 Promotion of health and sport

Although sport and individual health are first and foremost personal responsibilities, LISI believes that the Company has a role to play in the promotion of well-being, health and sport.

Actions to promote physical activity and sport

Several sites offer their employees the opportunity to participate in a sporting activity over lunch or to participate in collective sports. For example, employees of Torrance (United States) can join internal softball, soccer or football teams.

Since 2018, the Grandvi'trail (running), organized by a sports association from Grandvillars, the Group's headquarters, has been chosen as the medium for this event. In 2023, 76 employees took part in the event.

Several LISI sites also offer sports activities as part of QVT week.

Examples of 2023 activities:

- LISI AEROSPACE Fasteners Europe Business Group: Spring bike challenge. The 62 participants traveled nearly 15,000 km.
- Grandvillars (France): step competition. In two weeks, the 44 LISI SA employees took nearly 4 million steps, i.e. around 2,500 kilometers.
- Hérouville Saint-Clair (France): Muscular awakening.
- Grandvillars Preparation Matière (France): team sport.
- Puiseux-Pontoise (France): basketball and badminton.
- Kierspe (Germany): inter-company race.
- A team made up of employees from the various LISI and LISI AUTOMOTIVE sites in the Franche-Comté region took part in an indoor football tournament, bringing together several local companies. The LISI team finished 2nd in the tournament.
- Villefranche-de-Rouergue (France): inter-professional football tournament.
- 95 employees from the Torrance, City of Industry and Garden Grove (United States) sites took part in the "Aerospace Games 2023", a sporty and convivial day on Dockweiler Beach, bringing together 6,000 participants from more than 30 aeronautical and space companies in the Los Angeles area.

Health initiatives

Several sites offer their employees prevention campaigns, including vaccination campaigns.

- In June 2023, Monterrey (Mexico) organized the "Health at Work Day" for all its employees. Among the activities offered: appointments with a general practitioner, psychologists, nutritionists, blood pressure monitoring, blood sugar monitoring, vaccination. 30 people were vaccinated against Covid-19 and 52 people against tetanus. A vaccination campaign was also launched against the flu (103 requests) and against HPV, human papillomavirus, to prevent against cancer of the uterus.

- Each year, vaccination campaigns are also organized at the Čejč (Czech Republic) and Monterrey (Mexico) sites.
- Mellrichstadt (Germany) organized a health day for its employees, in partnership with a German health insurance company. Employees were able to check their body mass index and participate in various exercises.

As part of QLW 2023, Čejč (Czech Republic) offered its employees relaxation and back pain exercises with a trainer, as well as conferences on stress prevention and management. Fuenlabrada (Spain) offered its employees "Ergonomics in the workplace" and "Back school" sessions.

2.8 Training, skills, talent management (GRI 401-1)

2.8.1 Skills development and training

LISI is committed to ensuring that each employee, regardless of their age and position, has access throughout their career to the skills development and/or training actions necessary for the effective performance of their workstation and the achievement of his/her career in the company.

We consider that while training plays an important role, skills development is not limited to it and encompasses a range of methods, such as:

- Mentoring;
- Coaching by line manager or peers;
- Individualized support;
- Assignment of demanding tasks or projects;
- Knowledge sharing by colleagues, management, experts.

Training, in the traditional sense of the term, remains an important means of skills development and LISI devotes significant resources to it.

In 2023, across all sites, 220,472 hours of training were completed.

The Group-wide training investment made in 2023 represented an amount of more than €5.9 million. It was €5.3 million in 2022 and €5.0 million in 2021.

Registered employees received an average of 22 hours of training in 2023, an increase compared to 2022.

Training	2019	2020	2021	2022	2023
Nb of training hours	179,165	100,424	167,829	154,691	220,472
Nb of hours per employee trained	0	14	23	16	21
Nb of employees trained	0	7,173	7,297	9,668	10,700
Nb of hours per registrant	16	10	18	16	22
Nb registered	11,171	9,676	9,480	9,676	10,014

2.8.2 LKI, the corporate university of the LISI Group

Since 2021, LISI has had its own corporate university called LKI (LISI Knowledge Institute). The university is based at the Group's head office in Grandvillars (90).

The purpose and mission of LKI are to:

- deploy LISI's culture and managerial vision within the Group,
- support employees in their career development,
- contribute to technical and functional excellence,
- support the deployment of LISI structuring programs (LEAP, E-HSE, COS),
- contribute to the Group's organizational efficiency and the operational excellence of each of its subsidiaries.

LKI is as a pillar of the strategy for developing employee skills within the Group. It is also a major talent retention and loyalty tool.

- LKI offers a catalog of 38 training courses, including the flagship management and leadership training programs:
- Take-off (fundamentals of local management),
- Boost (advanced level management), and
- Expand (leadership development program to develop the leaders of tomorrow).

The Take-off and Boost programs are offered in France, and also in the United States. Until now reserved for American managers of the AEROSPACE division, from 2024 on the American sites of the LISI AUTOMOTIVE and LISI MEDICAL divisions.

LKI 2023 Key figures
LKI, in 2023, is:

- 538 interns (593 in 2022, 704 in 2021, 112 in 2020),
- 81 sessions (89 in 2022, 89 in 2021, 18 in 2020),
- 9,153 hours of training (10,170 in 2022, 10,693 in 2021, 1,026 in 2020),

2.8.3 Other training schools

Aware of the specificities of its business lines, LISI encourages the Group's sites to develop their own internal training schools.

In 2021, Parthenay (France) opened a school providing machining training for site employees. This internal training school is Qualiopi certified.

The Heidelberg and Kierspe sites (Germany) also have vocational training centers where apprentices are given technical training by qualified teachers.

Puiseux-Pontoise (France) created an internal tooling school a few years ago. In 2023, this school, run by both internal and external trainers, integrated three future toolmakers.

2.8.4 LISI transversal skills

LISI has developed and uses a Group professional skills and behavior model called "LISI Cross-functional Skills".

The LISI cross-functional skills describe the way (the "how") individual and collective results must be achieved.

The application of these professional skills and behaviors is expected on a daily basis from all Group employees, regardless of the tasks and responsibilities exercised.

LISI has 10 cross-functional skills:

- communication,
- leadership,
- personal commitment,
- teamwork,
- development of others,
- continuous improvement,
- customer focus,
- results focus,
- exemplarity,
- technical/functional excellence.

2.8.5 Development and recognition of expertise

In 2019, the LISI AEROSPACE and LISI AUTOMOTIVE divisions launched a joint approach called Expert Network, aimed at identifying and recognizing experts in the R&D, scientific and technical sectors.

This network aims to facilitate cross-functional collaboration between specialists within and between the divisions.

In 2023, the network of experts continued to develop, with the appointment of 22 new experts.

2.8.6 Talent management

Within LISI, talent management, career development and mobility are based on three main processes:

- Annual and professional interview;
- People review;
- The job exchange.

Annual professional interview
LISI considers it essential that at least once a year each employee has the opportunity to have a face-to-face meeting with his or her line manager. This interview provides an opportunity to take stock of individual performance, any skills development needs, professional and career development aspirations, any difficulties in the workplace and the means to remedy them.

Individual performance is assessed by considering both the results obtained and the manner in which the results are achieved.

In 2023, 6,533 employees benefited from an individual assessment interview, a professional interview or a career interview, *i.e.* 65% of those registered.

In 2023, 439 employees on permanent and fixed-term contracts were promoted, including 30 accompanied by a transition to the managerial category.

People review
The people review is a process by which the Group's management up to the site level ensures that it has the key people necessary for the success of the year Y+1 budget and the strategic plan. Action plans are developed to correct any discrepancies. The people review makes it possible to ensure the robustness of the organization in terms of successions, potential, skills and to consider possible mobility.

Job exchange

The job exchange is a tool that enables employees wishing to develop their careers to find out about available positions within the Group and to apply for them.

In 2022 and 2023 the platform Welcome to the Jungle, both a LISI digital showcase and a platform for the external dissemination of job offers, has also become the LISI job exchange.

2.9 Social dialogue, collective bargaining and worker consultation (GRI 402)

2.9.1 Social dialogue and collective bargaining

LISI, out of conviction and in line with its adherence to the United Nations Global Compact, respects freedom of association and recognizes the right to collective bargaining.

LISI attaches great importance to maintaining a relationship of trust with employee representatives. Mutual trust and cooperation are based on open and constructive dialogue, characterized by mutual respect.

Each year, numerous company or establishment agreements bear witness to the reality of social dialogue.

156 company or establishment agreements were signed in 2023, on the following topics in particular:

Nb of agreements signed	2023
Working conditions and quality of work life	13
Wages and/or compensation policy	25
Profit-sharing	16
Work organization and/or work hours	36
Skills, employment and/or career management	4
Gender equality	4
Agreements covering several of the above themes	13
Other agreements signed	45
TOTAL	**156**

All sites around the world have employee representative bodies defined by national law, such as the social and economic committees in France, or the *Betriebsrats* in Germany.

Two representative bodies exist at Group level: the European Works Council and the French Works Council. These two bodies meet once a year and give their members an overview of the Group's activities.

2.9.2 Consultation and participation of employees (GRI 402-1)

LISI is committed to ensuring that employees, directly or *via* their appointed or elected representatives, are regularly consulted. This consultation necessarily covers the subjects defined by the applicable national law, significant operational changes and planned measures or decisions likely to substantially affect health and safety at work.

At sites with employee representative bodies, they are the preferred channel for employee information and consultation. Sites without employee representative bodies organize the information and consultation of their employees in an appropriate manner.

Employees and/or their representatives have the opportunity not only to give their opinion, but also to participate in activities and/or decisions that affect them in terms of health and safety. The typical activities in which employees and/or their representatives may be involved are the following: design and improvement of workstations, identification of hazards and risk assessment, definition of actions to eliminate hazards and reduce risks for workplace health and safety, post-incident investigations, accidents and/or non-compliance, and search for corrective actions.

2.10 Positive contribution to the community and territories

LISI encourages all its sites to take positive action in the regions and communities in which they operate, in particular actions in favor of young people, education, and people or groups of people in difficulty. LISI also encourages its sites to support the commitment of their employees in public interest, health, humanitarian or charitable missions, as well as the commitment of their employees in national defense or the security of property and people.

2.10.1 LISI support for defense, rescue and security forces

LISI Defense Partner

Composed of the operational reserves of the armed forces and the gendarmerie, as well as the civilian reserve of the national police, the national guard, created in France in 2016 after the attacks of 2015, confirms the key role of the reserves in the safety of the French people. Employers are essential in the system. Their support is necessary to enable the mobilization of reservists when the authorities express the need.

After a first agreement signed in 2017, in March 2022, LISI renewed its support for the French National Guard in March 2022 for a new five-year period. With this new agreement, LISI has increased from 8 to 15 days the number of days of reserve that can be carried out annually during working time by its reservist employees. LISI undertook, during these 15 days, to maintain the compensation of its reservists, net of the pay received. LISI also grants reservists a notice period of three weeks for periods of reservation less than or equal to eight days instead of the four provided for by law.

This support for the operational reserve confers on LISI the official status of “Defense Partner”.

In France, in 2023, LISI had among its employees six operational reservists from the armed forces, the gendarmerie, or the national police.

Abroad, LISI had five employees committed to the operational reserve of the defense and security forces of their country.

Support provided to the rescue forces

At the French sites of Villefranche-de-Rouergue, Bar-sur-Aube, Parthenay, Carpète, Beyssac, Dasle, Mélisey, Lure, LISI AUTOMOTIVE Grandvillars head office, Neyron and Hérouville-Saint-Clair, employees are committed and supported in their commitment as volunteer firefighters. At the end of 2023, 30 French employees were involved in the rescue and assistance of their fellow citizens.

Abroad, 12 employees are engaged as volunteer firefighters or equivalent.

Since May 2023, Carpète and Beyssac (France) have signed an agreement to support the Lot-et-Garonne departmental fire and rescue service (SDIS 47). For several years, the Villefranche-de-Rouergue site has been a signatory to an agreement to support the Aveyron departmental fire and rescue service (SDIS 12).

2.10.2 Other commitments and actions

Commitments to education and inclusion

Since 2021, LISI has been a member of the *“Les entreprises s’engagent”* (Companies commit) scheme, which is the result of an alliance between public authorities, companies and integration players, aiming to act in favor of a more inclusive society.

Neyron (France) took part in a job dating event bringing together 37 structures and 143 young people aged 14 to 22. This event was organized by “Sport dans la ville”, an association that aims to promote the social and professional integration of young people from certain neighborhoods through sport.

LISI AUTOMOTIVE is a partner of P-Tech, an international program designed to encourage equal opportunities and enable young people from all backgrounds to develop the skills necessary for short-term technical jobs. As part of this program, LISI AUTOMOTIVE supports a vocational secondary class in “Plastics and Composites” at the Nelson Mandela vocational school in Audincourt (France), from the baccalaureate to the BTS diploma.

As part of the “Industry Week”, the Puiseux-Pontoise (France) site welcomed the visit of young people between the ages of 16 and 18 who have dropped out of school. They were introduced to the plastics industry.

Humanitarian commitment

Following the devastating earthquake that hit Turkey on February 6, 2023, LISI AEROSPACE made a donation to the Izmir plant to support the humanitarian efforts deployed and to provide essential equipment (beds, tents, etc.). Employees of the Izmir site also showed their generosity, donating 16 tents, 121 sleeping bags and 185 items of warm clothing. A blood drive was also organized at the site to help the victims.

Commitments against cancer or serious diseases

In 2023, many LISI sites took part in the October Rose event to fight breast cancer.

Below are some events and participations:

- City of Industry (United States) took part in the “Making Strides Against Breast Cancer” walk organized by the “American Cancer Society”. 43 employees and their children took part in the walk and the site raised over $500 in donations.
- Dorval (Canada) took part in the “Run for the Cure Marathon” organized by the “Canadian Cancer Society”.

- In Villefranche-de-Rouergue (France), 42 people took part in the *"Villefranchoise"*, running, mountain biking and hiking event. €345 was donated to the organizing association "Courir et marcher au féminin".
- A dozen employees from Vignoux-sur-Barangeon (France) took part, for the fourth consecutive year, in the *Foulées Roses du Berry* race.
- The Bologne site (France) took part in the trail run and walk organized by the Ligue contre le cancer de Haute-Marne.
- The LISI AUTOMOTIVE and LISI head offices, Delle and Grandvillars (France) took part in the pink walk in Belfort (France). 35 people attended, with LISI matching the contribution paid by each participant.
- In Beyssac (France), a chocolate bar accompanied by a self-learning guide was offered to all employees.
- City of Industry (United States) took part in the Movember movement by encouraging its employees to grow mustaches during the month of November. Movember aims to raise awareness of health issues specifically affecting men – including both mental health and male cancer prevention issues. Many female employees joined the movement, also sporting false mustaches. The sites of Rugby (United Kingdom), Dorval (Canada) and Rzeszów (Poland) also took part in Movember in 2023.
- For the second consecutive year, thirty LISI AEROSPACE employees took part in the race of lights in Paris, a convivial night race whose proceeds are donated to the Curie Cancer Research Institute.
- Four employees of Rugby (United Kingdom) took part in "Sleep Out To Help Out", an annual event aimed at raising awareness of the situation of the homeless.
- Torrance (United States) organized a collection of toys for the children of the city, in collaboration with the local firefighters. Saint-Brieuc and Villefranche-de-Rouergue each organized a toy drive for the Secours Populaire.

2.11 Compensation

Within LISI, compensation is linked to the performance of the company as well as that of each employee.

7,297 employees on permanent or fixed-term contracts benefited from a salary increase in 2023, *i.e.* 73.5% of the average annual headcount concerned.

Sustainable development criteria are included in short-term and long-term variable compensation. In particular, CSR criteria are taken into account in the long-term incentive plans offered to the Group's top 200 directors and managers. See the section on performance share plans.

2.12 Benefits (401-2)

In addition to compensation that meets or exceeds the practices in force in comparable companies in the countries where it operates, the LISI Group strives to offer its employees quality benefits and social protection schemes.

2.12.1 Employee savings and employee shareholding

In several countries, including France, employees are involved in collective performance through incentive and/or profit-sharing schemes.

Incentive employee savings schemes are also offered, in particular the Group profit sharing plan (PEG) in France. In this respect, French employees benefit from various company mutual funds (FCPE) funded either by voluntary payments or by the sums received in respect of employee incentives or profit-sharing.

Among these FCPEs is the plan named "LISI en Action", which allows Group employees to indirectly become LISI shareholders. This LISI en Action fund is accompanied by an incentive employer contribution matching system.

17% of French LISI employees, in 2023, opted to pay all or part of their incentive or profit-sharing, and/or made voluntary contributions, into the *LISI en Action* fund, and thus benefited from the matching scheme. 18%, 20% and 18% respectively made the same choice in 2022, 2021 and 2020.

2.12.2 Free action plans

To reward certain employees who have spent the majority of their careers with the LISI Group and who have actively participated in its development, the Board of Directors, acting with the authorization of the General Meeting, decided to award, without any conditions, free LISI shares upon their departure.

The financial impacts of these plans are recorded in the Group's financial statements and are detailed in Chapter 2 "Consolidated financial statements" and Chapter 3 "Separate company financial statements" of the URD.

2022 plan:
The Board of Directors, at its meeting of December 8, 2022, acting with the authorization of the Extraordinary General Meeting of April 28, 2022, decided to allocate, free of charge, without conditions, 6,900 LISI shares to Mr. Jean-Philippe Kohler (see Chapter 6).

2.12.3 Share allocation plans subject to performance conditions

Executives or holders of key positions in the organization receive an international share award program conditional on the medium-term performance of the Company. This type of variable compensation allows them to be associated with the Company's value creation over several years.

The plans described below refer to the RNA criterion to measure the Group's performance. RNA means the Revalued Net Assets of the LISI Group as defined in Section 3.2 "Accounting principles and policies – Indicators" in Chapter 2 "Consolidated financial statements".

The financial performance criteria included as of the 2022 plan are EBIT, FCF as defined in Section 3.2 "Accounting principles and policies – Indicators" of Chapter 2 "Consolidated financial statements" and net profit (loss).

Qualitative CSR criteria have also been included as performance criteria.

The financial impacts of these plans are recorded in the Group's financial statements and are detailed in Chapter 2 "Consolidated financial statements" and Chapter 3 "Separate company financial statements" of the URD.

2021 plan (21C23):
On December 8, 2021, on the proposal of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 26, 2019, decided to allocate to the members of the Executive Committee as well as to the members of the main General Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria. The criteria to be met at December 31, 2023 are as follows:

- Revalued Net Assets (RNA) of at least €900 million. If the RNA is between €900 million and €1,000 million, the shares would be partially allocated according to a percentage defined by the Board of Directors. If the RNA is between €1,000 million and €1,745 million, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the Revalued Net Assets is higher than €1,756 million, the shares would be allocated in full.
- Achievement of defined CSR targets in terms of reducing energy consumption, TF1 and percentage of women on the expanded Leadership Board.
- Headcount condition on the date of the Board of Directors' meeting of February 2024.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 197,060 shares and concerned 216 employees in France and abroad.

In total, the performance criterion rate of the 21C23 plan achieved for the LISI Group was 66.4%. The rate used for the performance criteria allocated to the corporate officers of the LISI Group is 61%.

2022 plan (22C24):
On December 8, 2022, on the proposal of the NRG Committee (Nominations, Compensation and Governance), the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 28, 2022, decided to allocate to the members of the Executive Committee as well as to the members of the main General Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria. The criteria to be met at December 31, 2024 are as follows:

- EBIT at least equal to 5% of revenue. If EBIT is between 5% and 7.49% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If EBIT is greater than or equal to 7.5% of revenue, the shares would be awarded in full.
- FCF at least equal to 1% of revenue. If FCF is between 1% and 2.29% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the FCF is greater than or equal to 2.3% of revenue, the shares would be allocated in full.

- Net income at least equal to 2.5% of revenue. If net profit is between 2.5% and 4.99% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the net profit (loss) is greater than or equal to 5.0% of revenue, the shares would be allocated in full.
- Achievement of CSR objectives defined in terms of the percentage of energy saved compared to 2023 by the CSR projects specifically deployed, of TF1 and of the percentage of women among managers.
- Stock market performance criterion based on the average of the last sixty quotes as well as an annual average (the higher of the two valuations will be taken into account). A target price is defined: the shares will be allocated in full or in part according to a progressive percentage defined in the rules of the allocation plan. Below a certain threshold, the grant may be zero.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 189,560 shares and concerned 209 employees in France and abroad.

2022 plan (22C25):

On December 8, 2022, on the proposal of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 12, 2023, decided to allocate to the members of the Executive Committee as well as to the members of the main General Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria. The criteria to be met at December 31, 2025 are as follows:

- EBIT at least equal to 6% of revenue. If EBIT is between 6% and 8.59% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If EBIT is greater than or equal to 8.6% of revenue, the shares would be awarded in full.
- FCF at least equal to 2% of revenue. If FCF is between 2% and 3.59% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the FCF is greater than or equal to 3.6% of revenue, the shares would be allocated in full.
- Net profit (loss) at least equal to 3.5% of revenue. If net profit (loss) is between 3.5% and 5.99% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the net profit (loss) is greater than or equal to 6.0% of revenue, the shares would be allocated in full.
- Achievement of CSR objectives defined in terms of the percentage of energy saved compared to 2025 by the CSR projects specifically deployed, of FR1 and of the percentage of women among managers.
- Stock market performance criterion based on the average of the last sixty quotes as well as an annual average (the higher of the two valuations will be taken into account). A target price is defined: the shares will be allocated in full or in part according to a progressive percentage defined in the rules of the allocation plan. Below a certain threshold, the grant may be zero.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 185,830 shares and concerned 206 employees in France and abroad.

2023 plan (23C26):

On December 7, 2023, on the proposal of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 12, 2023, decided to allocate to the members of the Executive Committee as well as to the members of the main General Management Committees of the three divisions of the LISI Group, shares subject to performance conditions, subject to the achievement of all or part of certain performance criteria. The criteria to be met at December 31, 2026 are as follows:

- EBIT at least equal to 6% of revenue. If EBIT is between 6% and 8.59% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If EBIT is greater than or equal to 8.6% of revenue, the shares would be awarded in full.
- FCF at least equal to 2% of revenue. If FCF is between 2% and 3.59% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the FCF is greater than or equal to 3.6% of revenue, the shares would be allocated in full.
- Net profit (loss) at least equal to 3.5% of revenue. If net profit (loss) is between 3.5% and 5.99% of revenue, the shares would be partially allocated according to a progressive percentage defined in the rules of the allocation plan. If the net profit (loss) is greater than or equal to 6.0% of revenue, the shares would be allocated in full.
- Achievement of CSR objectives defined in terms of the percentage of energy saved compared to 2026 by the CSR projects specifically deployed, of FR1 and of the percentage of women among managers.

- Stock market performance criterion based on the average of the last sixty quotes as well as an annual average (the higher of the two valuations will be taken into account). A target price is defined: the shares will be allocated in full or in part according to a progressive percentage defined in the rules of the allocation plan. Below a certain threshold, the grant may be zero.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 190,280 shares and concerned 213 employees in France and abroad.

2020 loyalty plan:
The LISI Group relies on the contribution of an experienced management team and wishes to retain these high-potential employees who constitute a united and motivated group of talented people. To this end, a single loyalty plan has been put in place for the 40 employees of the Group. On December 9, 2020, on the recommendation of the NRG (Nominations, Compensation and Governance) Committee, the Board of Directors of LISI, acting on the authorization of the Extraordinary General Meeting of April 26, 2019, decided to implement this plan under the conditions for allocation defined as follows:

- To be included in the headcount up to the February 2026 Board Meeting,
- Performance condition: as the plan is structured in such a way as to align the interests of the beneficiaries with those of the Group and its shareholders, the allocation of shares is to be correlated to the increase in the LISI share price observed in 2025 with a set target price corresponding to either the average price of the last 60 trading days of 2025 or the annual average for the same year, whichever shall be the higher of the two. A progressive chart is set based on an allocation trigger threshold that is also determined.

With regard to the corporate officers, the Board of Directors decided that they should retain in registered form 20% of the free shares that may have been allocated to them until the end of their term of office.

The maximum number of shares allocated on the date of issue of the plan was 248,000 shares and concerned employees in France and abroad.

The financial impacts of this plan are recorded in the Group's financial statements and are detailed in Chapters 2 "Consolidated financial statements" and 3 "Separate company financial statements" of the URD.

Information on the award of performance shares as at December 31, 2023

	Number
Options allocated at the beginning of the period	**787,120**
Options allocated during the period	376,110
Options exercised during the period	(100,502)
Options canceled during the period	(96,818)
Options allocated at the end of the period	**965,910**

Options that reached maturity during the period are definitively lost and will not result in the issuance of shares.

The options granted to date and attributable in future years are deducted from treasury shares without giving rise to the issue of new shares. The table below presents the information on allocations of performance shares and free shares outstanding at December 31, 2023:

Allocation date of options	Exercise price in euros	Number of options outstanding at December 31, 2023	Residual contractual term
12/09/2020	None	221,000	February 2026
12/09/2021	None	180,790	February 2024
12/08/2022	None	184,770	February 2025
12/08/2022	None	6,900	February 2025
12/08/2022	None	183,070	February 2026
12/07/2023	None	189,380	February 2027
		965,910	

Plans in place as of December 31, 2023

Date of General Meeting	Category Plan No.	Number of options allocated	Of which corporate officers	Of which members of the Leadership Board (less corporate officers)	Of which 10 leading employees*	Number of residual beneficiaries	Exercise period	Subscription or purchase price	Canceled options Expired unallocated options	Remaining options at 12/31/2023
BOARD OF DIRECTORS										
AUTHORIZATION OF 04/26/2019										
12/09/2020	DEFI 20C25	248,000	12,000	102,000	47,000	36	Board of Directors that confirms the 2025 results (February 2026)	None	-27,000	221,000
12/08/2021	21C23	197,060	13,800	43,400	12,800	200	Board of Directors that confirms the 2023 results (February 2024)	None	-16,270	180,790
AUTHORIZATION OF 04/26/2022										
12/08/2022	22C24	189,560	6,900	46,860	14,750	204	Board of Directors that confirms the 2024 results (February 2025)	None	-4,790	184,770
12/08/2022	22C24 (G)	6,900	6,900	0	0	1	Board of Directors that confirms the 2024 results (February 2025)	None	0	6,900
AUTHORIZATION OF 04/12/2023										
12/08/2022	22C25	185,830	6,900	47,600	14,800	202	Board of Directors that confirms the 2025 results (February 2026)	None	-2,760	183,070
12/07/2023	23C26	190,280	7,400	47,350	14,600	212	Board of Directors that confirms the 2026 results (February 2027)	None	-900	189,380

G = free / * excluding corporate officers and Leadership Board.

2.12.4 Retirement

LISI participates in the constitution of its employees' pensions with statutory bodies and/or independent pension funds, in accordance with the laws and practices of the countries in which its subsidiaries operate.

A Group PERCO has also been set up in France since 2019, enabling employees who wish to contribute to their future retirement. The PERCO is funded by the payment of days of rest not taken, with employer contributions.

French employees also benefit from a supplementary defined contribution pension scheme ("Art.83") consisting of a monthly contribution by the employer paid into a mutual fund. Employees can also make voluntary payments or allocate days of rest not taken. At the time of retirement, the savings thus formed are converted into an annuity, which is received throughout retirement.

2.12.5 Health and welfare

LISI participates in the health and personal protection insurance of its employees through legal bodies and/or independent institutions, in accordance with the laws and practices of the countries in which LISI operates.

All French employees benefit from additional health and personal protection coverage that is higher than average market practices. A good indicator of the quality of the "healthcare costs" plans, the out-of-pocket expense paid by employees attests to the quality of the coverage offered. For example, employees benefiting from the "basic plan" of the Group contract have an average out-of-pocket expense of 6.6%, compared with 10.6% in the Verlingue panel (2022 figures, latest data available at: date, source Verlingue).

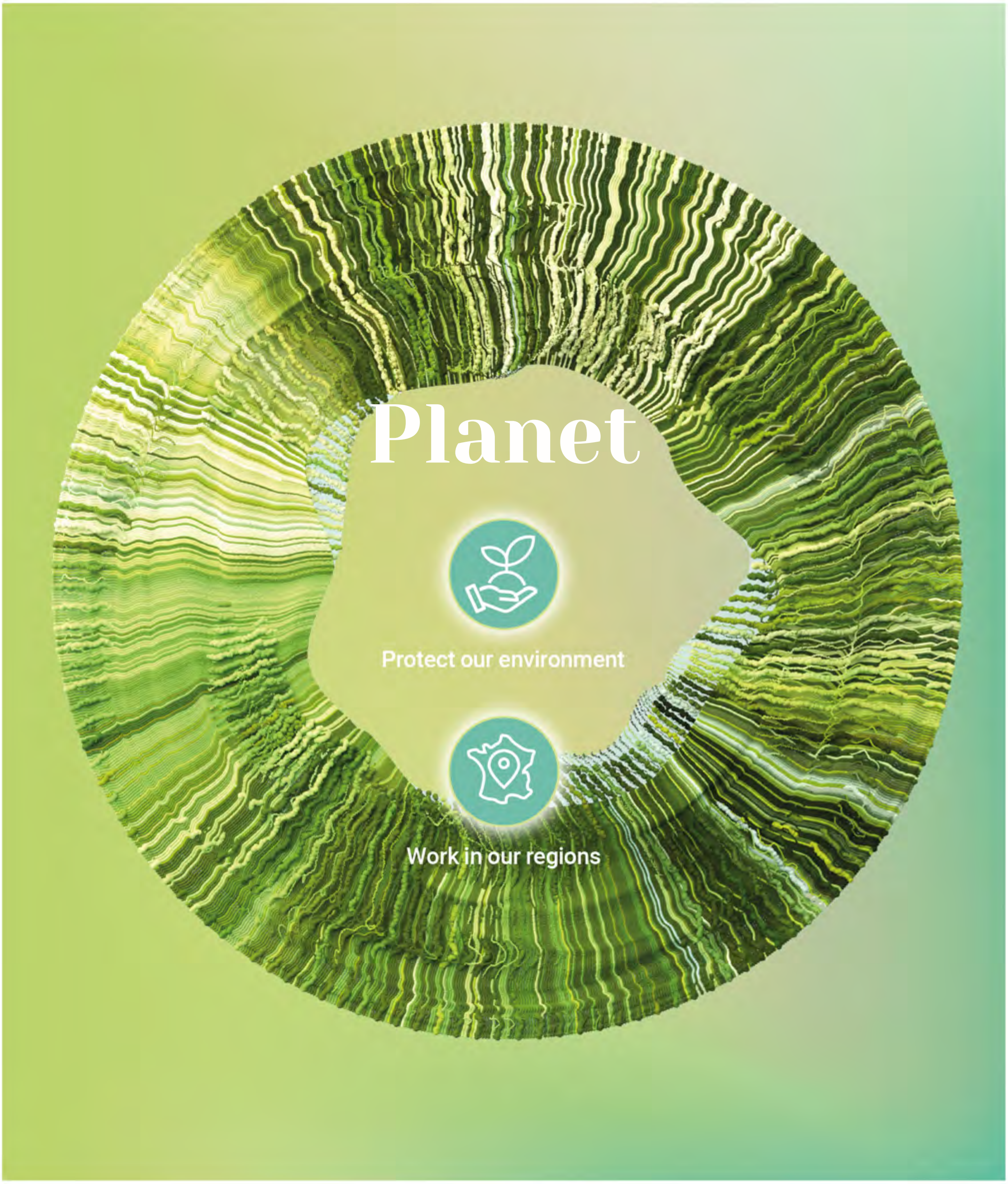
In the other countries in which LISI operates, LISI also strives to offer its employees health and protection coverage that meets or exceeds market practices.

2.13 People – Performance indicators

	people	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
3. GOOD HEALTH AND WELL-BEING	**PROTECTING OUR EMPLOYEES**									ODD 3
	TF1 (LISI employees + temporary workers)	9.0	6.9	8.0	7.1	6.7	< 6	< 5	GRI 403-2	
	TF1 LISI employees	8.0	6.9	7.9	6.1	5.7			GRI 403-2	
	TF1 temporary workers	21.2	6.7	9.4	24.2	18.8			GRI 403-2	
	TF0 LISI employees	5.9	5.0	6.0	4.9	3.5			GRI 403-2	
	TF0 LISI employees + temporary workers	6.8	5.1	6.1	5.7	4.4			GRI 403-2	
	RETAIN OUR TALENT									
	Headcount (average FTE)	12,484	8,941	8,874	9,799	10,642			GRI 401-1	
	Registered headcount	11,171	9,676	9,480	9,676	10,014			GRI 401-1	
	% of Managers	10.6%	11.7%	11.8%	13.1%	13.5%			GRI 401-1	
5. GENDER EQUALITY	**Diversity & Inclusion**									ODD 5
	% of women in headcount	22.0%	23.0%	23.0%	23.9%	23.6%			GRI 405-1	
	% of women Managers within Managers	24.6%	30.1%	27.1%	28.3%	28.1%	28.5%		GRI 405-1	
	% of women Managers within the headcount	3.0%	4.0%	3.2%	3.9%	3.8%			GRI 405-1	
	% of women within the governance Leadership Board	10.5%	17.4%	17.4%	20.8%	20.0%			GRI 405-1	
	% of headcount with a disability	2.8%	3.3%	4.3%	3.4%	3.0%			GRI 405-1	
	% of below 30 years old in headcount	nd	17.3%	17.3%	17.5%	18.9%			GRI 405-1	
	% of above 50 years old in headcount	nd	29.7%	27.6%	28.5%	28.4%			GRI 405-1	
5. GENDER EQUALITY 10. REDUCED INEQUALITIES	**Turnover & retention**									ODD 5 & 10
	Nb of hires (with apprentices)	1,344	822	1,317	2,095	2,365			GRI 401-1	
	% of hires - Managers	15.2%	17.2%	12.5%	11.2%	11.6%			GRI 405-1	
	% of women within the hires					31.8%			GRI 405-1	
	% of women Managers within the hires Managers					38.5%			GRI 405-1	
	Nb of departures	1,570	2,135	1,476	1,818	2,027			GRI 401-1	
	Net result (Hires - Departures)	- 226	- 1 313	- 159	277	338			GRI 401-1	
	Nb of resignations	691	517	619	849	808			GRI 401-1	
	Resignations ratio over headcount	6.2%	5.3%	6.5%	9.0%	8.1%	7.0%		GRI 401-1	
	Resignations ratio over nb of departures	44.0%	24.2%	41.9%	46.7%	39.9%			GRI 401-1	
	% of women within the resignations	nd	nd	nd	nd	31.4%			GRI 405-1	

people

	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
Turnover rate	13.0%	15.3%	14.7%	20.2%	21.9%			GRI 401-1	
Nb of promotions	nd	nd	nd	589	439			GRI 401-1	
Proportion of Women in the promotions	nd	nd	nd	43.5%	21.6%			GRI 405-1	
Proportion of Women within the promotions to Managers	nd	nd	nd	28.5%	43.3%			GRI 405-1	
Proportion of Women within the promotions not managers	nd	nd	nd	50.8%	20.0%			GRI 405-1	
Promotion ratio over headcount	nd	nd	nd	6.1%	4.4%			GRI 401-1	
Promotion ratio of women to Managers	nd	nd	nd	2.9%	0.7%			GRI 405-1	
Commitment & Quality of life									
Absenteeism	3.4%	4.4%	4.2%	4.5%	3.9%			GRI 401-1	
% of headcount that can work from home	nd	nd	nd	nd	18.2%			GRI 401-1	
Participation ratio to QWL survey	nd	nd	65.0%	69.0%	71.0%			GRI 401-1	
Satisfaction ratio to QWL survey	77.0%	84.0%	78.0%	75.0%	76.0%			GRI 401-1	
Nb of harassment cases reported (sexual or moral)	nd	nd	nd	nd	40			GRI 406-1	**ODD 5 & 10**
Nb of discrimination cases reported	nd	nd	nd	nd	8			GRI 406-1	
Nb of cases reported that have been investigated	nd	nd	nd	nd	71.0%			GRI 406-1	
% of cases reported over headcount	nd	nd	nd	nd	0.5%			GRI 406-1	
Training									
Nb of training hours	179,165	100,424	167,929	154,691	220,472			GRI 403-5	
Nb of hours by headcount trained	nd	14	23	16	21			GRI 403-5	
Nb of heacount trained	nd	7,173	7,297	9,668	10,700			GRI 403-5	
Nb of hours by headcount trained	16	10	18	16	22			GRI 403-5	
					19.1%			GRI 403-5	**ODD 4**
LKI - nb of interns	651	112	704	593	538			GRI 403-5	
LKI - nb of sessions	98	18	89	89	81			GRI 403-5	
LKI - nb of training hours	10,900	1,026	10,693	10,170	9,153			GRI 403-5	
% of HR (recruiters) trained to Non discrimination in France				100 %	100.0%			GRI 403-5	
% of employees trained in Safety					100.0%	100.0%		GRI 403-5	


Planet
Protect our environment
Work in our regions

3 Planet: preserving our environment

Anne-Delphine BEAULIEU
Head of CSR & Digital Transformation

Guided by our purpose (shape and share sustainable links) and our values, LISI's sustainable development strategy is structured around the **following convictions**:

- Environmental issues are a major challenge for humanity.
- Thinking only in the short term hurts future generations and deteriorates the resilience of our company
- The world is constantly changing and requires an agile organization.
- Diversity is a strength.
- Companies must have a positive impact on society and the regions they occupy.

As a responsible and responsible company, we are increasingly seeking to contribute to a sustainable and inclusive world. By integrating sustainability and societal impact into every aspect of our business, we create long-term value for all stakeholders and ensure profitable growth.

From an environmental standpoint, the Group is committed to a 2030 trajectory of reducing its carbon footprint by -30% and increasing the share of renewable energies (produced and/or purchased) in the energy mix to 20%.

Our commitments are fourfold:

- **Acting with determination for the climate** by continuously investing and developing innovative solutions to reduce carbon emissions in line with our climate commitment.
- **Using resources efficiently by adopting responsible behaviors** and making the best use of digital technologies to preserve the planet. We act on 3 main levers: Use less, Use better, Use longer
- **Supporting local communities** by supporting local players, individuals, or partners in our ecosystem, and by encouraging local initiatives to make sustainable development a reality for all.
- **Measuring progress** by setting up a dashboard (Balanced Score Card) attesting that rapid changes are possible to create a more sustainable world in varied and complex areas.

We are committed to taking swift action to build a better future in line with the UN SDGs, and measuring our impact transparently.

planet

3. Protect our environment

6. CLEAN WATER AND SANITATION

7. CLEAN AND AFFORDABLE ENERGY

13. MEASURES TO COMBAT CLIMATE CHANGE

4. Contribute in our territories

11. SUSTAINABLE CITIES AND COMMUNITIES

12. RESPONSIBLE PRODUCTION AND CONSUMPTION

13. MEASURES TO COMBAT CLIMATE CHANGE

3.1 Convictions, awards, highlights

Planet – Highlights

3
Renewable energy projects in production and 5 in progress

B
CDP Climate. (D in 2021)

-37%
of greenhouse gas emissions compared to 2019 on Scopes 1 & 2 (market based)

€4.3M
of investments dedicated to reducing the carbon footprint

0.4%
of renewable energy produced on site

1
experiment with ADEME on the carbon trajectory in France

-19.9%
of water consumption vs. 2022

100%
of 2023 targets of the Balanced Score Card Planet have been achieved

ISO 14001
Obtaining of certifications

1.7%
of energy efficiency gains (*via* projects vs. annual consumption)

ECOVADIS
Still progressing (69/100 vs. 67/100)

LE COQ VERT
We joined the Coq Vert Community

The LISI Group is particularly proud to have progressed to reach Level B for the CDP Climate and improved its Ecovadis rating. This progress reflects the constant improvement of its governance, its commitments, and the execution of its strategy.

Recognition was also obtained: LISI won the Best Managed Company award in 2023, labelled by Deloitte for the second consecutive year.

Lastly, the LISI Group recently joined the Coq Vert community to further anchor its commitments in the climate and energy transition. Launched by Bpifrance, in partnership with ADEME and the Ministry for the Ecological Transition, this community aims to promote the sharing of expertise between committed entrepreneurs.

3.2 Our environmental policy

Through its environmental policy, the LISI Group affirms its desire to improve its environmental footprint and meet its obligations and commitments related to the environment.

This policy describes the commitments made in terms of the climate transition. The Group's material challenges are as follows:

- the energy efficiency of its production sites and reducing energy consumption,
- reducing the carbon footprint,
- developing renewable energies,
- managing water dependency,
- eco-design of products,
- the eco-responsibility of its processes and purchases and the involvement of our supply chain in this approach.

In addition to the Group's commitments, since 2021, the LISI AUTOMOTIVE division has been committed to a successful approach called **"LISI AUTOMOTIVE goes G.R.E.E.N"**.

In 2023, the following actions were carried out as part of this approach:

- Energy sobriety actions that have made it possible to reduce the gross consumption of our European sites by 11% compared to 2021,
- Installation of photovoltaic panels at our sites in Fuenlabrada (Spain) and Mellrichstadt (Germany),
- A partnership with Arcelor Mittal to guarantee the supply of low-carbon steel,
- Training on the environmental footprint of our purchasing and sales teams,
- A mapping of six sites to precisely know the carbon footprint of the products produced there.

In 2024, the LISI AUTOMOTIVE division will extend its energy saving actions to all its plants with a target of -10% of additional savings compared to 2023. It will also continue to map its sites and implement low-carbon energy projects.

In 2023, the LISI AEROSPACE division launched a CSR approach *via* a webinar dedicated to CSR in order to share the division's best practices and launch initiatives. All the Directors of the LISI AEROSPACE sites took part in this webinar.

3.2.1 Investments for the environment

In 2023, the LISI Group reviewed its investment procedure (CAPEX) to align it with the 3P program (People, Planet, Profit) – see Section 1.2.2.3.

From now on, each investment exceeding €250 thousand or relating to decarbonization (energy efficiency, renewable energies, building renovation, etc.) must include a carbon impact calculation in the decision-making. The assessment compares the Before/After situation for greenhouse gas emissions in tonnes of CO_2 equivalent.

At the end of 2023,

- The LISI AUTOMOTIVE division had applied this new procedure to 16 investments. Two projects had a favorable carbon impact for 57 tCO_2eq. These are a project on the cooling unit at the Mélisey site (France) (23 tCO_2eq) and a project to recover waste heat from furnaces in Fuenlabrada (Spain) (34 tCO_2eq). The photovoltaic panel project at the Mellrichstadt site (Germany) was initiated before the new procedure came into force.
- The LISI AEROSPACE division had applied this new procedure to 14 investments. Five of these projects generated a favorable carbon impact of 793 tCO_2eq. The Tangier photovoltaic panel project (Morocco) will generate a favorable carbon impact of 405 tCO_2eq. The Villefranche-de-Rouergue site (France) has invested in an evapo-concentrator that will enable a carbon gain of 170 tCO_2eq.

This policy is reflected in significant investments and resources committed to the climate transition.

The Group invested €4.3 million in investments that contribute to reducing our carbon footprint. This represents 4.6% of total investments compared to 2.2% in 2022.

- The LISI AEROSPACE division devoted 3.4% of its investments to this area (14 projects).
- The LISI AUTOMOTIVE division devoted 7.1% of its investments to this area (20 projects).
- The LISI MEDICAL division devoted 3.3% of its investments to this area (3 projects)

Division	Energy investments committed – (in thousands of euros)	Total investments committed – (in thousands of euros)	% of committed investments	CO_2 reduction investment – (in thousands of euros)	% of CO_2 committed investments (2023)
LISI AEROSPACE	4,014	50,778	7.9%	1,712	3.4%
LISI AUTOMOTIVE	3,623	31,026	11.7%	2,188	7.1%
LISI MEDICAL	197	12,844	1.5%	425	3.3%
LISI SA	0	109	0%		0%
LISI	7,834	94,757	8.3%	4,325	4.6%

Note: these investments are identified as helping the LISI Group to improve its energy efficiency without any direct link with the CAPEX in the paragraph on taxonomy.

Among the notable investments:

- A photovoltaic panel project in the LISI AUTOMOTIVE division in Mellrichstadt in Germany (€612 thousand)
- New, more energy-efficient compressors in the LISI AUTOMOTIVE division (Čejč in the Czech Republic, Heidelberg in Germany, Mélisey in France and Livonia in the United States) (€349 thousand).
- An Argon collection and recycling system at LISI AEROSPACE in Carpète, France (€200 thousand).

3.2.2 Team training & environmental culture

LISI is convinced that it is thanks to the commitment and skills of all its employees that it will be able to achieve its goals in terms of Corporate Social Responsibility and Health and Safety at Work. The women and men at LISI are the main ambassadors of this approach.

The Group's CSR Department has also seized a large number of opportunities to train/raise awareness at the various levels of the Company's management: the Leadership Board, the plant managers through their joint career paths at LKI, and all the management committees of the plants that it visited over year.

Each new plant manager benefits from an individual interview with the Director of Corporate Social Responsibility & Digital Transformation within three months of taking up the position. During this meeting, the CSR approach and strategic objectives are discussed.

All newly hired managers receive onboarding training at LKI which lasts for several days. During these days, the Director of Corporate Social Responsibility & Digital Transformation presents the 3P program (People, Planet, Profit) and gives meaning to our actions.

More generally, training is provided on a regular basis:

- In 2023, more than 70,000 hours were devoted to training and awareness-raising in the CSR/HSE field, *i.e.* more than 18,000 trainees.
- The Climate Fresk is also a tool regularly used by our French entities to increase environmental culture.

It is through global and local initiatives that we are strengthening our environmental culture. The Group's sites are encouraged to develop initiatives to promote this culture.

For example, in 2023,

- 62 people took part in the "Spring Bike Challenge". They traveled 14,584 km by bicycle instead of by car, *i.e.* 3.6 tCO_2. They were able to collect €3.6 thousand, which was donated to the Papillon Blancs association, which works to defend the material and moral interests of people with mental disabilities, the search for their fulfillment and the development of their autonomy.
- Villefranche-de-Rouergue (France) organized an Escape Game to combat plastic pollution.
- Dorval (Canada) switched to Biogas from May 1, 2023. As the electricity consumed is exclusively of hydroelectric origin, 99.7% of the energy consumed by the site is of renewable origin.

3.3 Our climate transition strategy

3.3.1 Climate trajectory

GRI STANDARDS **GRI 302; GRI 305**

Due to its industrial and historical activities, the LISI Group has had an impact on the environment, notably through its consumption of raw materials, energy, water, and its liquid or atmospheric discharges. As a responsible company, LISI makes every effort to limit its impacts through an environmental management system based on the ISO 14001 standard.

Our products are not intended for the end consumer. Nevertheless, they contribute to reducing the impact on climate change through their use by customers. Our parts are mainly used in means of transport. LISI works in close collaboration with its customers (Stellantis, Renault, Volkswagen, ZF, Airbus, Boeing, Safran, GE, Pratt & Wittney, etc.), in order to reduce the weight of its parts (and therefore of vehicles). This reduction, in addition to other innovative solutions provided by LISI, reduces fuel consumption and therefore reduces the impact on climate change.

The Group is committed to a climate trajectory aimed at reducing its greenhouse gas emissions by 30% (Scopes 1 + 2 + partial 3) by 2030 compared to 2019. This trajectory was built in a manner consistent with the WB2C scenario (Well Below 2-Degree Scenario) of the SBTI tool (version 1.2.1).

Methodology changes were made by the SBTI in 2022. Thus, in 2024, LISI plans to rework its trajectory by taking them into account.

Definitions:

SCOPE 1: Direct emissions from fixed or mobile facilities located within the organizational scope, *i.e.* emissions from sources owned or controlled by LISI.

SCOPE 2: Indirect emissions associated with the production of electricity, heat or steam imported for LISI's activities.

SCOPE 3: Other emissions indirectly produced by the organization's activities that are not accounted for in Scope 2 but that are linked to the complete value chain such as: purchases of raw materials, services or other products, employee travel, upstream and downstream transportation of goods, management of waste generated by the organization's activities, use and end-of-life of products and services sold, capitalization of production goods and equipment. Partial Scope 3 = emissions associated with raw materials and transport.

3.3.2 Climate transition risk

The LISI Group has included the risk of climate transition in its risk mapping.

Governance

In 2022, the Executive Committee monitored the environmental objectives on a quarterly basis. These were mainly energy consumption and the deployment of renewable energy projects.

From 2023, the frequency became monthly and was based on the Group's Balanced Score Card. The indicators monitored have been enhanced and will concern energy efficiency, reduction of water dependency, reduction of greenhouse gas emissions and the CSR assessment of our key suppliers.

The Board of Directors is regularly informed of the progress made in terms of the climate transition. The topics covered concern the market's adaptation to climate change such as the decarbonization strategy.

The Carbon WG, which was set up in 2022, continued its work on the carbon strategy in 2023:

- Definition of operational management indicators.
- Easy access to carbon data, as close as possible to physical data and to the consumption period.
- Improvement in quantity and quality of the data.
- Determination and adaptation of monitoring tools for these indicators.
- Monitoring and adaptation of the Carbon Assessment.
- Monitoring the progress of decarbonization action plans (renewable energies, sobriety plans, etc.).
- Experimentation of a digital solution to manage both indicators, the Carbon Assessment, and also decarbonization projects.

Management of climate transition risk

The risks associated with the climate transition are monitored at the highest level of the organization, like all other business risks. The "climate transition" risk was introduced in the risk mapping in 2019.

LISI has comprehensively reassessed the climate transition risks in 2023 by applying the Carbon Disclosure Project (CDP) methodology. For each risk and each opportunity, various criteria were assessed and quantified, including: frequency, severity, potential financial impact, estimated cost of risk control.

An exhaustive list of risks and opportunities was drawn up and the most significant risks were published in the response to the CDP questionnaire.

The risk categories considered are as follows:

- Existing and future regulations,
- Technology,
- Market development,
- Reputation / image,
- Physical (occasional or chronic), associated with extreme weather events.

Some examples of identified risks:

- exposure to extreme weather events,
- emerging taxonomic regulation,
- increase in insurance premiums,
- the growing demand from customers for parts that emit fewer greenhouse gases.

The categories of opportunities considered are as follows:

- Resource efficiency,
- Energy source,
- Products and services,
- Markets,
- Resilience.

Some examples of opportunities identified:

- Facilitated access to renewable energies,
- Reduced returns on investment for energy sobriety projects,
- The development of new parts for new customer markets (electric vehicles, low-carbon aircraft, etc.).

Indicators and Targets

The goal to reduce the carbon footprint by -30% (Scopes 1 + 2 + partial 3) by 2030 was launched in 2018. The variable compensation policies of the managers reflect these objectives since 2023.

The reference year is 2019.

Climate trajectory:
-30% in GHG emissions in 2030 compared to 2019

3.3.3 Taxonomy

3.3.3.1 - Our challenges with regard to the Taxonomy

During the previous fiscal year, LISI, like the other automotive subcontractors, considered that the EU Taxonomy Climate Delegated Act did not explicitly address components for low-carbon vehicles.

In 2021, therefore, the position taken was to consider that a portion of the turnover generated by the LISI AUTOMOTIVE division fell mainly under Category 3.3 "Manufacturing of low-carbon technologies for transport". LISI and its colleagues, notably PFA and CLEPA, considered that the parts manufactured were components of low-carbon vehicles (electric vehicles and plug-in hybrid vehicles).

In 2022, the European Union, *via* the FAQ of February 2, 2022 rejected this position. Thus, for the 2022 fiscal year, the LISI Group analyzed its activities that may fall within the scope of the taxonomy.

In 2023, a category 3.18 "Manufacturing of automotive components and mobility components" was created to address the specific challenges of automotive subcontractors. The LISI AUTOMOTIVE division will fall into this category.

In addition, a 3.21 "Aircraft manufacturing" has been created, which includes the manufacture, repair, maintenance, overhaul, adaptation, design, reassignment and upgrading of aircraft. The LISI AEROSPACE division will therefore fall into this category.

With regard to CAPEX, LISI has carefully read the technical criteria relating to the CAPEX concerned (see dedicated section).

3.3.3.2 - Note on the Taxonomy regulation and product eligibility

Application of the EU "Taxonomy" regulation, the Taxonomy Climate Delegated Act

Pursuant to Regulation 2080/852 of June 18, 2020 (the so-called "taxonomy regulation") and the delegated climate regulation of June 4, 2021, LISI Group is required to publish, in respect of the 2023 fiscal year, the share of its turnover, its investments and certain operational expenses resulting from economic activities considered eligible in view of the objectives of mitigation of and adaptation to climate change.

The denominators of the financial ratios were defined in accordance with the definition of the delegated act of July 6, 2021 and its annexes supplementing the taxonomy regulation. The underlying financial information was checked jointly by the finance and operational teams to ensure consistency and the reconciliation with the annual financial statements. They are presented after elimination of intercompany transactions and cover the Group's entire scope of consolidation (excluding companies consolidated through the equity method).

LISI conducted a detailed analysis of all activities and product lines at its various consolidated entities. This analysis, carried out jointly by the CSR Department, the Finance Department, the Operations Department, the Strategy and Innovation Department, the Industrial Departments of the Business Groups, and business line experts, made it possible to estimate the aligned activities for the fiscal year ended December 31, 2023.

To be aligned, an activity must comply with the substantial contribution criteria of one of the objectives of the delegated act of July 6, 2021, comply with the "do not cause significant harm" criteria (below), and comply with the minimum guarantees (below).

Concerning the "Do not cause significant harm" criteria:

- **Climate change adaptation**
  Initially, an internal analysis was carried out to identify chronic and acute climate risks at the sites of the three divisions, taking into account the RCP 8.5 scenario of the IPCC. The conclusions were as follows:
  - 10 sites were identified as being in water stress areas with a potential impact. Nevertheless, the potential impact would be a temporary reduction in activity (a shutdown for a short period in the worst case). These sites must implement an action plan to control their water consumption.
  - 1 site is located in the middle of a forest. There have never been any forest fires in this area. Nevertheless, as the risk is not zero, a more detailed analysis of the exposure must be carried out.

  The other elements relating to adaptation to climate change in Appendix A of the delegated act were also reviewed without identifying any major impact for this activity.
- **Water and marine resources:**
  All of the LISI AEROSPACE and LISI AUTOMOTIVE divisions' sites are ISO 14001 certified. Thus, the Environmental Analysis carried out by each site must include the sensitivity of the environment and the environmental impact on it.

The sites must also carry out a regulatory compliance analysis that shows there was no violation of the regulations relating to water discharges. Water discharges generated by operations are analyzed in accordance with the regulations in force. In the event of a discrepancy, an analysis of the causes is carried out and actions are taken to return to the levels defined by the authorities. In 2023, the authorities did not find any infringements in this area.

- **Transition to a circular economy:**
  The components manufactured by the LISI AEROSPACE and LISI AUTOMOTIVE divisions are either metal or plastic. Thus:
  - Concerning the reuse and use of secondary raw materials: the raw material in question favors the use of recycled material. LISI AEROSPACE and LISI AUTOMOTIVE's suppliers are encouraged to use recycled materials as much as possible. Offcuts of plastic parts are recovered, crushed and reinjected into the raw material circuit of the sites concerned (in the proportion that allows the mechanical characteristics required by customers to be maintained).
  - Regarding the design of manufactured products that are sustainable, recyclable, easy to disassemble and adaptable: LISI AUTOMOTIVE offers its customers products that meet their needs. In strict compliance with the ELV law, and in compliance with customer specifications, LISI AUTOMOTIVE parts are:
    - Durable: compliance with the technical characteristics of resistance defined by customers.
    - Recyclable: metal and plastic parts recognized as recyclable materials and without any coating that would hinder their recyclability.
    - Easy to disassemble and adaptable: in compliance with technical standards defined by customers.
  - LISI AEROSPACE offers its customers products that meet their needs. The parts provided by LISI AEROSPACE are:
    - Durable: compliance with the technical characteristics of resistance defined by customers.
    - Recyclable: metal and plastic parts recognized as recyclable materials and without any coating that would hinder their recyclability.
    - Easy to disassemble if and only if it does not harm the final safety of users.
  - Concerning waste management and prioritizing recycling: the parts manufactured by LISI AEROSPACE and LISI AUTOMOTIVE are made through the following processes:
    - Mainly metal deformation processes such as cold forging, hot forging and rolling. These processes are known to generate very little waste.
    - Plastic injection: plastic offcuts (core samples) are optimized and reduced as much as possible. They are crushed and reinjected into the raw material circuit.
    - Metal cutting: cutting in metal strips is optimized to minimize waste. They are sorted and sent to recycling for material recovery.
    - Machining: the recovered shavings are sorted and sent to recycling for material recovery.
    - Surface treatment: waste is not easily recovered but is disposed of according to regulatory channels.
- **Pollution prevention and control:**
  LISI AUTOMOTIVE identifies all the substances it places on the market. Manufactured products are reported on the IMDS (International Material Data System) platform. This is an international system for collecting material data for the automotive sector in the framework of regulations on End-of-Life Vehicles (ELVs) and REACH. The IMDS system is based on lists of prohibited substances or substances subject to declarations according to the levels in which these substances are present in the components or materials. These prohibited substances are grouped together in a common list called the GADSL (Global Automotive Declarable Substance List). These lists are constantly evolving in line with regulations. The substances listed in the regulation are not used by LISI AUTOMOTIVE.

  LISI AEROSPACE only uses chemical products duly authorized under REACH and ROHS regulations. Some substances listed in the taxonomy regulation are used but are temporarily authorized under the REACH and ROHS regulations. The analysis of the eligibility of these processes will be carried out for the 2024 fiscal year.
- **Protection and restoration of biodiversity and ecosystems:**
  The LISI Group ensures that its sites and products have no impact on biodiversity and ecosystems.

  ISO 14001-certified sites must take into account the sensitivity of the environment when assessing the environmental impacts of their activities and products. This includes biodiversity and ecosystems.

  In addition, most of the LISI AEROSPACE and LISI AUTOMOTIVE divisions' sites are located in developed industrial areas or in urban areas. Their activity is therefore limited with regard to the surrounding environment. The most important sites, and therefore potentially the most impactful, are subject to administrative authorization. In France, as in most countries, an impact study is required to obtain operating permits. The regulations require that the impact on biodiversity and ecosystems be assessed.

Biodiversity insert

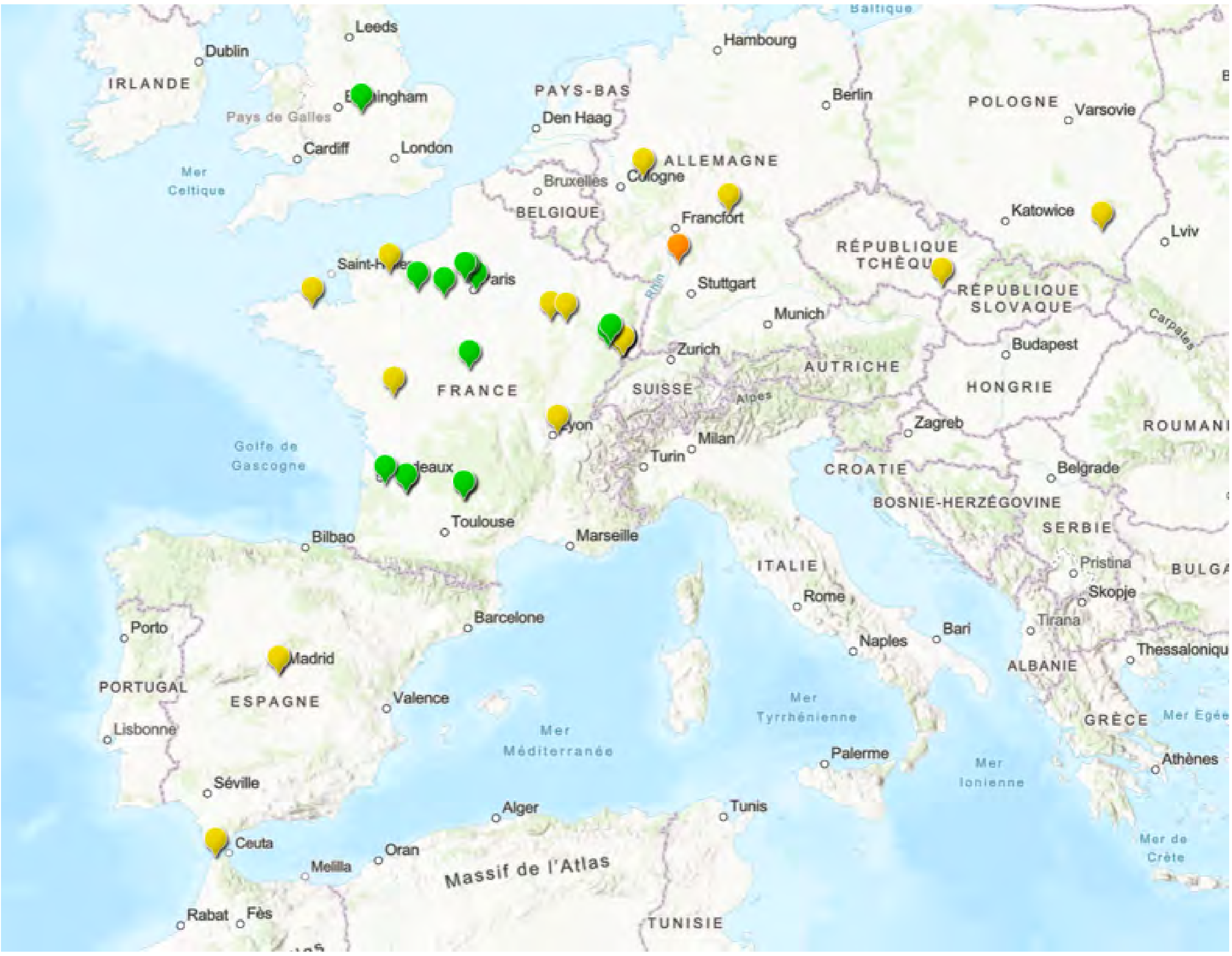
In an exploratory manner, in 2023, LISI carried out a spatial analysis of its sites to identify those located near the biodiversity areas declared in the IBAT database. These key biodiversity areas (KBAs) correspond to areas identified according to specific criteria as making a significant contribution to maintaining biodiversity within the various ecosystems.

This database assesses the risk of impact of a location less than 50 km from a biodiversity area. The risk is divided into three categories: low, moderate and high.

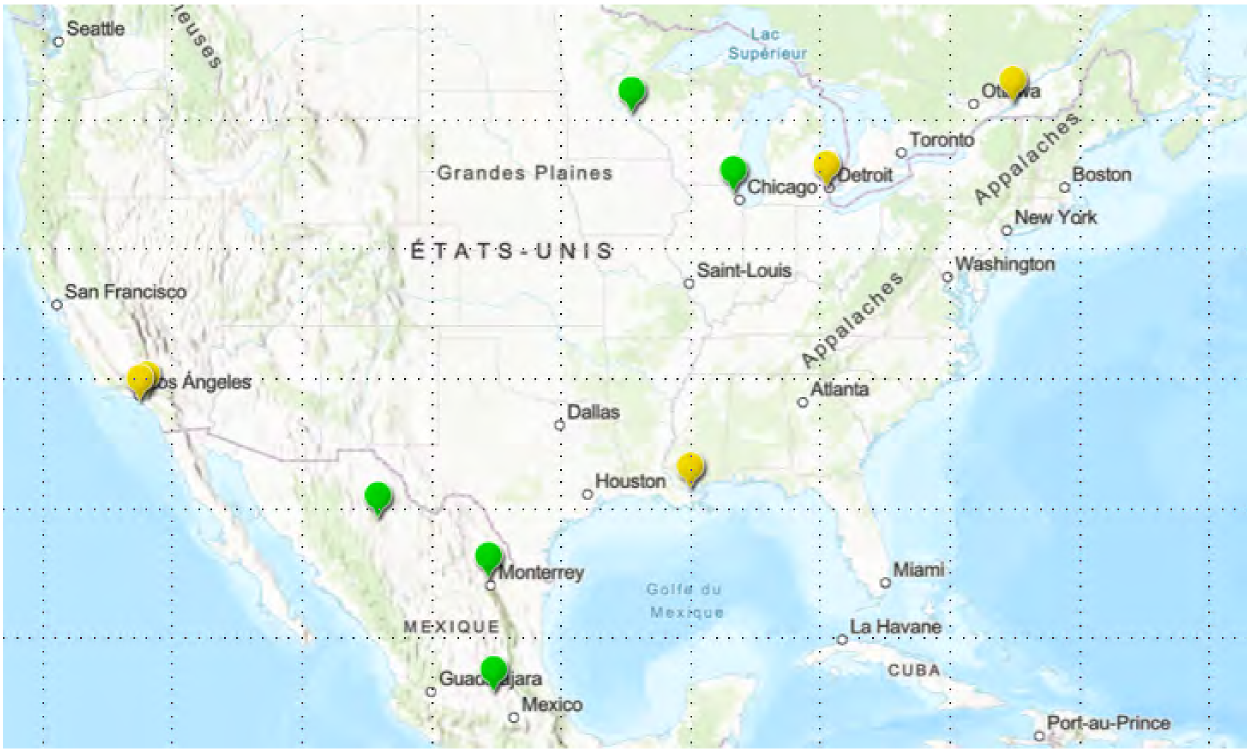
By juxtaposing the location of our 47 sites, 23 are classified as low risk, 24 as moderate risk and only 1 is classified as high risk. This is the Heidelberg site (Germany), which is in an industrial zone in a city center.

LISI is continuing its analysis to make full use of this information.

Europe Zone: Impact assessment of sites close to a biodiversity area



North America Zone: Impact assessment of sites close to a biodiversity area



Asia Zone: Impact assessment of sites close to a biodiversity area

Regarding the “Minimum Guarantees” criteria:

Work is considered as decent and living standards are considered as adequate and respect the well-being of users. For explanations, please refer to the “People” section of the NFPS, as well as to the chapter on the duty of care with regard to business ethics, the fight against corruption and compliance with tax laws.

Below are the tables required by Appendix II of the taxonomy regulation.

Turnover

Fiscal Year	Year			Substantial contribution criteria						Criteria for absence of material prejudice (DNSH - Does Not Significant Harm)									
Economic activity (1)	Code(s) (2)	Absolute Turnovers (3)	Share of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guaranties (17)	Share of aligned sales (A.1.)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	H	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Taxonomy aligned																			
None			%																
Turnover of environmentally sustainable activities (A.1)		0	0 %	%	%	%	%	%	%								%		
of which enabling			%	%	%	%	%	%	%								%		
of which transitional			%														%		
A.2 Taxonomy eligible but not taxonomy aligned activities																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of automotive and mobility components	CCM 3.18	81,773,000	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
Manufacture of aircraft	CCM 3.21	833,310,000	51%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Turnover of taxonomy-eligible but environmentally unsustainable activities (A.2)		915,083,000	56%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
Turnover of activities eligible for taxonomy (A)		**915,083,000**	**56%**	**EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy non eligible activities (B)		715,363,000	44%																
TOTAL A + B		**1,630,446,000**	**100%**																

CAPEX

Fiscal Year	Year			Substantial contribution criteria						Criteria for absence of material prejudice (DNSH - Does Not Significant Harm)									
Economic activities	Code(s) (2)	Absolute Turnovers (3)	Share of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guaranties (17)	Share of aligned sales (A.1.)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	H	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Taxonomy aligned																			
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	150,000	0,2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	235,700	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	137,000	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	90,900	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	804,000	0.8%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y			
Capex of taxonomy aligned activities (A.1.)		1,417,600	1.5%	100%	0%	0%	0%	0%	0%								%		
of which enabling			0.015	%	%	%	%	%	%								%		
of which transitional			0														%		
A.2 Taxonomy eligible but not taxonomy aligned activities																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of automotive and mobility components	CCM 3.18	8,810,000	9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
Manufacture of aircraft	CCM 3.21	50,528,000	53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Capex of taxonomy eligible but not taxonomy aligned activities (A.2.)		59,338,000	63%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
TOTAL A (A.1. + A.2.)		60,755,600	64%	100%	0%	0%	0%	0%	0%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Capex of taxonomy non eligible activities (B)		34,000,400	36%																
TOTAL A + B		**94,756,000**	**100%**																

Regarding the aligned activities, LISI analyzed the technical criteria:

- CCM 3.2: the manufacture of hydrogen by electrolysis meets the required technical requirements.
- CCM 7.3: the investments considered meet the required technical requirements (mainly replacement of lighting by LEDs).
- CCM 7.4: electric vehicle charging stations meet the required technical requirements.
- CCM 7.5: identified BMS facilities meet the requirements.
- CCM 7.6: the photovoltaic panel installations considered meet the requirements

OPEX

Fiscal year	Year			Substantial contribution criteria						Criteria for absence of material prejudice (DNSH - Does Not Significant Harm)									
Economic activity (1)	Code(s) (2)	Absolute Turnovers (3)	Share of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Aquatic and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum guaranties (17)	Share of aligned sales (A.1.)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	H	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1 Taxonomy aligned																			
None		0	0%	N	N	N	N	N	N										
Opex of taxonomy aligned activities (A.1.)		0	0%	N	N	N	N	N	N								%		
of which enabling			%	N	N	N	N	N	N								%		
of which transitional			%														%		
A.2 Taxonomy eligible but not taxonomy aligned activities																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of automotive and mobility components	CCM 3.18	77,807,000	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
Manufacture of aircraft	CCM 3.21	784,183,000	52%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Opex of taxonomy eligible but not taxonomy aligned activities (A.2.)		657,490,000	43%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%		
TOTAL A (A.1. + A.2.)		861,990,000	57%	%	%	%	%	%	%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Opex of taxonomy non eligible activities (B)		657,490,000	43%																
TOTAL A + B		**1,519,480,000**	**100%**																

3.3.3.3 - Summary - Taxonomy

As a reminder, only the LISI AEROSPACE and LISI AUTOMOTIVE divisions are eligible for the European taxonomy.

in thousands of euros	Taxonomy activity	Denomination	Eligible	Aligned	LISI total
Turnover	CCM 3.18	Manufacturing of automotive components and mobility components	81,773	No	**1,630,446**
	CCM 3.21	Aircraft manufacturing	833,310	No	
CAPEX	CCM 3.1	Hydrogen manufacturing	150	Yes	**94,756**
	CCM 3.18	Manufacturing of automotive components and mobility components	8,810	No	
	CCM 3.21	Aircraft manufacturing	50,528	No	
	CCM 7.3	Installation, maintenance, and repair of equipment promoting energy efficiency	236	Yes	
	CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings	137	Yes	
	CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulating, and controlling the energy performance of buildings	91	Yes	
	CCM 7.6	Installation, maintenance, and repair of renewable energy technologies	804	Yes	
OPEX	CCM 3.18	Manufacturing of automotive components and mobility components	77,807	No	**1,519,480**
	CCM 3.21	Aircraft manufacturing	784,183	No	

3.4 Our direct impacts on the environment

3.4.1 Greenhouse gas emissions and Carbon Assessment

GRI STANDARDS **GRI 305**

Since 2017, the LISI Group has published its greenhouse gas emissions on Scopes 1 and 2. Since then, the Group has continued to make progress and evolve its data collection systems.

- In 2019, this greenhouse gas assessment was supplemented by partial Scope 3 for the "raw materials" and "transport" items.
- Since 2022, the LISI Group has updated its carbon assessment by adding new upstream Scope 3 items, which now covers the following items:
  - Purchases of goods and services (including the purchase of raw materials).
  - Investments and capital goods.
  - Upstream transportation.
  - Waste generated by operations.
  - Business travel.
  - Employee commuting.
- In 2023, LISI made progress on the collection of physical data and more relevant emission factors for raw material purchases.

The LISI Group is making progress:

- **On data collection:** capture more data, in particular with the implementation of online monitoring platforms on certain energy stations and new consumption sensors.
- **On data quality:**
  - Physical data: switching from monetary data to physical data whenever possible.
  - Emission factors: report Scope 2 emissions in Location-based and Market-based.
  - Emission factors: better identifying local energy factors at the various entities, notably in the United States and Germany.
- **On the frequency of data:** the LISI Group is in the process of converting as much data as possible into monthly instead of quarterly / annual data.

In 2023, LISI updated its Non-Financial reporting procedure with significant progress.

- Data quality: continued implementation of IoT sensors at the sites.
- Frequency: move to monthly data for the vast majority of data.
- Deadline: alignment of financial and non-financial reporting deadlines.
- Procedure: update of the “Non-Financial Reporting Procedure” document.
- Management: the LISI Group is now able to monitor a larger quantity of data in a balance score card.

Note: until 2022, part of Scope 3, “Fuel and energy activities”, was included in Scopes 1 & 2 (parts related to energy transport).

3.4.1.1 - Scope 1: methodology

Scope 1 data is collected monthly for energy consumption data and annually for vehicles and refrigerant emissions. The data collected is physical data. As regards energy, these are meter readings or consumption readings on invoices.

As regards emission factors, the source of emission factors for Scope 1 is ADEME for all LISI sites.

Consequently, the quality of these data is considered to be very good.

3.4.1.2 - Scope 2: methodology

Scope 2 data is collected monthly. These are physical data from meter readings, remote readings or billed consumption.

There are two types of emission factors:

- **“Location based”**: these are the emission factors available on the ADEME footprint database for all countries where LISI sites are located.
- **“Market based”**:
  - supplier data is preferred (available for Germany from Fortas and Canada from Hydro-Quebec).
  - For France, the ADEME emission factor was used.
  - For the other European sites, factors from the AIB were taken into account.
  - In the United States, local network data is made available by the federal environmental agencies EPA.
  - For the other countries, ADEME data was used.

As a result, the quality of the data is considered to be very good.

3.4.1.3 - Scope 3: methodology

In 2023, the majority of Scope 3 data were collected on a quarterly or annual basis.

- **Raw materials:**
  - Type of data: physical data that has been collected (tonnages of raw materials purchased).
  - Emission factors: provided by suppliers in most cases. When they were not available, ADEME’s generic emission factors were considered.
  - Data quality: very good.
- **Other purchases of goods and services, investments, transport:**
  - Type of data: monetary data.
  - Emission factors: those of the ADEME footprint database.
  - Data quality: low.
- **Waste:**
  - Type of data: physical data (tonnages of waste emitted).
  - Emission factors: those of the ADEME footprint database for waste treatment.
  - Data quality: good.
- **Business travel:**
  - Type of data: physical data
  - Emission factors: emissions were recovered directly from travel agencies and car rental agencies.
  - Data quality: very good.
- **Commuting**:
  - Type of data: an estimate of the distances traveled by the Group’s employees was used to calculate the emissions relating to this item.
  - Data quality: average.

Actions are underway with suppliers to retrieve the data attributed to LISI’s purchases. In particular, suppliers of chemical, oil and transport products are beginning to provide the emissions relating to the products and services purchased by LISI.

3.4.1.4 - Our emissions in tC02

The carbon footprint is **642,366 tonnes of CO_2.**

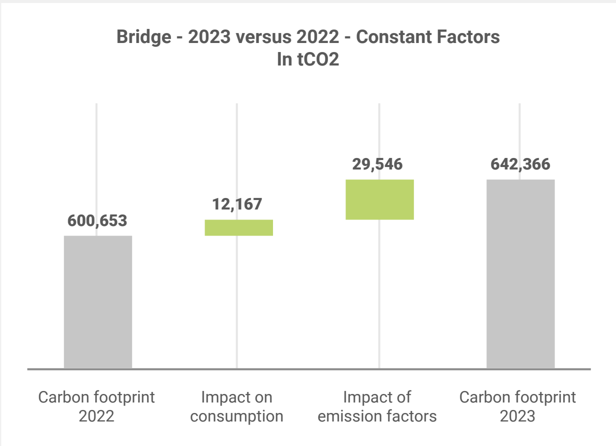
This corresponds to the consumption of a city of 133,000 inhabitants in France or a city of 41,000 inhabitants in the United States.

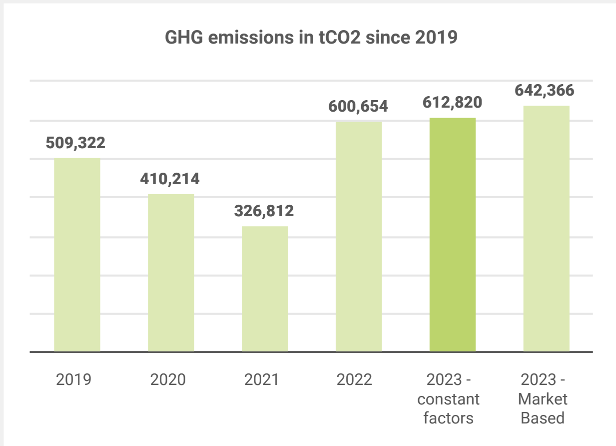
According to the website "statistics.developpement-durable.gouv.fr", carbon footprints per inhabitant in tCO_2eq in the countries where the LISI Group operates are as follows: France (4.8), United States and Canada (15.6), Germany (8.5), United Kingdom (5.4), Spain (5.5), Poland (8.4), China (8.3). Other countries are not available on this site.

Bilan carbone en tCO_2	2019	2020	2021	2022	2023 - Market Based	Change vs 2022	Change vs 2019	Impact due to Factors	Impact due to Consumption	Impact Total	2023 - Location Based
Scope 1	40,990	34,376	35,799	28,201	25,183	(27)%	(39)%	796	(9,989)	(9,193)	25,183
Scope 2	65,542	54,578	64,424	42,162	46,387	(15)%	(29)%	3,149	(11,340)	(8,191)	51,698
Scope 1 + 2 - Total	**106,532**	**88,954**	**100,223**	**70,363**	**71,570**	**(20)%**	**(33)%**	**3,945**	**(21,329)**	**(17,384)**	**76,881**
Scope 3	402,790	321,261	226,591	530,291	570,796	78%	42%	25,601	223,934	249,535	570,796
GHG emissions	**509,322**	**410,214**	**326,812**	**600,654**	**642,366**	**57%**	**26%**	**29,546**	**202,606**	**232,152**	**647,677**
Partial Scope 1 + 2 + 3 – historical comparable	**509,322**	**410,214**	**326,812**	**291,487**	**321,410**	**(22)%**	**(37)%**	**(10,064)**	**(78,740)**	**(88,804)**	**326,722**
Partial Scope 3 – historical comparable	402,790	226,261	226,591	203,906	233,615	3%	(42)%	(13,238)	20,592	7,354	233,615

Compared to 2022, the carbon footprint has had two impacts:

- The one related to the update of emission factors which led to an increase in the carbon footprint of 29,546 tonnes of CO_2. This corresponds to 71% of the change for the year.
- That linked to changes in consumption, which led to an increase in the carbon footprint by 12,166 tonnes of CO_2, or 29% of the change for the year.



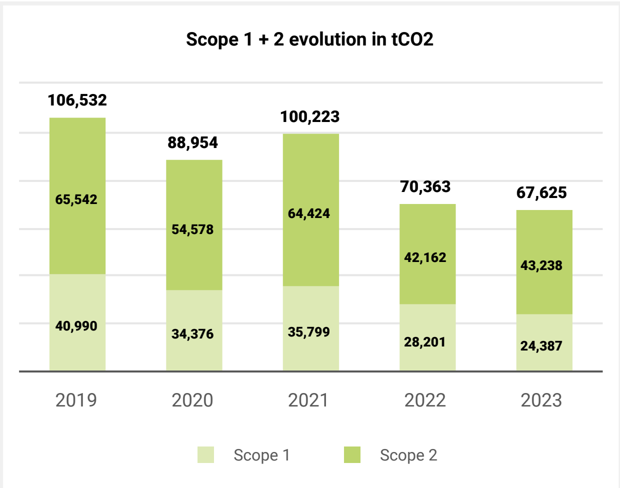


The so-called "constant factors" analysis means that we have kept the emission factors identical to those for 2022 in order to be able to measure the real impact of the contributions of LISI's consumption and projects without taking into account the impact related to changes in emission factors.

At constant emission factors, the carbon footprint is estimated in 2023 at **612,820 tonnes of CO_2.**

Carbon footprint in tCO_2	2019	2020	2021	2022	2023 - Constant Factors	Change vs 2022	Change vs 2019	Proportion	Data quality
Scope 1	40,990	34,376	35,799	28,201	24,387	-14%	-41%	4%	Very good
Scope 2	65,542	54,578	64,424	42,162	43,238	3%	-34%	7%	Very good
Scope 1 + 2 - Total	**106,532**	**88,954**	**100,223**	**70,363**	**67,625**	**-4%**	**-37%**	**11%**	**Very good**
Scope 3	402,790	321,261	226,591	530,291	545,195	3%	35%	89%	Average
GHG emissions	**509,322**	**410,214**	**326,812**	**600,654**	**612,820**	**2%**	**20%**		
Partial Scope 1 + 2 + 3 – historical comparable	**509,322**	**410,214**	**326,812**	**291,487**	**331,474**	**14%**	**-35%**		
Partial Scope 3 – historical comparable	402,790	226,261	226,591	203,906	246,853	21%	-39%		

3.4.1.4.1 *Evolution of the carbon footprint compared to 2022*



Scopes 1 + 2: Although activity increased by 14.4%, emissions associated with Scopes 1 & 2 decreased by -3.9%. As a result, the increase in activity was more than offset, demonstrating the relevance of our mitigation action plans.

This is mainly due to:

- energy sobriety action plans,
- renewable energy projects that started in 2023 (Fuenlabrada in Spain, Mellrichstadt in Germany, Rugby in the United Kingdom, Dorval in Canada),
- investments aimed at reducing the energy consumption of the sites.

These projects and actions are described in more detail in the section dedicated to our energy consumption (3.4.2).

Scope 3: At constant emission factors, Scope 3 emissions increased by 3% in line with the increase in activity. The highlights are as follows:

- Increase in purchases of goods and services in line with the increase in activity,
- Decrease in investment amounts,
- The other items are equivalent between 2022 and 2023.

In the end, at constant factors, greenhouse gas emissions increased by +2% compared to 2022. This performance is significant considering that the activity was up by 14.4%. The LISI Group has therefore managed to offset almost all of the growth effects through its actions and investments (detailed in the following paragraphs by topic).

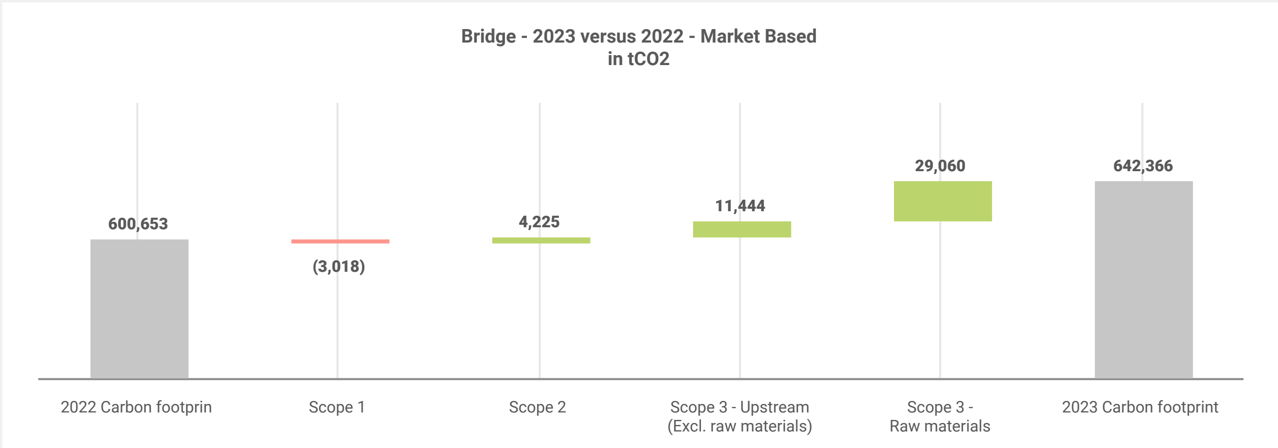
Impact of emission factors:

Updates to emission factors have contributed to a reduction in the carbon footprint by 29,546 tonnes of CO_2, and are responsible for 71% of the change compared to 2022. The emission factors that changed the most are:

Scope 2 - Market based:

- France: due to the shutdown of several nuclear power plants, the State had to buy more carbon-intensive electricity from abroad.
- Germany: our supplier FORTAS had a more carbon-intensive energy mix.
- United Kingdom and Poland: electricity with a higher carbon mix.
- Turkey: a decrease in the emission factor was observed in this country.

Scope 3 :
The change in emission factors mainly concerns the purchase of raw materials. LISI is increasingly succeeding in recovering the emission factors specific to suppliers.



3.4.1.4.2 Evolution of the carbon footprint compared to the 2019 reference year

Scopes 1 & 2: Our emissions were down -37% compared to 2019, *i.e.* a reduction of 34,902 tonnes of CO_2.

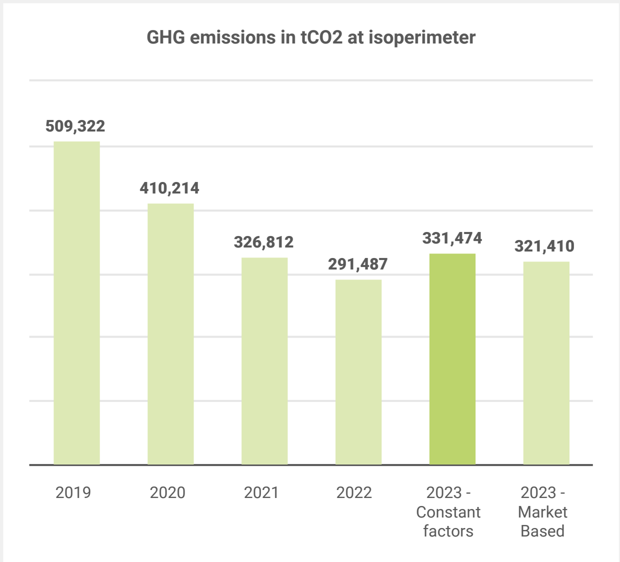
- On Scope 1, the reduction is -41%. This decrease is mainly due to the following actions:
  - Investments in energy efficiency (heat recovery from processes to avoid heating buildings, for example).
  - Organizational measures to limit the heating of buildings (lowering the setpoint temperature, smart building management, for example).
- On Scope 2, the reduction is -34%. This decrease is mainly due to the following actions:
  - Investments for energy efficiency in buildings: some sites have continued to switch from lighting to LED systems.
  - Investment in improved process efficiency: many sites have replaced their compressors with new-generation compressors that are more efficient and more adapted to the uncertainties of production.
  - Investments in photovoltaic panels dedicated to self-consumption on three sites.
  - Agreement on the consumption of energy from renewable sources in Canada, associated with a conversion of natural gas to biogas (Scopes 1 and 2).

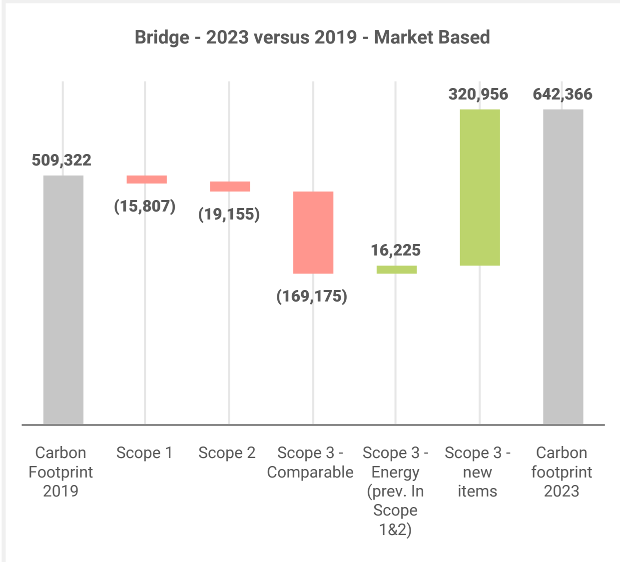
Scope 3: The 2019 and 2023 scopes are not comparable. LISI has made considerable progress in collecting Scope 3 data and its data quality. The difference in scope is significant and represents 320,956 tonnes of CO_2 and mainly comes from the following items:

- purchases of goods and services (other than raw materials),
- capital expenditures,
- production of waste,
- business travel and commuting.

On a like-for-like basis, the change in Scope 3 versus 2019 was -39%.

Total of 3 scopes on a historically comparable basis: in total, greenhouse gas emissions are down -35% on historically comparable scopes between 2023 and 2019, which is the reference year of the Group's objectives.





Change in scope:
These emissions are subject to non-significant changes in scope of around -0.86 ktCO_2eq on Scopes 1 and 2. Between 2022 and 2023, the Chaumont site (France; +0.38 ktCO_2eq) was added to the scope, and the Chihuahua sites (Mexico; -0.02 ktCO_2eq) and Zhuozhou (China; -1.22 ktCO_2eq) left the scope.

It should also be noted that LISI's activity increased by 14.4%.

3.4.1.4.3 Detailed analysis of the carbon footprint by position

Detailed breakdown of CO_2 emissions by category

In tonnes of CO_2 equivalent

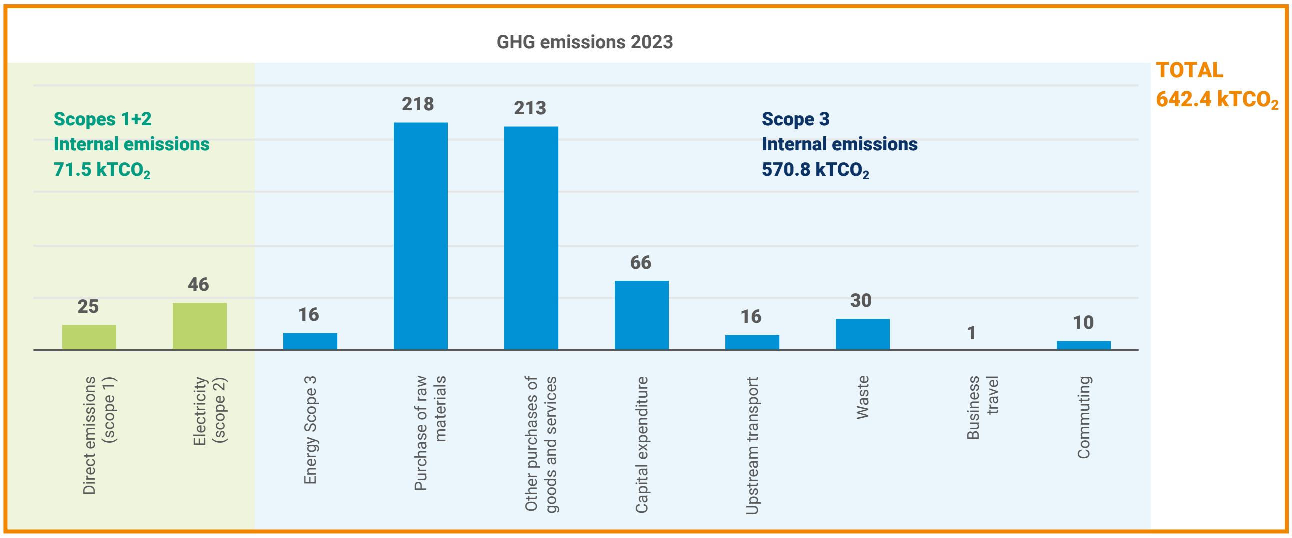
Scopes 1 + 2 represent 11% of the carbon footprint. Scope 3 alone represents 89% of the carbon footprint.

Among Scope 3, the three major items are:

- the purchase of raw materials weighing 218,114 metric tonnes of CO_2 *i.e.* 34% of the Group's emissions.
- the purchase of goods and services (other than raw materials) representing 213,205 metric tonnes of CO_2, *i.e.* 33% of the footprint.
- investments which, with 66,329 metric tonnes of CO_2, are responsible for 10% of emissions.

The major challenges for sustainable reduction of the LISI Group's carbon footprint therefore lie in our ability to:

- source less carbon-intensive raw materials and encourage our suppliers to reduce their carbon footprint. This is the meaning of the agreement signed by LISI with a supplier on low-carbon steel.
- engage our suppliers of goods and services in reducing the carbon footprint of what they sell to us.
- stimulate the eco-design of our products and process innovation to reduce emissions.
- consider intelligently the balance between Profit € / Planet tCO_2eq of the most expensive investments.



The breakdown of CO_2 emissions by item is as follows:

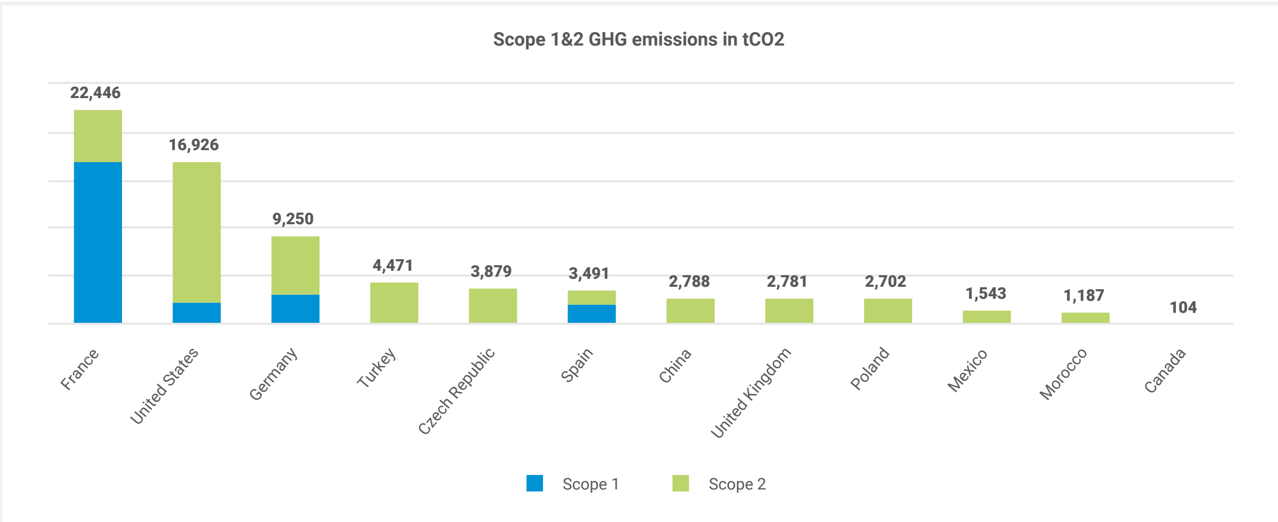
Scope	Indicators	2019	2020	2021	2022	2023
Scope 1	GHG Natural Gas [tCO_2]	37,174	31,406	32,590	23,625	22,489
	GHG Domestic heating fuel [tCO_2]	460	210	212	205	199
	GHG LPG [tCO_2]	1,206	1,057	1,372	1,090	865
	GHG Vehicles owned [tCO_2]	621	384	287	304	283
	GHG Private vehicles under lease [tCO_2]	2	2	2	1,691	1,691
	GHG Fugitive emissions from refrigerants [tCO_2]	1,527	1,317	1,335	1,286	1,341
	Sum GHG Scope 1 [tCO2]	**40,990**	**34,376**	**35,799**	**28,201**	**25,183**
Scope 2 - market based	GHG Electricity [tCO_2]	65,542	54,578	64,424	42,015	46,274
	GHG Heating network [tCO_2]	0	0	0	147	113
	Sum GHG Scope 2 [tCO2]	**65,542**	**54,578**	**64,424**	**42,162**	**46,387**
1+2	**TOTAL GHG SCOPES 1 & 2 [tCO_2]**	**106,532**	**88,954**	**100,223**	**70,362**	**71,570**
Scope 3 Upstream	Purchases of goods and services (other than raw materials) [tCO_2]				183,201	213,205
	Consumption of raw materials [tCO_2]	390,912	312,261	216,932	189,054	218,114
	Investments [tCO_2]				80,212	66,329
	Fuel and energy-related activities (not included in Scope 1 or 2)	Included in Scopes 1 and 2			17,218	16,225
	Upstream transport [tCO_2]	11,878	9,000	9,659	14,852	15,501
	Waste generated by operations [tCO_2]				31,395	30,301
	Business travel [tCO_2]				564	717
	Commuting [tCO_2]				13,795	10,403
	Upstream leased assets [tCO_2]					0
	Sum GHG Scope 3 [tCO_2]	**402,790**	**321,261**	**226,591**	**530,291**	**570,796**
TOTAL	**TOTAL GHG SCOPES 1, 2 & 3 [tCO_2]**	**509,322**	**410,215**	**326,814**	**600,654**	**642,366**

3.4.1.4.4 *Detailed analysis of the carbon footprint by geography*

The breakdown of CO_2 emissions by country is as follows:

Breakdown of CO_2 emissions by country

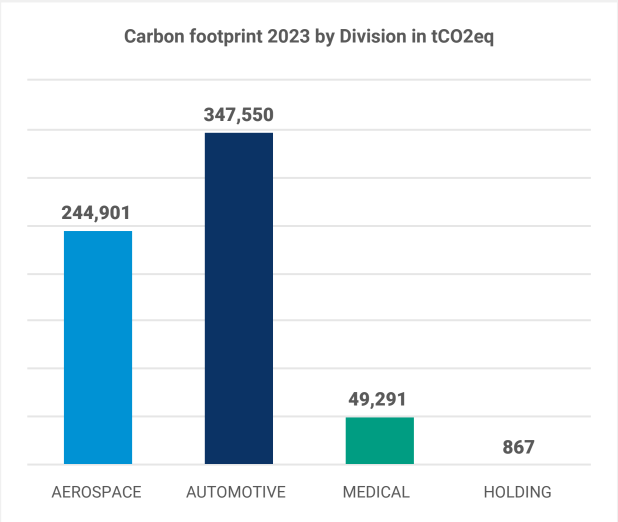
In tonnes of CO_2 equivalent

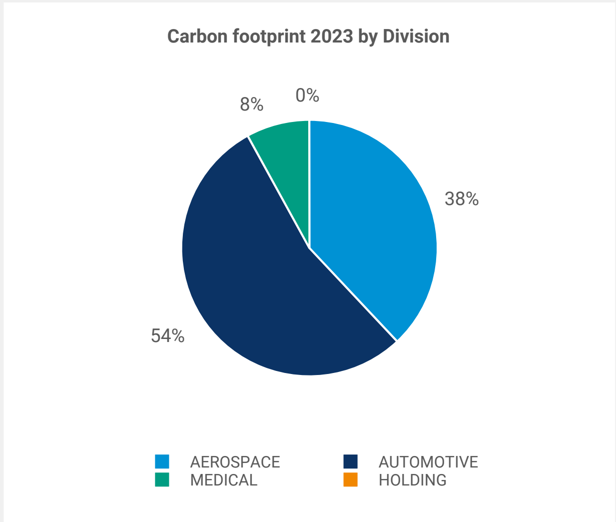


3.4.1.4.5 *Detailed analysis of the carbon footprint by division*

By Division, the carbon footprint for 2023 was as follows:

Carbon footprint per Division en tCO2	AEROSPACE	AUTOMOTIVE	MEDICAL	HOLDING	TOTAL
Scope 1	10,105	14,443	633	0	25,183
Scope 2	17,936	21,505	6,945	2	46,387
Scope 3	216,861	311,602	41,714	865	570,796
Total	**244,901**	**347,550**	**49,291**	**867**	**642,366**
Proportion	38 %	54 %	8 %	– %	





The change in the carbon footprint of our Divisions between 2022 and 2023 is as follows:

Carbon footprint per Division en tCO2	2022	2023	Changes vs 2022
AEROSPACE	235,505	244,901	4.0%
AUTOMOTIVE	315,832	347,550	10.0%
MEDICAL	48,418	49,291	1.8%
HOLDING	898	867	(3.5%)
Total	**600,653**	**642,366**	**6.9%**

3.4.2 Energy consumption of sites

GRI STANDARDS **GRI 305- 1**

The main contributions to the LISI Group's Scopes 1 & 2 greenhouse gas emissions are from energy consumption, notably electricity and natural gas. The energy is used in the manufacturing process and in heating premises.

The LISI Group seeks to reduce its energy dependency and carbon emissions in Scopes 1 & 2. Thus, it acts on two axes:

- the optimization of its energy consumption, through different means:
  - the intelligent management of buildings, or their renovation,
  - the implementation of sobriety plans,
  - the recovery and re-use of waste heat from manufacturing processes.
- The development renewable energies, through:
  - On-site production with a view to self-consumption: three projects, launched in 2022, were commissioned in Fuenlabrada (Spain), Mellrichstadt (Germany) and Rugby (United Kingdom),
  - The purchase of green energy: this option is not currently preferred because the Group's ambition is to produce its own energy.

By 2030, the LISI Group aims to have at least 20% renewable energy in its energy mix. In addition, it is also seeking to optimize its energy consumption by 10% from 2019 to 2030.

3.4.2.1 - The Group's energy consumption

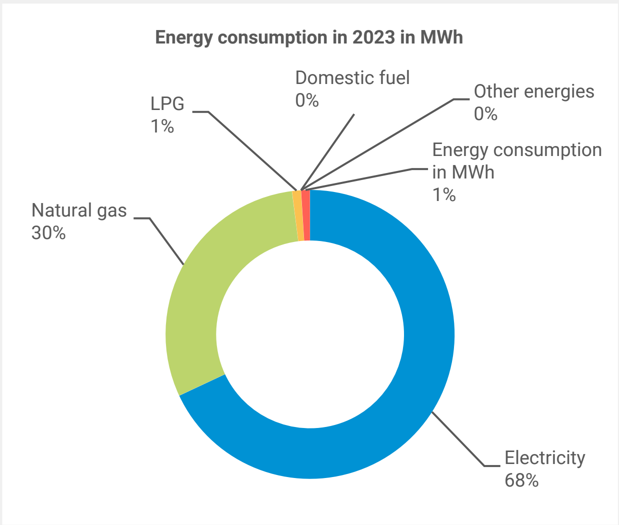
In 2023, the LISI Group's total energy consumption amounted to 406,851 MWh, a consumption down by -2.9% compared to 2022.

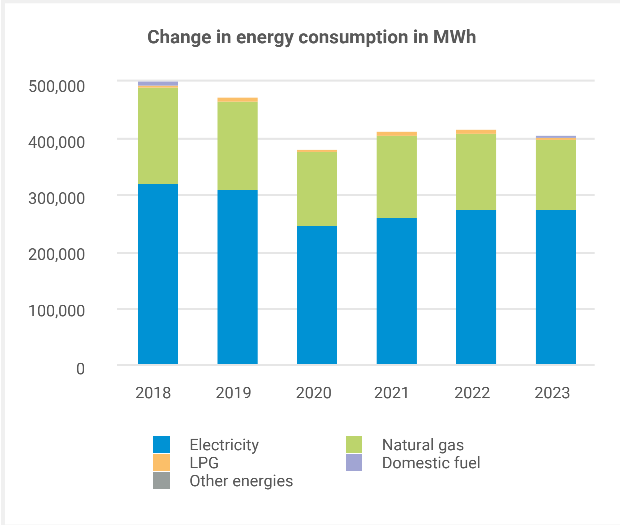
Compared to 2019, consumption in MWh was -14.6% lower.

Energy consumption in MWh	2019	2020	2021	2022	2023	Var vs 2022	Var vs 2019	Proportion
Electricity, incl renewable	311,181	248,850	262,895	276,260	277,256	0.4%	-10.9%	68.1%
Natural gas & Green gas	157,679	128,909	146,077	136,262	124,417	-8.7%	-21.1%	30.6%
LPG	5,348	4,131	5,044	4,680	3,714	-20.6%	-30.6%	0.9%
Domestic fuel	1,417	642	675	753	736	-2.3%	-48.1%	0.2%
Other energies	570	551	1,224	949	728	-23.3%	27.7%	0.2%
TOTAL	**476,195**	**383,083**	**415,915**	**418,904**	**406,851**	**-2.9%**	**-14.6%**	**100.0%**
Production of renewable electricity	0	0	0	0	1,022	N/A	N/A	N/A

For the first time, LISI recorded production from renewable sources (see Action plan No. 3 below)

Renewable energies	2019	2020	2021	2022	2023	Changes 2023/2022	Changes 2023/2019
Renewable electricity production (self consumption) [MWh]					1,022		
Renewable electricity consumption [MWh]					7,145		





The 2 main energies consumed were electricity (68%) and natural gas (30%).

They are mainly used for:

- the manufacturing process, with variability linked to the load on the production sites,
- heating, whose consumption will vary according to climatic conditions.

The most consuming processes are Surface Treatment and Heat Treatment. Local actions are carried out to optimize them. For example, the recovery of waste heat or the insulation of furnaces are increasingly practiced.

The top five sites that consume the most energy account for 34% of the Group's annual consumption. These are sites that generally have heat treatment or surface treatment production processes.

These are the following sites:

TOP 5 Energy	2023	Proportion
Bologne	49,323	12.1%
Delle	24,792	6.1%
Kierspe (Germany)	23,789	5.8%
Grandvillars	21,088	5.2%
Torrance (United States)	19,443	4.8%
Total TOP 5	**138,435**	**34.0%**
Total LISI	406,851	100.0%

TOP 5 Electricity	2023	Proportion
Bologne	27,257	9.8%
Big Lake	15,196	5.5%
Beyssac	14,377	5.2%
Dorval	14,290	5.2%
Torrance	13,441	4.8%
Total TOP 5	**84,561**	**30.5%**
Total LISI	277,256	100.0%

TOP 5 Gaz	2023	Proportion
Bologne	21,581	17.3%
Grandvillars	16,686	13.4%
Delle	15,062	12.1%
Kierspe	14,339	11.5%
Bar sur Aube	11,836	9.5%
Total TOP 5	**79,504**	**63.8%**
Total LISI	124,671	100.0%

The breakdown of energy consumption by country is as follows (these data are on a like-for-like basis and therefore with a restatement of consumption from previous years):

Breakdown by country

Energy consumption (MWh)	2019	2020	2021	2022	2023	Var. 2023/2022	Var. 2023/2019
France	313,426	244,972	268,486	257,801	247,039	(4.2)%	(21.2)%
United States	44,906	41,411	47,092	58,446	56,900	(2.6)%	26.7%
Germany	44,330	37,054	38,917	39,143	37,695	(3.7)%	(15.0)%
Spain	21,734	17,659	17,573	15,908	16,418	3.2%	(24.5)%
Turkey	11,585	8,508	8,675	11,359	12,472	9.8%	7.7%
Canada	9,289	7,833	8,095	8,469	8,490	0.2%	(8.6)%
United Kingdom	12,149	8,766	6,870	7,337	7,690	4.8%	(36.7)%
Czech Republic	6,949	5,866	6,272	6,174	5,966	(3.4)%	(14.1)%
China	4,799	4,263	4,905	5,904	4,478	(24.2)%	(6.7)%
Mexico	4,724	3,927	4,735	3,577	4,222	18.0%	(10.6)%
Poland	3,159	1,942	3,011	3,361	3,427	2.0%	8.5%
Morocco	3,565	1,052	1,285	1,421	2,054	44.5%	(42.4)%
TOTAL	**480,615**	**383,252**	**415,915**	**418,904**	**406,851**	**(2.9)%**	**(15.3)%**

Action plan No. 1 – Encourage energy savings at site level

Since 2023, the Group has monitored the energy savings achieved through energy efficiency projects.

The objective set for 2023 was to achieve through projects the equivalent of 1.0% of energy consumption in 2022, *i.e.* the equivalent of 4,169 MWh. The target was exceeded as 7,073 MWh were avoided, *i.e.* 1.7% of consumption for 2022.

41 projects were implemented in the three divisions.

Energy efficiency	LISI AEROSPACE	LISI AUTOMOTIVE	LISI MEDICAL	TOTAL	%
Total Mwh saved	**3,724**	**3,019**	**330**	**7,073**	
including new compressors	1,525	402	274	2,201	31%
including LED relamping	96	547	56	699	10%
Nb of projects	**12**	**26**	**3**	**41**	
including new compressors	4	6	1	11	27%
including LED relamping	1	11	2	14	34%

Among the 41 projects, two types of action were more widespread:

- 27% of the actions concerned compressor replacements or upgrades for a gain of 2,201 MWh (31%),
- 34% of the actions concerned relamping work and the switch to LED for a gain of 699 MWh (10%).

Three projects alone account for 57% of the annual gain. They are:

- a new compressor in Bar-sur-Aube (France): 1,504 MWh saved,
- a cooling unit in Saint-Ouen l'Aumône (France): 1,147 MWh saved,
- a heating management and control system in Delle (France): 1,413 MWh saved,

In addition to these projects, actions of a more behavioral nature, such as:

- lowering the set temperature in workshops and offices,
- the appointment of sobriety ambassadors,
- postponing production, if possible, on days of high stress on the electrical system,
- charging electric forklifts at night, outside peak periods of consumption,
- the implementation of energy rounds,
- the installation of leakage systems on compressed air networks.

These actions stemming from the sobriety plan are accompanied by staff awareness of small gestures based on the principle of "small streams make great rivers".

- The implementation of connected sensors and meters and supervision to better manage energy consumption.

Action plan No. 2 – improve the energy efficiency of buildings and production facilities

The LISI Group is also working on improving its buildings and production processes to make them less energy-intensive. Here are a few examples:

- Recovery of energy from the heat treatment of Fuenlabrada (Spain),
- Intelligent management of buildings thanks to the installation of sensors and connected meters (Ayguemortes les Graves, Delle, etc.)

Action plan No. 3 – Develop renewable energies

- LISI recorded production from renewable sources thanks to the three sites that have commissioned photovoltaic panel installations. These are the following sites:
  - Fuenlabrada (Spain): 683 MWh, or 14% of its annual consumption. Facility commissioned in April 2023,
  - Mellrichstadt (Germany): 275 MWh, or 3% of its annual consumption. Facility commissioned in July 2023,
  - Rugby (United Kingdom): 64 MWh, or 1% of its annual consumption. Facility commissioned in August 2023.
- LISI consumed 7,145 MWh of renewable energy at the Dorval (Canada) site, *i.e.* 100% of its electricity consumption and 85% of its total energy consumption. Indeed, the electricity consumed by the site is 100% of hydroelectric origin *via* Hydro-Québec. In addition, in May 2023, the site signed a contract for the supply of biogas to replace natural gas.

Action plan No. 4 – Develop partnerships to accelerate the energy transition

The LISI Group cannot act alone with regard to the ecological transition. It is currently developing partnerships in various areas in order to better manage this transition and be more effective. For example:

- EDF Suivi Conso consumption monitoring platform: access to detailed data for each French site: 10-minute updates, actual consumption, actual greenhouse gas emissions, etc.
- TRAACE: access to a decarbonization trajectory construction platform, analysis of changes and the impact of each project on the trajectory.
- CLIMATESEED: support for the decarbonization strategy and responses to CDP questionnaires.

Other partnerships are being discussed on renewable energy projects, on the implementation of utility sub-meters with supervision for better management, for example with the ECO- ADAPT platform.

The LISI Group also applied to ADEME's EXPEDITE calls for projects.

This is a new initiative that was set up with a view to developing and testing under real conditions at industrial sites. ADEME appointed four consulting firms or consortia, each of which will work on one of the following themes:

- Experiment 1: definition of low-carbon investment trajectories for a multi-site industrial group;
- Experiment 2: advisability study of the low-carbon energy mix of an industrial site;
- Experiment 3: electricity consumption reduction audit of an industrial site;
- Experiment 4: audit of the low-carbon energy supply strategy for a manufacturer.

The LISI Group has finalized these experiments, which aim to establish effective methodologies to decarbonize the industry.

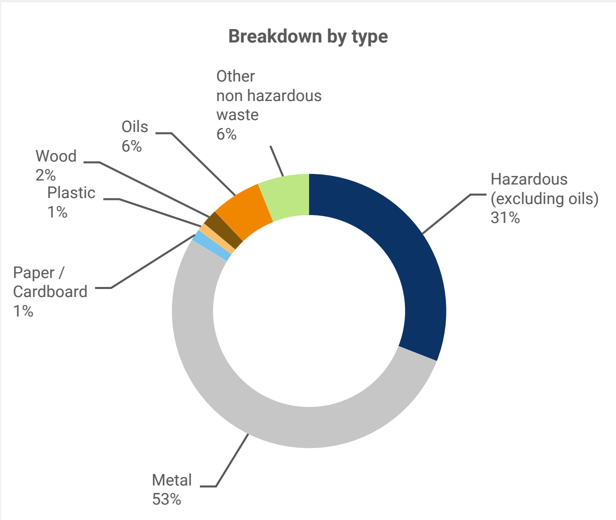
3.5 Our indirect impacts on the environment

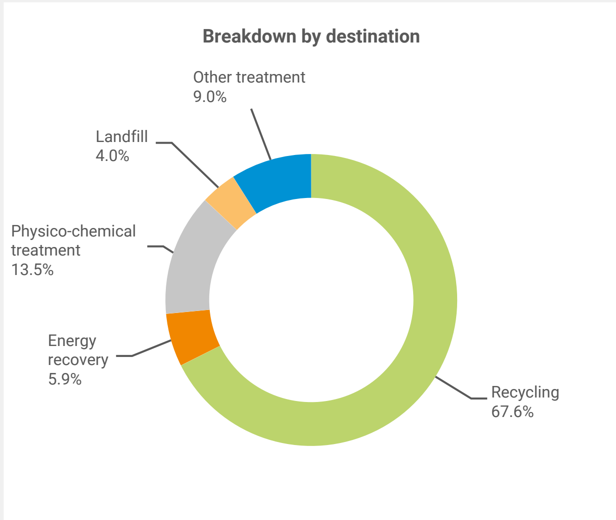
3.5.1 Production waste (GRI 306)

In 2023, the LISI Group generated 37,251 tonnes of waste.

The production plants principally generate metallic waste (53% of the total quantity of waste produced). This is sold for recycling. The share of recycled waste was 73.5%. It involves material recovery (67.8% of waste) and energy recovery (5.9% of waste). By division, the recycling rate is as follows:

% of waste recycled	2019	2020	2021	2022	2023
LISI AEROSPACE	nd	46.8%	46.1%	46.8%	45.1%
LISI AUTOMOTIVE	nd	91.0%	91.3%	91.1%	88.8%
LISI MEDICAL	nd	58.0%	71.9%	60.7%	77.5%
LISI TOTAL	**72.5%**	**72.7%**	**74.5%**	**75.0%**	**73.5%**





3.5.1.1 - Waste reduction and recovery actions

Each Group site sorts its waste according to recovery channels and local regulations.

- Metal waste (53%): sorted by type of material (steel, titanium, aluminum, etc.) with a view to optimizing its recycling by preferred partners.
- Non-hazardous waste (10%): plastic, wood and paper/cardboard waste are also sorted and recycled according to the local channels available.
- Hazardous waste (37% of which oils 6%): most of this waste comes from surface treatment lines depending on its hazardousness. It can either undergo a physico-chemical treatment, or be sent as final waste to a landfill center.

Waste sorting awareness-raising actions and sorting compliance audits are widely carried out at the Group. Local audits are carried out to verify their effectiveness.

3.5.2 Water resources (GRI 303)

Water is mainly used in the cooling of processes, surface treatment lines and sanitation purposes.

In 2023, the LISI Group consumed 476,226 m^3 of water, with consumption down significantly (-19.9%) compared to 2022.

Water consumption [m³]	2019	2020	2021	2022	2023	Change vs 2022	Change vs 2019	Proportion 2023
Municipal water	522,785	398,419	308,271	342,900	336,375	-2%	-32%	71%
Water from the natural environment	267,771	190,656	205,187	252,289	131,977	-48%	-49%	28%
Rain water					8,039			2%
Total water consumption [m³]	**790,556**	**589,074**	**513,458**	**595,189**	**476,226**	**-20%**	**-37%**	**100%**

All divisions saw a decrease in consumption. The total reduction in consumption between 2022 and 2023 represents 117,983 m^3. The variations are explained by:

- stoppage of the surface treatment line at La Ferté Fresnel (France) and the reduction of the associated activity of Dreux (France) represented 118,600 m^3. This shutdown is linked to the fatal accident that occurred on this line during a maintenance operation as well as to the decline in activity at the Dreux site,
- the deployment of water saving plans: Beyssac, Delle, Villefranche-de-Rouergue (France), Izmir (Turkey), and Monterrey (Mexico).

Other sites have increased their consumption due to an increase in activity – Parthenay (France), Torrance and Big Lake (United States) – or the creation of a site in Chaumont (France).

Notable investments include:

- the Villefranche-de Rouergue rainwater harvesting basin (France), which recovers 8,039 m^3 water consumed for production (22% of the site's needs),
- the Rugby sites (United Kingdom) and Izmir (Turkey) have also deployed similar equipment.

During 2023, the sites continued their efforts to detect leaks or regulatory malfunctions.

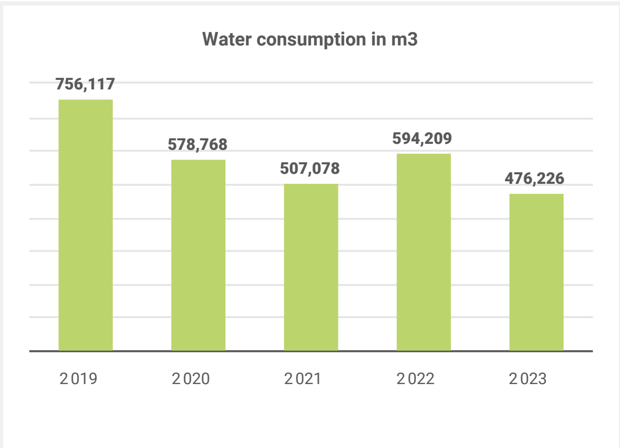
Several sites in France have also installed water meters and sub-meters with the help of Eco-Adapt to better monitor consumption.

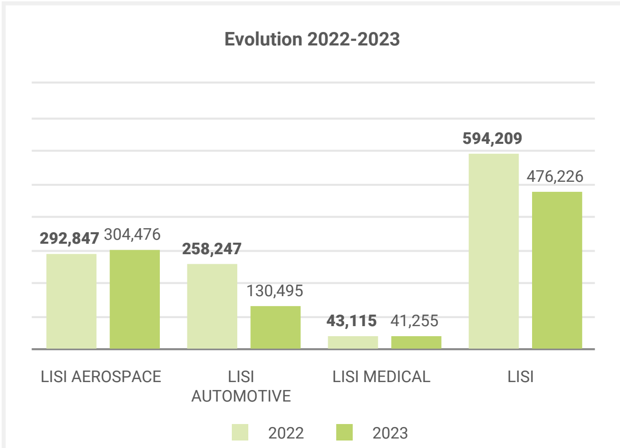
Water consumption has also fallen sharply over the past five years. *These data must be considered with changes in scope (integration of Termax, Garden Grove in the United States, the Chaumont site in France and Tanger Automotive in Morocco) and excluding Ankit in India.* On a like-for-like basis, water consumption decreased by 37% compared to 2019.

<u>At constant scope:</u>

Entries: *Termax, Garden Grove, Livonia in the United States, the Chaumont site in France and Tanger Automotive in Morocco)*

Exits: Argenton sur Creuse, St Florent sur Che in France; Vöhrenbach in Germany; Casablanca in Morocco; Chihuahua in Mexico; Escondido in the United States; Zhuozhou in China.





The breakdown by division is as follows, again on a constant scope basis:

	2019	2020	2021	2022	2023	Change vs 2022	Change vs 2019
LISI AEROSPACE	449,480	331,982	232,565	292,847	304,476	4.0%	-32.3%
LISI AUTOMOTIVE	266,501	210,866	232,241	258,247	130,495	-49.5%	-51.0%
LISI MEDICAL	40,136	35,920	42,272	43,115	41,255	-4.3%	2.8%
LISI	756,117	578,768	507,078	594,209	476,226	-19.9%	-37.0%

The top five sites that account for 48% of total consumption for the year are those with surface treatment and heat treatment lines. These are the following sites:

Site	2019	2020	2021	2022	2023	Change vs 2022	Change vs 2019
Bologne (France)	178,226	100,610	88,401	140,527	143,189	1.9%	-19.7%
Dorval (Canada)	109,609	89,958	29,820	18,390	22,476	22.2%	-79.5%
Big Lake (United States)	17,485	13,284	18,021	17,807	20,857	17.1%	19.3%
La Ferté Fresnel - Dreux (France)	154,350	124,063	137,312	138,877	20,278	-85.4%	-86.9%
Izmir (Turkey)	42,310	31,560	21,098	27,012	20,204	-25.2%	-52.2%

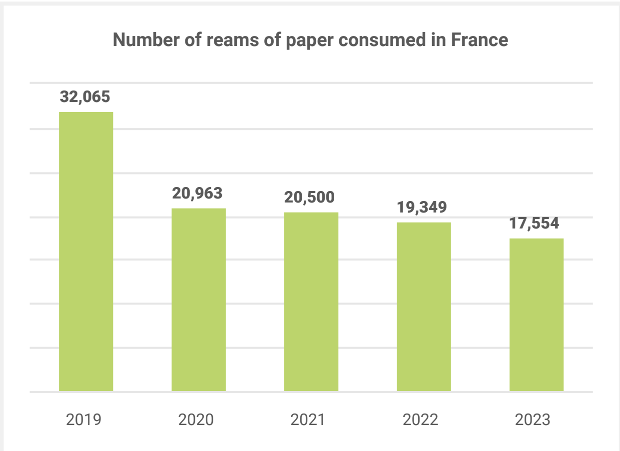
The 10 sites in water-stressed areas have continued their efforts to limit the water pressure they impose on the territories they occupy. In the long term, these sites anticipate having to deal more frequently with droughts lasting four months, disruptions in the water supply and administrative orders prohibiting extraction. Their action plans are starting to include assumptions of a 25% reduction in water resources.

Site in water stress area (m3)	2019	2020	2021	2022	2023	Change vs 2022	Change vs 2019
Municipal water	143,925	89,762	80,621	109,149	78,252	-28.3%	-45.6%
Water from the natural environment	136,057	122,438	135,591	161,094	39,420	-75.5%	-71.0%
Rain water	0	0	0	0	3,155		
TOTAL	**279,982**	**212,200**	**216,212**	**270,243**	**120,662**	**-55.4%**	**-56.9%**

3.5.3 Other resources

Among the other long-term actions that are beginning to produce their effects, it should be noted that LISI has almost halved its paper consumption in France compared to 2019. This result is the result of the digitalization of a large number of processes:

- Alusta (supplier invoice automation solution), 46% of supplier invoices are in electronic invoicing (e-invoicing),
- BeST: order digitalization solution,
- Aletiq: implementation of a PLM (Product Life Management) which digitalized a large number of industrial documents within the LISI AEROSPACE division (plans, ranges, control doc, central doc, GQMS).



3.5.4 Preventing environmental pollution

The LISI Group's sites follow and record all complaints (whether comments, formal or informal, official, or not) when they are issued by stakeholders.

In 2023, three sites received formal notices from the authorities:

- One formal notice concerning obligations relating to surface treatment. Actions have since been carried out.
- One letter from the DREAL concerning fire risk prevention. Answers were provided to the authorities.
- One letter from the authorities in the United States concerning the control of water discharges; appropriate responses were provided to the authorities.

There were eight complaints and official letters received by the Group's entities, and they concerned requests for information from the authorities. Each complaint or official letter receives a reply, written or otherwise, sent to the party concerned.

3.6 Planet – Environmental performance indicators

	planet	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
3 -	**PROTECT OUR ENVIRONMENT**									
7. AFFORDABLE AND CLEAN ENERGY	% of energy savings in Mwh thanks to projects vs Y-1	nd	nd	nd	nd	1.7%	1.8%		GRI 302-4	ODD 7, 13
13. CLIMATE ACTION	% of renewable energies produced on site	nd	nd	nd	nd	0.4%	0.6%		GRI 302-4	ODD 7, 13
12. RESPONSIBLE CONSUMPTION AND PRODUCTION	% of recycled wastes	72.5%	72.7%	74.4%	75.0%	73.5%			GRI 306-4	ODD 12
	% of capex dedicated to reduce our CO_2 emissions	nd	nd	nd	2.2%	4.6%				
4 -	**WORK IN OUR REGIONS**									
6. CLEAN WATER AND SANITATION	% of sites in water hydric stress zone with an action plan	nd	nd	nd	18%	100%	100%		GRI 303-1; 303-2	**ODD 6**
	GREENHOUSE GAS EMISSIONS - By Scope (T CO_2)									
	Scope 1	40,990	34,376	35,799	28,201	25,183			GRI 305-1	ODD 7, 13
	Scope 2	65,542	54,578	64,424	42,162	46,387			GRI 305-2	ODD 7, 13
7. AFFORDABLE AND CLEAN ENERGY	**Total - Scopes 1 & 2 [TCO_2]**	**106,532**	**88,954**	**100,223**	**70,362**	**71,570**			**GRI 305-1**	**ODD 7, 13**
	Scope 3	402,790	321,261	226,591	530,291	570,796			GRI 305-1	ODD 7, 13
13. CLIMATE ACTION	**Total - Scopes 1, 2 & 3 [TCO_2]**	**509,322**	**410,214**	**326,814**	**600,654**	**642,366**			**GRI 305-1**	**ODD 7, 13**
	Scopes 1 + 2 + 3 partial - historically comparable	**509,322**	**410,214**	**326,814**	**291,487**	**321,410**		**-30%**	**GRI 305-1**	**ODD 7, 13**
	Scopes 3 partial - historically comparable	**402,790**	**226,261**	**226,591**	**203,906**	**236,615**			**GRI 305-1**	**ODD 7, 13**
	GREENHOUSE GAS EMISSIONS - By Item (T CO_2)									
	GHG Natural Gas (TCO_2)	37,174	31,406	32,590	23,625	22,489			GRI 305-1	ODD 7
	GHG Domestic heating fuel (TCO_2)	460	210	212	205	199			GRI 305-1	ODD 7
	GHG LPG (TCO_2)	1,206	1,057	1,372	1,090	865			GRI 305-1	ODD 7
	GHG Vehicles owned (TCO_2)	621	384	287	304	283			GRI 305-1	ODD 7
7. AFFORDABLE AND CLEAN ENERGY	GHG Private vehicles under lease (TCO_2)	2	2	2	1,691	1,691			GRI 305-1	ODD 7
	GHG Fugitive emissions from refrigerants (TCO_2)	1,527	1,317	1,335	1,286	1,341			GRI 305-1	ODD 7
	Total - Scope 1 [TCO_2]	**40,990**	**34,376**	**35,799**	**28,201**	**25,183**			**GRI 305-2**	**ODD 7**
	GHG Electricity (TCO_2)	65,542	54,578	64,424	42,015	46,274			GRI 305-2	ODD 7
	GHG Heating network (TCO_2)	0	0	0	147	113			GRI 305-2	ODD 7
	Total - Scope 2 [TCO_2]	**65,542**	**54,578**	**64,424**	**42,162**	**46,387**			**GRI 305-2**	**ODD 7**
	Total - Scopes 1 & 2 [TCO_2]	**106,532**	**88,954**	**100,223**	**70,362**	**71,570**			**GRI 305-1**	**ODD 7**

planet

planet	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
Purchases of goods & services (other the Raw materials) (TCO_2)				183,201	213,205			GRI 305-1	ODD 13
Consumption of raw materials (TCO_2)	390,912	312,261	216,932	189,054	218,114			GRI 305-1	ODD 13
Capex (TCO_2)				80,212	66,329			GRI 305-1	ODD 13
Fuel and energy related activities (not included in Scope 1 or 2)	Included in Scopes 1 and 2			17,218	16,225			GRI 305-1	ODD 13
Upstream transport (TCO_2)	11,878	9,000	9,659	14,852	15,501			GRI 305-1	ODD 13
Wastes generated by operations (TCO_2)				31,395	30,301			GRI 305-1	ODD 13
Business Travel (TCO_2)				564	717			GRI 305-1	ODD 13
Commuting (TCO_2)				13,795	10,403			GRI 305-1	ODD 13
Upstream leased assets (TCO_2)					0			GRI 305-1	ODD 13
Total - Scope 3 [TCO_2]	**402,790**	**321,261**	**226,591**	**530,291**	**570,796**			**GRI 305-1**	**ODD 13**
Total - Scopes 1, 2 & 3 [TCO_2]	**509,322**	**410,214**	**326,812**	**600,654**	**642,366**			**GRI 305-1/2**	**ODD 13**
WATER CONSUMPTION IN M³									
City water consumptions	522,785	398,419	308,271	342,900	336,375			GRI 303-5	ODD 6
Consumption of water drawn from the natural environment	267,771	190,656	205,187	252,289	131,977			GRI 303-3	ODD 6
Rainwater recovery					8,039			GRI 303-3	ODD 6
Total - Water consumption (in m³)	**790,556**	**589,074**	**513,458**	**595,189**	**476,226**			**GRI 303-5**	**ODD 6**
ENERGY CONSUMPTION IN MWH									
Electricity	311,181	248,850	262,895	276,260	277,256			GRI 302-1	ODD 7; 13
Natural gas	157,679	128,909	146,077	136,262	124,417			GRI 302-1	ODD 7; 13
LPG	5,348	4,131	5,044	4,680	3,714			GRI 302-1	ODD 7; 13
Domestic fuel	1,417	642	675	753	736			GRI 302-1	ODD 7; 13
Other energies	570	551	1,224	949	728			GRI 302-1	ODD 7; 13
Total - Energy consumption (in Mwh)	**476,195**	**383,083**	**415,915**	**418,904**	**406,851**			**GRI 302-1**	**ODD 7; 13**
Consumption of renewables energies					7,145			GRI 302-1	ODD 7; 13
Production of renewables energies					1,022			GRI 302-1	ODD 7; 13
Revenue (In M€)	1,730	1,230	1,164	1,425	1,630				
Intensity ration (Consumption / Revenue)	275	311	357	294	250			GRI 302-3	ODD 7;13
BREAKDOWN OF TOTAL ENERGY CONSUMPTIONS (in MWH) BY COUNTRY									
France	313,426	244,972	268,486	257,801	247,039			GRI 302-1	ODD 7; 13
United States	44,906	41,411	47,092	58,446	56,900			GRI 302-1	ODD 7; 13
Germany	44,330	37,054	38,917	39,143	37,695			GRI 302-1	ODD 7; 13
Spain	21,734	17,659	17,573	15,908	16,418			GRI 302-1	ODD 7; 13
Turkey	11,585	8,508	8,675	11,359	12,472			GRI 302-1	ODD 7; 13
Canada	9,289	7,833	8,095	8,469	8,490			GRI 302-1	ODD 7; 13
United Kingdom	12,149	8,766	6,870	7,337	7,690			GRI 302-1	ODD 7; 13
Czech republic	6,949	5,866	6,272	6,174	5,966			GRI 302-1	ODD 7; 13
China	4,799	4,263	4,905	5,904	4,478			GRI 302-1	ODD 7; 13
Mexico	4,724	3,927	4,735	3,577	4,222			GRI 302-1	ODD 7; 13
Poland	3,159	1,942	3,011	3,361	3,427			GRI 302-1	ODD 7; 13
Morocco	3,565	1,052	1,285	1,421	2,054			GRI 302-1	ODD 7; 13

planet	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
OUR WASTES (IN TONS)									
Metals	22,220	16,355	17,092	21,891	19,725			GRI 306-3	ODD 12
Paper - Cardboard	617	398	398	377	510			GRI 306-3	ODD 12
Plastic	329	326	347	271	356			GRI 306-3	ODD 12
Wood	917	568	614	674	718			GRI 306-3	ODD 12
Oils	2,412	1,931	2,141	2,113	2,254			GRI 306-3	ODD 12
Other non-hazardous waste	2,966	1,967	1,768	2,230	2,255			GRI 306-3	ODD 12
Hazardous waste (without oil)	13,026	9,806	9,894	11,051	11,598			GRI 306-3	ODD 12
Total - Wastes (in Ton)	**42,487**	**31,351**	**32,254**	**38,607**	**37,251**			**GRI 306-3**	**ODD 12**
BREAKDOWN OF GENERATED WASTES									
% recycling	66%	64%	67%	67%	68%			GRI 306-1; 306-4	ODD 12
% energy recovery	8%	8%	8%	8%	6%			GRI 306-1; 306-4	ODD 12
% physico-chemical treatment	15%	16%	15%	13%	13%			GRI 306-1; 306-5	ODD 12
% landfill	5%	4%	5%	4%	4%			GRI 306-1; 306-5	ODD 12
% other treatment	7%	7%	6%	8%	9%			GRI 306-1; 306-5	ODD 12

12. RESPONSIBLE CONSUMPTION AND PRODUCTION


Profit
Exceed our Customers' expectations
Involve our suppliers
Secure our financial resources

4 Profit: acting responsibly

Frédéric BALCERZAK
Industrial and Purchasing Director

Present in 13 countries, LISI works to offer its customers competitive products and services that reach the highest standards, thanks to committed and motivated teams.
The LISI Group is committed to combining financial and non-financial performance over a long-term trajectory. It acts, as it has always done, in a responsible manner, both in terms of respect for human and fundamental rights, of business ethics, of the fight against corruption or of tax compliance. This conviction, shared by all, is the essential starting point to be profitable and sustainable.

We are all convinced that our profitability and sustainability depend on our ability to act together with our stakeholders in a responsible, ethical and sustainable manner.

In this respect, the Group is continuing its efforts and confirming its commitments:

- **Apply and promote high social, governance and ethical standards**
- **Guarantee fundamental human rights and equal opportunities** by ensuring that each of our employees can thrive in an inclusive work environment
- **Ensure the highest level of performance**
  - by applying LISI SYSTEM standards and working methods in all our entities,
  - by continuing to develop our eco-responsible product and process innovation capabilities to support our customers in the success of new challenges,
  - by digitalizing our activities (Industry 4.0) thanks to a pragmatic and efficient approach,
  - by continually developing relationships with our suppliers and subcontractors to ensure our shared success.

LISI is committed to maintaining open communication with its ecosystem to analyze its markets and define its areas of progress. We want to strengthen our positive impact on the planet and society as a whole by promoting green and responsible growth that benefits all our stakeholders.

profit

5. Exceed our Customers' expectations

12. RESPONSIBLE PRODUCTION AND CONSUMPTION

13. MEASURES TO COMBAT CLIMATE CHANGE

6. Partner with our Suppliers

9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

12. RESPONSIBLE PRODUCTION AND CONSUMPTION

13. MEASURES TO COMBAT CLIMATE CHANGE

7. Secure our financial resources

17. PARTNERSHIPS TO ACHIEVE OBJECTIVES

4.1 Convictions, awards, highlights

Profit – Highlights

57%
of suppliers deemed sensitive in terms of CSR were assessed

1
new supplier charter incorporating CSR issues

47%
buyers trained, with a section on CSR issues

130
Suppliers received a newsletter to engage them in the carbon trajectory

1
Group-wide code of conduct

100%
2023 targets for the PROFIT Balanced Score Card were achieved

Highlights, awards

- Customer recognition/Awards in 2023: the Mellrichstadt and Heidelberg site (Germany) as well as Monterrey in Mexico (LISI AUTOMOTIVE) received an award from the customer GM in 2023. The Heidelberg and Suzhou sites from Cooper Standard and the Monterrey, Mélisey and Delle sites from ZF Santa Rosa.
- On the LISI AEROSPACE side, the division's capacity for innovation was recognized in 2023 by the presentation of the Innovation Award from Airbus for the development of the optiblind product range,
- Renewal of the quality certification of the divisions: EN9100 for the LISI AEROSPACE division, IATF 16949 for the LISI AUTOMOTIVE division and ISO 13485 for the LISI MEDICAL division

4.2 LISI's Trust Charter and rules of good conduct

4.2.1 Governance

The LISI Group has built its growth through compliance with laws and best practices. Through the values it explains in its Code of Conduct, that it defends through the development of its CSR policy and its membership of the Global Compact, the LISI Group is committed to the fight against corruption in all its forms. The LISI Group attaches the greatest importance to acting in an irreproachable manner with its stakeholders. In order to guarantee this commitment, the LISI Group has developed a Code of Conduct, which is part of the line of conduct set out in its annual report. This code of conduct is designed to guide business behavior and is intended for corporate officers, members of the executive and management committees, and all employees of the LISI Group. It sets forth the principles that each employee of the Group must apply when performing their duties. It complements the rules, procedures and standards defined in each country and to which employees must continue to refer. Any person acting on behalf of LISI is required to comply with this code of conduct, regardless of the place and nature of his/her work. The LISI Group ensures that its partners share the same values, notably through its Purchasing policy, by including, in each of its contracts, compliance with its CSR criteria.

4.2.2 The fundamentals of our ethics and compliance

The fundamentals of our ethics and compliance lie in the purpose of the LISI Group: to shape and share sustainable links. LISI, a bicentennial company based on family shareholding, is anchored in the long term and creates strong links with its contacts. These long-term relationships are based on transparency and integrity: LISI shares its vision and actions with its suppliers, employees and customers. LISI Group acts with honesty, awareness and openness and in compliance with the regulations of the countries in which it operates. It therefore expects exemplary behavior from its employees and partners. To forge long-term relationships, the LISI Group is committed to an obligation of profitability, based on operational excellence and day-to-day pragmatism. The LISI Group cultivates operational excellence to achieve the standards of its stakeholders and to satisfy its customers based on the commitment of its employees. Its ambition and pragmatism enable it to adapt with agility to the changes of its time. The changes and risks associated with each of its business lines are anticipated in order to offer the best solutions to interested parties. The LISI Group is therefore a source of innovation in environmentally friendly products and services, because it takes into account their entire life cycle. The LISI Group puts its men and women at the heart of its development. It ensures that they promote and develop their skills and protect their health, safety, and well-being. It thus establishes a safety culture based on the transparency and communication of the actions taken in response to the problems encountered; problems to which pragmatic solutions are decided with the men and women of LISI.

4.3 Business ethics (GRI 402 to 414)

4.3.1 Our code of ethics

The LISI Group has built its growth, both internally and externally, on strong management discipline, industrial excellence, behavioral probity, integrity, transparency and compliance with the laws and best practices. In line with its values, LISI is committed to applying the Global Compact created by the United Nations. This program aims to sustainably develop companies by aligning their strategies and operations with ten universal principles (principles related to human rights, labor, the environment and the fight against corruption). This program also aims to take action to advance societal goals and the implementation of clear and measurable Sustainable Development Goals.

	2020	2021	2022	2023	2023 target
Percentage of targeted employees trained in the Code of Conduct	100%	100%	100%	100%	100%

In 2023, LISI reviewed its anti-corruption code of conduct and incorporated it into a newly created structuring document: its Code of Conduct. This document was adopted by the Group in early 2023, has been rolled out in each of the languages used within the Group and is published on its website. This Code of Conduct guides each employee in their daily actions. This code is based on the purpose of LISI (Shape and share sustainable links), is based on the Group’s values and places the Group in its environment. The rules of conduct are then built around the 3P approach (People, Planet, Profit) and seven work focuses. These rules are precise, pragmatic, and serve as a guide for decision-making or the behavior to be adopted.

LISI attaches the greatest importance to acting flawlessly with its stakeholders, chooses its stakeholders according to this framework and ensures that its values and anti-corruption rules are known and applied by all stakeholders with which the Group interacts. In order to guarantee this commitment, the Group has intensified its actions guided by the framework set by the Sapin II Law and the CSRD and organizes periodic internal audits at all its sites. The Compliance Committee is responsible for verifying compliance by LISI employees with the general compliance framework defined by the Group, and for managing the reports made through the system put in place.

Chaired by the Group's Secretary General, this Committee includes among its other members: the Group Human Resources Manager and the Group Head of Governance, Risks and Compliance. The employment contracts of the members of this Committee have been amended by a strengthened confidentiality clause, in order to ensure the confidentiality of the parties involved in its work. The Compliance Committee bases its assessments on compliance with the Code of Conduct, the internal control framework, and the program to prevent, raise awareness of, detect and assess potential fraud.

LISI's Code of Conduct includes an anti-corruption component, which guides each employee on the conduct to be followed in business, upon arrival, then through periodic training.

4.3.2 Identification of non-compliance risks

The LISI Group ensures compliance with its Code of Conduct and has put in place the conditions to identify any risks of non-compliance, firstly by setting up a whistleblowing system, accessible since April 1, 2018, from the LISI Group internet portal, called "Ethic-Line". This whistleblowing system enables each of the stakeholders to report any risks of non-compliance with its code of ethics. It also builds on the internal audit framework, freely accessible on the internal IT portal, to enable each LISI Group employee to assess the materiality of any risks of non-compliance with its Code of Conduct. Lastly, the LISI Group makes it possible to identify and assess the risks of non-compliance with its Code of Conduct by including specific categories in its annual risk assessment and by allowing each assessor to add any risks.

4.3.3 The whistleblowing system

In order to enable each stakeholder, whether internal or external, to report any event in a safe, secure and efficient manner, the LISI Group has set up a reporting system, accessible since April 1, 2018, from its internet portal. Due to the LISI Group's international dimension, this whistleblowing system is available in nine languages. The alerts that can be reported through this system may raise issues related to the fight against corruption but also to the duty of care, whether they have an impact on the Group's reputation, its activities or its results. To facilitate its use, an alert collection procedure has been created. The design of this system, carried out with an external service provider, allows for efficient and confidential processing of alerts. As an incentive, LISI decided and explained the fact that any employee who reports a potential violation of the Code of Conduct in good faith is protected by law against all forms of retaliation. An effectiveness test was performed, without warning, as part of the IATF certification (LISI AUTOMOTIVE division) and it was found that it complied with the requirements. This system, which is completely managed internally, meets the legal requirements since it is a secure system which protects the whistleblower.

4.3.4 Management of conflicts of interest

In accordance with the recommendations of the French Anticorruption Agency, the LISI Group focused in 2023 on the need to manage the private interests of its employees, which may conflict with those of companies, thus leading to breaches. The LISI Group has rolled out a procedure for defining conflicts of interest, sensitive processes, functions and operations, and managing conflicts of interest where applicable.

This procedure will be actively deployed in 2024, on the one hand through a survey campaign among current employees and, on the other hand, through integration into the recruitment process of new employees.

4.4 Respect for human and fundamental rights

4.4.1 Group policies

4.4.1.1 - Overall Group policy

The LISI Group has been built around values, one of which is to put people at the heart of its development. This is reflected in its central 3P approach, firstly through the People pillar, and also through the Planet pillar.

The women and men of LISI represent its most important capital. The LISI Group pays particular attention to respect for the values of ethics, non-discrimination and human rights. It is committed to promoting and developing the skills of its employees and preserving their health, safety and well-being.

This is reflected on the one hand, by the application of a non-discrimination and diversity policy at all stages of human resources management and, on the other, in the training of newly hired Group employees, through a specific "Ethics" module taught during the onboarding course of the LISI Knowledge Institute program. The LISI Group is committed to ensuring that its partners also share the same values by integrating them into its purchasing contracts. As in the case of the duty of care, a whistleblowing system is also available to all Group employees, as well as to external service providers. The Compliance Committee is responsible for ensuring that these values are respected within the Group. It can legitimately meet whenever these subjects must be addressed, either spontaneously or based on a non-compliance alert raised *via* its whistleblowing system.

4.4.1.2 - Specific policies

- Human resources policy
- Health and safety policy

4.4.2 Prohibition of child labor (GRI 408)

In 2018, the LISI Group joined the Global Compact promoted by the United Nations (UN Global Compact) and is committed to applying the ten principles of this compact. This commitment is reflected in its Code of Conduct, in which the ten principles are detailed and translated into the concrete behavior required of the Group's employees. The LISI Group therefore undertakes not to use child labor and verifies that child labor is not tolerated throughout its supply and purchasing chain, by auditing its suppliers. Indeed, the LISI Group requires, through its Suppliers Charter, that its suppliers comply with the ten principles of the United Nations Global Compact program, including the prohibition of child labor.

In order to ensure its duty of vigilance and prevent the risks related to these principles, the LISI Group conducts, on the one hand, supplier audits each year, conducted by LISI Group employees, during which these points are verified.

On the other hand, the LISI Group expects its suppliers to use the alert system set up by the Group on its Internet portal in the event of abuse. These tools are available to internal and external stakeholders on the LISI Group's website under "Ethics".

The LISI Group is committed to ensuring that its partners share the same values by integrating them into its purchasing contracts.

4.4.3 Elimination of all forms of forced labor (GRI 409)

As explained above, LISI has applied and promotes the 10 principles of the Global Compact since its adherence to them in 2018. The LISI Group therefore undertakes not to use any form of forced or compulsory labor and ensures that this is the case throughout its supply chain.

4.4.4 Freedom of association and effective recognition of the right to collective bargaining

The LISI Group believes that freedom of association, the effective recognition of the right to collective bargaining and freedom of representation are levers for improving its operational performance and are key factors in its sustainability. Thus, the LISI Group has formalized, in its Code of Conduct, the need to respect the exercise of freedom of association and the right to collective bargaining.

4.4.5 Respect, dignity, and decent working conditions

In line with its adherence to the Global Compact, the LISI Group ensures that all its employees have freedom of association and employee representation. It strives to offer the best possible conditions for the exercise of the right to collective bargaining and thus promotes social dialogue.

4.4.5.1 - Respect and dignity

The LISI Group affirms, in its Code of Conduct, the right of each of its employees to work in decent conditions, whether material or not. The LISI Group is actively working to put in place conditions that ensure the respect and dignity of each of its employees. It condemns any breach of the rights and dignity of persons, whether verbal, physical or of any other nature. The LISI Group promotes the emergence of healthy and respectful labor relations, through the implementation of prevention, awareness-raising and training actions for all its employees, and applies a strict policy of sanctions in the event of behaviors contrary to them, in compliance with local legislation.

4.4.5.2 - Decent working conditions

The LISI Group implements the best policies and practices to offer its employees not only decent working conditions, but also an attractive and benevolent working environment. It is under these conditions that it will be able to continue to attract and retain talent. These policies focus on the following topics in particular:

- Health and safety: avoid potential accidents of varying degrees of severity related to working conditions;
- Safety at work: avoid physical or verbal abuse that may come from internal or external sources;
- Working hours and holidays: ensure that employees work schedules that comply with legal schedules and legal provisions regarding rest and leave periods and that they have the opportunity to have a good work-life balance. These points are verified during internal audits, as well as during the annual Quality of Life at Work surveys;
- Wages and benefits: pay employees fair compensation in view of their profile, skills and qualifications;
- Harassment: actively fight against harassment, defined as constant attention aimed at exhausting a person or forcing them to behave in unwanted behavior; The LISI Group fights all forms of harassment, by defining it in its Code of Conduct, by training its employees in expected behavior and by providing them with the means to communicate, anonymously or not, any potentially harassing behavior;
- Data confidentiality: secure the data entrusted to the company in order to protect privacy and freedom.

4.4.5.3 - Elimination of discrimination in respect of employment and occupation

Pursuant to the same principles and rules described below regarding anti-corruption work, the LISI Group pays close attention to the respect of ethical, non-discrimination and human rights values. These values are expressed to newly hired employees within the Group, during a specific "Ethics" module taught during the onboarding process within the LKI program, as well as in the LISI Code of Conduct, given to each Group employee.

As in the case of the duty of care, a whistleblowing system is also available to all Group employees, as well as to external service providers. The Compliance Committee is responsible for ensuring that these values are respected within the Group. It can legitimately meet whenever these subjects must be addressed, either spontaneously or based on a non-compliance alert raised via its whistleblowing system.

4.5 Prohibition of any form of corruption

4.5.1 Risk assessment

The LISI Group is built around the values of sustainability, integrity, transparency, innovation, and people, which are at the heart of its development, excellence and pragmatism. This has been reflected in its history and corporate culture, and in stringent ethical standards, advocating respect, responsibility and therefore the fight against all forms of corruption. The LISI Group has implemented its requirements through policies (such as the Purchasing policy), a Code of Conduct and an assessment of its exposure to corruption.

This assessment is built around two axes:

- Exposure by country in which the LISI Group operates: this axis is based on the benchmark of the NGO Transparency International, which classifies 180 countries according to their degree of exposure to corruption risk.
- The nature of the business relationships maintained by the LISI Group: identification of the nature of transactions that could involve LISI as part of its activities.

The LISI Group wishes to highlight the importance of the fight against corruption at all levels of its organization:

- By demystifying the nature of this risk so that it is considered in the same manner as all other risks,
- By training employees in the identification of various forms of corruption, and how to behave when confronted by it,
- By creating a group dynamic to fuel the debate,
- By evaluating the corruption risk in a completely transparent manner so that, if such a risk exists, it can be minimized or even eliminated,
- By drawing on the experience of local teams to enrich the Group's anti-corruption culture and thus make it possible to identify the nature of relationships exposed to acts of corruption.

The sensitivity of the topic has led the LISI Group to conduct a structured discussion with the operational teams of the entire Group. The approach was conducted in the form of a reflection with the aim of determining the most relevant methodology for assessing the risk of corruption. Initially, the focus was primarily on the country areas most at risk, with the teams in Turkey (LISI AEROSPACE), Morocco (LISI AEROSPACE and LISI AUTOMOTIVE), India (LISI AEROSPACE), China (LISI AUTOMOTIVE), Poland (LISI AEROSPACE) and Mexico (LISI AEROSPACE and LISI AUTOMOTIVE). Each discussion involved several functions, notably the Plant Director, the Purchasing Manager, the Human Resources Manager and the Management or Financial Controller. The numerous ideas that came from these discussions were listed in a standardized dashboard. Each topic was addressed in order to assess the existing risk in an industrial environment in the country of operation. In accordance with the procedures and controls in place, the risk was evaluated again to determine the level of risk to which the LISI Group is exposed.

Initial results showed that the LISI Group was only slightly exposed due to its activity, the control measures and the procedures implemented. Work was partially renewed in 2020 and 2021 due to the COVID-19 health crisis: it confirmed that the exposure to corruption seems limited.

4.5.2 Risk management

4.5.2.1 - Anti-corruption policy

The Anti-Corruption Code of Conduct was rolled out in each Group entity, after consultation with the Employee Representative Bodies and applied from April 1, 2018 in the Group's French entities. It was then translated into eight other languages in order to be rolled out in the other countries where the Group operates. Each employee concerned has been trained in this anti-corruption code of conduct and in the identification of potentially risky situations. The LISI Group's anti-corruption code of conduct is intended for corporate officers, members of the executive and management committees, and all its employees.

It sets the principles that the Group's employees must comply with in their professional activities and supplements the rules, procedures and standards defined in each country to which employees must continue to refer. Any person acting on behalf of the LISI Group is required to comply with this anti-corruption code of conduct, regardless of the place and nature of his/her work.

In 2023, LISI created its Code of Conduct which is described in 4.3.1.

Procedure for assessing the LISI Group's exposure to corruption.

The LISI Group has implemented a third-party assessment procedure that includes a section on the fight against corruption. The third-party entities assessed concern, among others, suppliers and the Board of Directors. This procedure is now an integral part of the CSR policy of the entire LISI Group.

Outlook for 2024

For the LISI Group, the implementation of the Sapin II Law system is a medium-term project. To do so, the LISI Group will continue its work in 2024 in line with that already undertaken to date.

The main priorities of the work will be:

- finalizing the corruption risk mapping at Group level then including this risk assessment in the annual mapping;
- ramping-up the process for developing third-party assessment procedures in line with the CSR strategy being rolled out;
- continuing the e-learning training process for new hires;
- training all Group employees on the Code of Conduct in 2024.

4.5.2.2 - Empowering employees to fight corruption (GRI 205)

The LISI Group has structured its approach to training its employees in the identification and fight against corruption around the training and formalization of internal procedures for internal and external use.

Training plan

The LISI Group wished to develop its anti-corruption system by ensuring that employees were informed by means of a communication kit distributed at the same time as the anti-corruption code of conduct is applied. Group employees have received an e-learning module to follow. This training module, based on e-learning developed by the OECD (Organization for Economic Co-operation and Development), is intended for employees who are most likely to be exposed to corruption. In total, more than 300 employees were assigned to follow this module. The module is also assigned to all newly hired employees who may, by virtue of their position, be exposed to this risk. Thus, each employee, in his or her field, is able to translate external constraints and obligations (laws, regulations, consumer commitments) into behavior, based on the internal rules applicable to the Company's operational processes.

Control procedures

The documents that bind the LISI Group and its stakeholders, internal or external, were updated in coordination with the measures described above. The Supplier Charter (external stakeholders) and the Supplier Policy (internal stakeholders) were therefore revised and officially distributed to all stakeholders in 2019. These documents, which apply to the entire Group, have been translated into nine languages. The LISI Group's General Purchasing Conditions were then adapted to reflect this vision and these new structuring documents. Lastly, the General Terms and Conditions of Sale were also revised to include the fight against corruption and the duty of care, through a specific chapter. In 2023, the Suppliers Charter was revised to include a reference to the LISI Code of Conduct and thus formalize LISI's request that its suppliers respect and apply the Code of Conduct.

4.6 Compliance with tax regulations

The nature of the LISI Group's activities and its international presence subject it to a variety of tax regulations. These regulations impose increasingly stringent requirements. The Group's activities may be impacted by public policy, as well as by changes in tax and/or customs regulations in the countries in which it operates. The LISI Group therefore set up a tax watch unit in France and a tax partnership (2022) with the French tax authorities, enabling it to secure its tax positions.

This tax partnership is recognition by the French tax authorities of the LISI Group's excellence in terms of compliance with tax regulations and transparency. Indeed, this partnership is underpinned by the strict compliance with the obligations inherent to the LISI Group, the absence of penalties for intentional breaches over the last three years, as well as an appropriate response to the morality survey carried out by the French tax authorities.

4.7 Cybersecurity, data protection and confidentiality

4.7.1 Context and challenges

For several years, the LISI Group has been committed to a significant digital transformation of its plants towards **Industry 4.0** and its processes. This transformation towards the plant of the future has been recognized through the **Industry Showcase of the Future** received by three of our plants in France.

This transformation also brings many challenges, notably in the area of cybersecurity, and its corollary on the protection of critical systems and data.

The increasing dependence of operations on connected systems and automation requires a structured approach to the risks that this dependence entails. The Group has thus implemented a robust and gradual approach, calling on leading and recognized partners in the world of cybersecurity.

4.7.2 Strengthen the Group's cybersecurity position and that of its ecosystem of partners and customers

The LISI Group's approach to cybersecurity is formalized through a Group Information Systems Security Policy (ISSP), and robust cybersecurity procedures that address internal and external threats as well as potential vulnerabilities of its infrastructure.

This Information Systems Security Policy aims to ensure that:

- appropriate access controls are in place so that only authorized teams have access to sensitive information,
- all activity within the information system is monitored, with the implementation of encryption protocols, and escalation procedures in the event of an alert,
- penetration tests are carried out on a regular basis and patches are deployed quickly,
- all sites deploy firewalls and intrusion prevention systems (IPS) in a consistent and coordinated manner, and carry out regular updates of the entire IT infrastructure,
- all IT teams are trained in best practices in terms of data security,
- regular risk assessments are carried out through audits of the Group's various sites.

All these measures thus help to prevent malicious parties or unintentional errors from compromising the Group's information system, protecting it from any operational disruptions that could result from them. The LISI Group has also ensured the implementation of these measures with its most critical partners.

In addition to these preventive measures, the LISI Group also continued to implement Business Continuity Plans (BCPs) and Business Recovery Plans (BCPs) to react quickly in the event of a breach. These plans include a full crisis management approach comprising methods for communicating with our stakeholders (such as our customers, suppliers, or employees) about security incidents, the Group's operation in degraded mode or the return normal for all transactions.

The deployment and reinforcement of these plans will continue throughout the Group in the coming years, in order to support changes to the information system (IS).

4.7.3 Training and awareness

In addition to protecting its IS, the LISI Group has also emphasized the need to train its teams and make them aware of cyber risks. These training and awareness-raising sessions are carried out on a regular basis at the Group's various sites, enabling all employees to be more vigilant about the need to protect data and ensure network security.

The first step in training the teams was to create a comprehensive understanding of the types of cybersecurity threats that exist, as well as how they can be prevented or mitigated. This involves explaining concepts such as password hygiene, secure file sharing protocols, encryption methods and firewalls. In addition, it is important that the Group's teams understand more advanced topics such as identity management systems, zero trust architectures, threat intelligence platforms and network segmentation strategies.

It is also important that all employees understand their own role in protecting company data against unauthorized access or leaks due to negligence. The operational implementation of the ISSP therefore describes the guidelines for the acceptable use of devices and networks by LISI Group employees, notably requirements in terms of password complexity, restrictions on the download of software on devices connected to company networks, as well as best practices for accessing sensitive information online or through email attachments.

4.7.4 Confidentiality and data protection

The confidentiality and protection of the Group's data are essential elements of its IS – whether it is the personal data of the teams, the data of its customers or its own industrial data – in order to secure the data of its partners, to protect employees' privacy and to ensure compliance with laws and regulations.

To guarantee the effective deployment of the Group's confidentiality and data protection, LISI first identified the confidential information and personal data, the persons who have access to it, and the way in which it will be used. These may include items such as employee records, customer financial details, marketing plans. Procedures have been put in place on how confidential information is handled and which team members may have access to it.

4.8 Aim for the high quality and safety of our products (GRI 416)

The Group's divisions mainly act as an industrial manufacturer but also as a product designer. By offering innovative solutions in manufacturing processes or fastening systems, the Group's divisions enable their customers to design the products of the future necessary for the sustainable development of their activities.

The risk related to product safety is also a major concern in their industries and the role of the divisions is to support customers with a view to a faultless management of the safety of the products delivered and their use.

This role is achieved through the continuous modernization of manufacturing processes and the implementation of Quality and Safety management systems at the expected level of performance.

Each division has its own quality policy and its own system management to best meet the requirements of its market.

LISI AEROSPACE

The division has a Quality Structure comprising:

- a department that deals with the quality management system,
- a department in charge of quality in the development of new products and industrialization,
- a department responsible for supplier quality, including conducting audits,
- operational Quality Departments in each of the plants.

All LISI AEROSPACE division sites are certified pursuant to the EN 9100 standard required by customers in the aeronautics sector and pursuant to the NADCAP standards for all their special processes.

The division also has a structure in charge of industrial performance programs (LEAP, HSE) at the central level and in each plant that make it possible to achieve its industrial objectives.

In 2023, as in previous years, the LISI AEROSPACE division was not involved in any aeronautical safety directive. This demonstrates the safety of the manufactured aircraft parts.

The LISI AEROSPACE division measures support for its customers in innovation. The indicator used is the share of revenue generated by products designed by the LISI AEROSPACE division.

LISI AEROSPACE's capacity for innovation was recognized in 2023 by the presentation of the AIRBUS Innovation Award for the development of the OPTIBLIND™ product range.

LISI AUTOMOTIVE

The division has a Quality and Industrial Performance department. For quality, the department is in charge of the management system and the guarantee of its compliance, the monitoring and evaluation of its suppliers by carrying out audits, operations on its production sites and for its customers.

This department is also in charge of industrial performance programs (LEAP), at the central level and in each plant, with a view to continuous improvement of the division's competitiveness.

At each site, a quality department is tasked with ensuring compliance with customer requirements (sizing, resistance, etc.).

All LISI AUTOMOTIVE division sites are certified pursuant to the IATF 16949 standard required by customers in the automotive sector.

The LISI AUTOMOTIVE division also measures support for its customers in innovation. The indicator used is the renewal rate of new products. The renewal rate of new products must be greater than 12%, including 5% of new innovative products each year from 2023 to 2030.

In 2023, it was 12%, and 80% of these new products were focused on the vehicles of tomorrow: electric or hybrid. These allocations are proof of customers' confidence in the LISI AUTOMOTIVE division's ability to support them on the vehicles of the future.

LISI MEDICAL

The LISI MEDICAL division contributes, through its positioning in the healthcare industry, to improving the quality of life of people.

A central Quality Department coordinates the quality departments at each site, in order to ensure the compliance of both products and the Quality Management System with customer requirements and the regulations of the health industries.

All LISI MEDICAL division sites are certified pursuant to the ISO 13485 standard required by the regulations of the medical devices sector.

The LISI MEDICAL division collaborates with and supports the innovation of its OEM (Original Equipment Manufacturer) customers. Project management tools and cross-functional working methods have been adopted in order to be more agile and responsive with a view to meeting customer expectations. New customer products are expected to contribute 9% of revenue in 2024, and over 20% of it in 2030.

In 2023, they contributed 5%.

In 2023, as in previous years, the LISI MEDICAL division was not involved in any market recall calling into question the safety of products.

4.9 Long-term relations with our suppliers and subcontractors (GRI 204 ; 414)

4.9.1 Engage your suppliers towards more sustainable relationships

The LISI Group is committed to securing its supply chain in a responsible and sustainable manner, *i.e.* guaranteeing the performance of its suppliers while respecting fundamental rights such as labor law, health and safety, the environment and business ethics.

4.9.1.1 - LISI strengthens its requirements in terms of sustainable supply

The LISI Group is working to set up a responsible and sustainable supply chain. This commitment was strengthened in 2023 with the formalization of a new charter for our suppliers. The latter includes new requirements in terms of social responsibility and also regarding quality certifications, the fight against corruption and the protection of information.

Purchasing Policy applicable to all buyers

PURCHASING POLICY

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Purchasing activity is of great importance with a lot at stake for the LISI Group and its three divisions (LISI AEROSPACE, LISI AUTOMOTIVE, LISI MEDICAL). The Purchasing Policy aims to set the fundamentals that guide all purchasing activities in the LISI Group, in order to support its strategies and growth to contribute to the Group's performance and sustainability.

BUYERS' CODE OF CONDUCT

All people involved in the purchasing process must comply with the LISI Code of Conduct and has a duty of care. Particular attention must be paid to integrity, conflicts of interest, gifts… These values are to be promoted by our suppliers *(see supplier charter)*

PURCHASING STRATEGIES

The Purchasing Department is responsible for managing external resources and must aim for high standards of overall performance to support the strategy of each division. The Purchasing Department is responsible for selecting suppliers based on criteria such as performance and competitiveness, control and optimization of the panel, TCO *(Total Cost of Ownership)* and risk management. The supplier's positioning in terms of CSR *(Corporate Social Responsibility)* must be particularly taken into account in the selection process. LISI wishes to develop a long-term, balanced and profitable partnership relationship with its major suppliers based on mutual trust.

SUPPLIERS' OPERATIONAL PERFORMANCE

The Purchasing Department ensures suppliers' performance results through global performance reviews, KPI *(Key Performance Indicator)* monitoring, reporting and action plans to achieve objectives. It must promote the use of LEAP *(LISI Excellence Achievement Program)* tools, incremental and disruptive innovation approaches so that suppliers improve their **Quality, Costs, Lead Times and Innovation performance along with the enforcement of our CSR values**.

Quality
- Prefer suppliers certified as per the standards of each division
- Measure and improve suppliers' quality performance
- Conduct audits
- Ensure that there is a continuous improvement approach and a quality assurance system that allows them to move towards zero defects

Cost
- Negotiate the best prices and market
- Improve our purchasing conditions by giving visibility to suppliers via LTAs
- Pool requirements and use Group contract
- Reduce inventories in a controlled manner
- Implement the payment deadlines defined by the LISI Group
- Have suppliers bear the costs of failure to meet their Quality and Time commitments

Lead Times
- Negotiate the use of modern supply chain management tools *(KANBAN, VMI - Vendor Managed Inventory, digitalization of information flows, EDI – Electronic Data Interchange)* to guarantee efficient logistics
- Communicate forecasts and have suppliers confirm the available capacity

PURCHASING POLICY

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Innovation
- Seek information from suppliers by relying on purchasing marketing, technological watch and the organization of tech days
- Encourage suppliers to develop eco-friendly solutions or products

Corporate Social Responsibility (CSR)
- The Purchasing Department integrates the ten principles of the United Nations Global Compact in its relations with suppliers. Consequently, LISI favors suppliers with demonstrated CSR policy especially in terms of Human development (Ethic, gender parity, workplace well-being, training program, Occupational Health & Safety…) and Environmental footprint reduction (CO2 footprint reduction, waste management…)

RISK CONTROL
- Check suppliers' insurance policies and associated levels of coverage
- Assess strategic suppliers' financial situation
- Check supplier compliance with regulations (operating license, *Conflict Minerals Act*…)

WORKING METHOD / REPORTING / KPI

Add value

Increase tasks with high added value and reduce administrative and/or repetitive tasks based notably on VSM *(Value Stream Mapping)*

Set up and use efficient and effective tools by digitizing processes (automation of tasks, digital continuity, paperless, EDI, online catalogs…)

Improve

Develop technical and managerial skills, particularly via the LKI corporate university

Rely on LEAP tools

Benchmark internal (Buyers day, Forums…) and external best practices

Regularly visit our internal and external partners to understand their processes and make the best decisions

Manage information flows

Help the company benefit from its privileged position as a "Supplier World" by collecting as much useful information as possible and disclosing it to the right internal contacts (Sales, R&D, Finance…)

Communicate in good faith and honestly – Maintain a fair relationship with suppliers

Emmanuel Viellard
CEO, LISI

Christophe Lesniak
Industrial and Purchasing Manager, LISI

New supplier charter

SUPPLIERS CHARTER

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SCOPE

The LISI group's SUPPLIER CHARTER applies equally to the Group and its three divisions **LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL**.
The best conditions granted by suppliers to a LISI site must apply to any site of the group, regardless of its division or location. The requirements of this charter must be **deployed by suppliers to their own suppliers.**

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

LISI suppliers must commit to:

- Respect the 10 principles of the United Nation Global Compact Program - ***GLOBAL COMPACT***
- Respect conflict minerals regulations - ***CONFLICT MINERALS ACT***
- Respect products hazardous materials regulations associated with the countries where they are delivered - (example EU: ***REACH, FDS, CLP, ROHS*** or their equivalents for other countries)
- Comply with all anti-corruption laws and regulations
- Fight against all forms of discrimination
- Initiate an eco-responsible approach to the innovative design of products and services
- Respect the principles of **ISO 14001 and ISO 45001** and converge as far as possible towards certification
- Reduce **their environmental footprint** by taking an ambitious, structured approach with clearly defined objectives
- Communicate each year the greenhouse gas (GHG) emissions associated with products and services purchased - LISI is committed to a decarbonization strategy (Scope 3 Upstream)

Suppliers must also be aware of and comply with LISI's **Anti-Corruption code of conduct**, which can be consulted on LISI's official website (ethics section). https://www.LISI-group.com/fr/documentations.html

LISI also provides everyone (including its suppliers) with an **alert system** in the event of non-compliance with this code of conduct. https://www.LISI-group.com/fr/documentations.html

LIABILITY AND INSURANCE

Suppliers working with the various divisions of LISI are aware of the criticality of its products and applications in the Aerospace, Automotive and Medical fields, and must **assume their responsibilities** by taking out the necessary **insurance policies**, from notoriously solvent companies, covering all direct and indirect costs in the event of failure of their supplies and/or services, including any financial consequences incurred throughout the supply chain up to the final user.

For imports and exports, suppliers must ensure that their business practices comply with applicable laws, guidelines and regulations, and if necessary, obtain the required export control licenses.

SUPPLIERS CHARTER

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QUALITY CERTIFICATIONS

For the supply of products and services that have a direct impact on the conformity of products manufactured by LISI, the implementation of a Quality Management System certified **ISO 9001** is a prerequisite. **Certifications EN9100 for aeronautics, IATF 16949 for automotive and ISO 13485 for medical** are highly recommended.

RISK MANAGEMENT

Suppliers must have an **identification, prevention and risk management process** in place that is supported by adequate procedures (**security and continuing plan).**

OPERATING PERFORMANCE

Suppliers must meet all their **contractual commitments, particularly in terms of quality, price and delivery times,** and must also engage in a **continuous improvement process** in order to achieve operational excellence in all areas.

The LISI Group encourages its suppliers to suggest **shared innovation** approaches **that are profitable** for everyone and a source of mutual sustainability.

INFORMATION PROTECTION

In particular, LISI expects its suppliers to respect the principles of **ISO 27001** and the **TISAX label** (applicable to our **LISI AUTOMOTIVE** division), and to converge as far as possible towards the corresponding certifications.

Suppliers shall deal appropriately with sensitive confidential, proprietary and personal information and shall comply with applicable legislation **concerning intellectual property rights including protection against disclosure**, as well as with applicable national and supranational legislation concerning the **protection of personal data**. Suppliers shall implement appropriate physical and electronic security procedures, such as cyber security programs, and shall report to LISI any suspected or actual data breach or security incident as soon as they become aware of it.

PRESERVATION OF LISI'S IMAGE

Suppliers must ensure that they implement all **the necessary measures to maintain the image of LISI.**

Emmanuel VIELLARD

Frédéric BALCERZAK

4.9.1.2 - The procedure and criteria for evaluating our suppliers

Since 2022, LISI has implemented assessment criteria to encourage its suppliers to adopt a sustainable and responsible purchasing approach. For all awards of new contracts with an annual expenditure of more than €100,000, LISI has set up a supplier selection process that incorporates financial stability and non-financial performance criteria with the help of an external rating agency (Bureau Van Dijk).

From 2023, existing suppliers are also solicited. LISI has set up an internal procedure to identify its "sensitive" suppliers from a CSR point of view. 254 suppliers were identified as such and were assessed from a financial and non-financial point of view *via* the external rating agency (Bureau Van Dijk).

The objective for 2023 was to be able to assess 40% of these 254 suppliers deemed sensitive from a CSR point of view. LISI exceeded this expectation with 57% of these suppliers being assessed by Bureau Van Dijk. For 2024, the target is to increase this rate to 65%.

4.9.1.3 - Collect and limit CO2 emissions

LISI's Senior Management also formally reminded its "sensitive" suppliers through a letter co-signed by the Industrial and Purchasing and CSR Directors of:

- its own CO_2 reduction targets *i.e.* -30% by 2030 compared to 2019, and
- the need for their involvement in achieving this objective.

To achieve this trajectory, LISI asks its suppliers identified as "sensitive" to:

- measure their carbon footprints associated with the products/services purchased by LISI,
- share them with LISI,
- take action to reduce their own emissions.

For this purpose, an online questionnaire to collect CO_2 emissions was developed jointly by the Purchasing and CSR teams. It will be rolled out to our "sensitive" suppliers in 2024.

4.9.2 Raising awareness among the purchasing community about CSR issues

The LISI Group continued to raise awareness among its Purchasing community (Central Purchasing, as well as its Purchasing Managers and site buyers) about Responsible Purchasing.

Among the topics addressed, the teams were made aware of:

- the LISI code of conduct (business ethics, fight against corruption, etc.),
- the integration of new CSR criteria in the supplier selection and assessment process,
- the integration of CSR clauses in our standard purchasing contracts,
- the impact of Purchases on the carbon footprint of LISI (Scope 3) and its most emitting commodities.

In 2023, LISI exceeded its target by training 47% of its purchasing community in Responsible Purchasing practices (the target was 45%).

4.10 Vigilance plan

Law No. 2017-399 of March 27, 2017, on the duty of care requires the implementation of a due diligence plan covering environmental and social aspects specific to the LISI Group (health, safety, human rights) but also to the suppliers and subcontractors with whom it has business relations.

The 5 measures making up this vigilance plan are:

1. Creating a risk-mapping of the risks in this area;
2. Creating procedures for the regular assessment of subsidiaries, subcontractors and/or suppliers with which a business relationship is established, in view of risk-mapping;
3. Setting up adapted action plans to mitigate risks or prevent serious harm;
4. Setting up a system to generate alerts and collect red flags relating to the existence of these risks;
5. Setting up a system to monitor the measures implemented and evaluate their effectiveness.

In 2019, the LISI Group began to implement a set of measures for compliance with the Sapin II Law, which, in a similar manner to the roll-out of its CSR policy, aims to meet its duty of care requirements.

Thus, for example, the whistleblowing and reporting system set up on the LISI Group website has been active since the beginning of 2019. Its purpose is to collect and process, in a completely confidential manner, any alert that may be issued, whether by an employee, a supplier or a subcontractor of the LISI Group.

Furthermore, the risk-mapping covering the duty of care is already handled through internal control procedures described in Chapter 5 “Risk factors”.

The LISI Group is continuing its efforts to meet its obligations in relation to the duty of care through the initiatives forming part of its CSR policy and the milestones specified in the policy.

In 2023, the Compliance Committee did not have to meet.

4.11 Profit – Performance indicators

	profit	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	ODD
5 -	**EXCEED OUR CUSTOMERS' EXPECTATIONS**									
	ESG ratings									
	ECOVADIS		56/100	nd	67/100	69/100				
	CDP		D-	D	B	B				
	ETHIFINANCE / GAIA		53	53	56	63				
	MOODYS			36		44				
	ISS ESG				C-	C				
	BEST MANAGED COMPANIES				Winner	Winner				
	Certifications									
	ISO 14001 - no. of sites				36	38				
	ISO 45001 - no. of sites				36	36				
	ISO 50001 - no. of sites				5	5				
	ISO 26000 - no. of sites				3	3				
	New products									
	% of revenue generated by new products - LISI AEROSPACE	nd	nd	nd	7.8%	7.5%			GRI 201-1	ODD 9
9. INDUSTRY, INNOVATION AND INFRASTRUCTURE	% of revenue generated by new products - LISI AUTOMOTIVE	nd	nd	nd	12.8%	12.0%			GRI 201-1	ODD 9
	% of revenue generated by new products - LISI MEDICAL	nd	nd	nd	8.5%	5.0%			GRI 201-1	ODD 9
6 -	**INVOLVE OUR SUPPLIERS**									
9. INDUSTRY, INNOVATION AND INFRASTRUCTURE	% of strategic CSR suppliers assessed on CSR criteria	nd	nd	nd	nd	57%	65%		GRI 414-1 ; 308-1	ODD 9
16. PEACE, JUSTICE AND STRONG INSTITUTIONS	% of employees trained in the Code of Conduct	100%	100%	100%	100%	100%			GRI 103-1	ODD 16
7 -	**IMPROVE OUR PERFORMANCE AND PROFITABILITY**									
	Revenue (€M)	1,729.5	1,230.0	1,163.9	1,452.2	1,630.4			GRI 201-1	ODD 8
	EBIT - (% of revenue)	9.0%	3.4%	5.7%	6.3%	5.5%			GRI 201-1	ODD 8
	Free Cash Flow - (% of revenue)	5.9%	8.9%	4.3%	1.3%	1.4%			GRI 201-1	ODD 8
	ROCE	11.5%	3.4%	5.0%	6.3%	6.3%			GRI 201-1	ODD 8
8. DECENT WORK AND ECONOMIC GROWTH	Inventories (nb of revenue days)	76	97	111	111	105			GRI 201-1	ODD 8
	LPD (> 30 days)	nd	4.9%	3.5%	3.5%	2.4%			GRI 201-1	ODD 8
	Breakeven point (€M over12 rolling months)	1,422.2	1,208.8	1,111.1	1,341.6	1,539.1			GRI 201-1	ODD 8
	Added value / payroll costs	1.44	1.37	1.34	1.36	1.31			GRI 201-1	ODD 8
	Capex (% of revenue)	6.8%	5.9%	5.7%	7.7%	6.2%			GRI 201-1	ODD 8

5 List of all CSR performance indicators

	people	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	SDGs
1 -	**PROTECTING OUR EMPLOYEES**									**ODD 3**
	TF1 (LISI employees + temporary workers)	9.0	6.9	8.0	7.1	6.7	< 6	< 5	GRI 403-2	ODD 3
	TF1 LISI employees	8.0	6.9	7.9	6.1	5.7			GRI 403-2	ODD 3
3. GOOD HEALTH AND WELL-BEING	TF1 temporary workers	21.2	6.7	9.4	24.2	18.8			GRI 403-2	ODD 3
	TF0 LISI employees	5.9	5.0	6.0	4.9	3.5			GRI 403-2	ODD 3
	TF0 LISI employees + temporary workers	6.8	5.1	6.1	5.7	4.4			GRI 403-2	ODD 3
2 -	**RETAIN OUR TALENT**									
	Headcount (average FTE)	12,484	8,941	8,874	9,799	10,642			GRI 401-1	
	Registered headcount	11,171	9,676	9,480	9,676	10,014			GRI 401-1	
	% of Managers	10.6%	11.7%	11.8%	13.1%	13.5%			GRI 401-1	
	Diversity & Inclusion									**ODD 5**
	% of women in headcount	22.0%	23.0%	23.0%	23.9%	23.6%			GRI 405-1	ODD 5
	% of women Managers within Managers	24.6%	30.1%	27.1%	28.3%	28.1%	28.5%		GRI 405-1	ODD 5
	% of women Managers within the headcount	3.0%	4.0%	3.2%	3.9%	3.8%			GRI 405-1	ODD 5
5. GENDER EQUALITY	% of women within the governance Leadership Board	10.5%	17.4%	17.4%	20.8%	20.0%			GRI 405-1	ODD 5
	% of headcount with a disability	2.8%	3.3%	4.3%	3.4%	3.0%			GRI 405-1	ODD 5
	% of below 30 years old in headcount	nd	17.3%	17.3%	17.5%	18.9%			GRI 405-1	ODD 5
	% of above 50 years old in headcount	nd	29.7%	27.6%	28.5%	28.4%			GRI 405-1	ODD 5
	Turnover & retention									**ODD 5 & 10**
	Nb of hires (with apprentices)	1,344	822	1,317	2,095	2,365			GRI 401-1	ODD 5, 10
	% of hires - Managers	15.2%	17.2%	12.5%	11.2%	11.6%			GRI 405-1	ODD 5, 10
	% of women within the hires					31.8%			GRI 405-1	ODD 5, 10
	% of women Managers within the hires Managers					38.5%			GRI 405-1	ODD 5, 10
	Nb of departures	1,570	2,135	1,476	1,818	2,027			GRI 401-1	ODD 5, 10
	Net result (Hires - Departures)	- 226	- 1,313	- 159	277	338			GRI 401-1	ODD 5, 10
	Nb of resignations	691	517	619	849	808			GRI 401-1	ODD 5, 10
	Resignations ratio over headcount	6.2%	5.3%	6.5%	9.0%	8.1%	7.0%		GRI 401-1	ODD 5, 10
5. GENDER EQUALITY	Resignations ratio over nb of departures	44.0%	24.2%	41.9%	46.7%	39.9%			GRI 401-1	ODD 5, 10
10. REDUCED INEQUALITIES	% of women within the resignations	nd	nd	nd	nd	31.4%			GRI 405-1	ODD 5, 10
	Turnover rate	13.0%	15.3%	14.7%	20.2%	21.9%			GRI 401-1	ODD 5, 10
	Nb of promotions	nd	nd	nd	589	439			GRI 401-1	ODD 5, 10
	Proportion of Women in the promotions	nd	nd	nd	43.5%	16.1%			GRI 405-1	ODD 5, 10
	Proportion of Women within the promotions to Managers	nd	nd	nd	28.5%	43.3%			GRI 405-1	ODD 5, 10
	Proportion of Women within the promotions not managers	nd	nd	nd	50.8%	20.0%			GRI 405-1	ODD 5, 10
	Promotion ratio over headcount	nd	nd	nd	6.1%	4.4%			GRI 401-1	ODD 5, 10
	Promotion ratio of women to Managers	nd	nd	nd	2.9%	0.7%			GRI 405-1	ODD 5, 10

people	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	SDGs
Commitment & Quality of life									**ODD 5 & 10**
Absenteeism	3.4%	4.4%	4.2%	4.5%	3.9%			GRI 401-1	ODD 5, 10
% of headcount that can work from home	nd	nd	nd	nd	18.2%			GRI 401-1	ODD 5, 10
Participation ratio to QWL survey	nd	nd	65%	69%	71%			GRI 401-1	ODD 5, 10
Satisfaction ratio to QWL survey	77%	84%	78%	75%	76%			GRI 401-1	ODD 5, 10
Nb of harassment cases reported (sexual or moral)	nd	nd	nd	nd	40			GRI 406-1	ODD 5, 10
Nb of discrimination cases reported	nd	nd	nd	nd	8			GRI 406-1	ODD 5, 10
Nb of cases reported that have been investigated	nd	nd	nd	nd	71.0%			GRI 406-1	ODD 5, 10
% of cases reported over headcount	nd	nd	nd	nd	0.5%			GRI 406-1	ODD 5, 10
Training									**ODD 4**
Nb of training hours	179,165	100,424	167,929	154,691	220,472			GRI 403-5	ODD 4
Nb of hours by headcount trained	nd	14	23	16	21			GRI 403-5	ODD 4
Nb of headcount trained	nd	7,173	7,297	9,668	10,700			GRI 403-5	ODD 4
Nb of hours by headcount trained	16	10	18	16	22			GRI 403-5	ODD 4
					19.1%			GRI 403-5	ODD 4
LKI - nb of interns	651	112	704	593	538			GRI 403-5	ODD 4
LKI - nb of sessions	98	18	89	89	81			GRI 403-5	ODD 4
LKI - nb of training hours	10,900	1,026	10,693	10,170	9,153			GRI 403-5	ODD 4
% of HR (recruiters) trained to Non discrimination in France				100.0%	100.0%			GRI 403-5	ODD 4
% of employees trained in Safety					100.0%	100.0%		GRI 403-5	ODD 4

planet		Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	SDGs
3 -	**PRESERVE OUR ENVIRONMENT**									
7. AFFORDABLE AND CLEAN ENERGY	% of energy savings in MWh from projects vs. N-1	nd	nd	nd	nd	1.7%	1.8%		GRI 302-4	ODD 7, 13
13. CLIMATE ACTION	% of renewable energy produced on site	nd	nd	nd	nd	0.4%	0.6%		GRI 302-4	ODD 7, 13
12. RESPONSIBLE CONSUMPTION AND PRODUCTION	% of waste recovered	72.5%	72.7%	74.4%	75.0%	73.5%			GRI 306-4	ODD 12
	% of investments dedicated to reducing CO_2 emissions	nd	nd	nd	2.2%	4.6%				
4 -	**WORK IN OUR REGIONS**									
6. CLEAN WATER AND SANITATION	% of sites in water-stressed areas with an action plan	nd	nd	nd	18%	100%	100%		GRI 303-1; 303-2	ODD 6
	GREENHOUSE GAS EMISSIONS - By Scope (tCO_2)									
7. AFFORDABLE AND CLEAN ENERGY; 13. CLIMATE ACTION	Scope 1	40,990	34,376	35,799	28,201	25,183			GRI 305-1	ODD 7, 13
	Scope 2	65,542	54,578	64,424	42,162	46,387			GRI 305-2	ODD 7, 13
	SCOPES 1,2	**106,532**	**88,954**	**100,223**	**70,362**	**71,570**			**GRI 305-1**	**ODD 7, 13**
	Scope 3	402,790	321,261	226,591	530,291	570,796			GRI 305-1	ODD 7, 13
	SCOPES 1,2,3	**509,322**	**410,214**	**326,814**	**600,654**	**642,366**			**GRI 305-1**	**ODD 7, 13**
	SCOPE 1, 2, Partial 3 – historical comparable	**509,322**	**410,214**	**326,814**	**291,487**	**321,410**		**-30%**	**GRI 305-1**	**ODD 7, 13**
	Partial SCOPE 3 – historical comparable	**402,790**	**226,261**	**226,591**	**203,906**	**236,615**			**GRI 305-1**	**ODD 7, 13**
	GREENHOUSE GAS EMISSIONS - By Item (tCO_2)									
7. AFFORDABLE AND CLEAN ENERGY	GHG Natural gas [tCO_2]	37,174	31,406	32,590	23,625	22,489			GRI 305-1	ODD 7
	GHG Domestic heating fuel [tCO_2]	460	210	212	205	199			GRI 305-1	ODD 7
	GHG LPG [tCO_2]	1,206	1,057	1,372	1,090	865			GRI 305-1	ODD 7
	GHG Vehicles owned [tCO_2]	621	384	287	304	283			GRI 305-1	ODD 7
	GHG Private vehicles under lease [tCO_2]	2	2	2	1,691	1,691			GRI 305-1	ODD 7
	GHG Fugitive emissions from refrigerants [tCO_2]	1,527	1,317	1,335	1,286	1,341			GRI 305-1	ODD 7
	SCOPE 1	**40,990**	**34,376**	**35,799**	**28,201**	**25,183**			**GRI 305-2**	**ODD 7**
	GHG Electricity [tCO_2]	65,542	54,578	64,424	42,015	46,274			GRI 305-2	ODD 7
	GHG Heating network [tCO_2]	0	0	0	147	113			GRI 305-2	ODD 7
	SCOPE 2	**65,542**	**54,578**	**64,424**	**42,162**	**46,387**			**GRI 305-2**	**ODD 7**
	SCOPES 1 & 2	**106,532**	**88,954**	**100,223**	**70,362**	**71,570**			**GRI 305-1**	**ODD 7**
13. CLIMATE ACTION	Purchases of goods and services (other than raw materials) [tCO_2]				183,201	213,205			GRI 305-1	ODD 13
	Consumption of raw materials [tCO_2]	390,912	312,261	216,932	189,054	218,114			GRI 305-1	ODD 13
	Investments [tCO_2]				80,212	66,329			GRI 305-1	ODD 13
	Fuel and energy-related activities (not included in Scope 1 or 2)	Included in Scopes 1 and 2			17,218	16,225			GRI 305-1	ODD 13
	Upstream transport [tCO_2]	11,878	9,000	9,659	14,852	15,501			GRI 305-1	ODD 13
	Waste generated by operations [tCO_2]				31,395	30,301			GRI 305-1	ODD 13
	Business travel [tCO_2]				564	717			GRI 305-1	ODD 13
	Commuting [tCO_2]				13,795	10,403			GRI 305-1	ODD 13
	Upstream leased assets [tCO_2]					0			GRI 305-1	ODD 13
	SCOPE 3	**402,790**	**321,261**	**226,591**	**530,291**	**570,796**			**GRI 305-1**	**ODD 13**
	SCOPES 1,2,3	**509,322**	**410,214**	**326,812**	**600,654**	**642,366**			**GRI 305-1/2**	**ODD 13**

planet	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	SDGs
WATER CONSUMPTION IN M³									
Municipal water	522,785	398,419	308,271	342,900	336,375			GRI 303-5	ODD 6
Water taken from the natural environment	267,771	190,656	205,187	252,289	131,977			GRI 303-3	ODD 6
Recovered rainwater					8,039			GRI 303-3	ODD 6
Total - water consumption (in m^3)	**790,556**	**589,074**	**513,458**	**595,189**	**476,226**			**GRI 303-5**	**ODD 6**
ENERGY CONSUMPTION IN MWh									
Electricity	311,181	248,850	262,895	276,260	277,256			GRI 302-1	ODD 7; 13
Natural gas	157,679	128,909	146,077	136,262	124,417			GRI 302-1	ODD 7; 13
LPG	5,348	4,131	5,044	4,680	3,714			GRI 302-1	ODD 7; 13
Domestic fuel	1,417	642	675	753	736			GRI 302-1	ODD 7; 13
Other energies	570	551	1,224	949	728			GRI 302-1	ODD 7; 13
Total - Energy consumption	**476,195**	**383,083**	**415,915**	**418,904**	**406,851**			**GRI 302-1**	**ODD 7; 13**
Renewable energy consumption					7,145			GRI 302-1	ODD 7; 13
Renewable energy production					1,022			GRI 302-1	ODD 7; 13
Revenue (in millions of euros)	1,730	1,230	1,164	1,425	1,630				
Intensity ratio (Consumption / revenue)	275	311	357	294	250			GRI 302-3	ODD 7;13
BREAKDOWN OF TOTAL ENERGY CONSUMPTION (MWh) BY COUNTRY									
France	313,426	244,972	268,486	257,801	247,039			GRI 302-1	ODD 7; 13
United States	44,906	41,411	47,092	58,446	56,900			GRI 302-1	ODD 7; 13
Germany	44,330	37,054	38,917	39,143	37,695			GRI 302-1	ODD 7; 13
Spain	21,734	17,659	17,573	15,908	16,418			GRI 302-1	ODD 7; 13
Turkey	11,585	8,508	8,675	11,359	12,472			GRI 302-1	ODD 7; 13
Canada	9,289	7,833	8,095	8,469	8,490			GRI 302-1	ODD 7; 13
United Kingdom	12,149	8,766	6,870	7,337	7,690			GRI 302-1	ODD 7; 13
Czech Republic	6,949	5,866	6,272	6,174	5,966			GRI 302-1	ODD 7; 13
China	4,799	4,263	4,905	5,904	4,478			GRI 302-1	ODD 7; 13
Mexico	4,724	3,927	4,735	3,577	4,222			GRI 302-1	ODD 7; 13
Poland	3,159	1,942	3,011	3,361	3,427			GRI 302-1	ODD 7; 13
Morocco	3,565	1,052	1,285	1,421	2,054			GRI 302-1	ODD 7; 13
OUR WASTE (In tons)									
Metals	22,220	16,355	17,092	21,891	19,725			GRI 306-3	ODD 12
Paper - Cardboard	617	398	398	377	510			GRI 306-3	ODD 12
Plastic	329	326	347	271	356			GRI 306-3	ODD 12
Wood	917	568	614	674	718			GRI 306-3	ODD 12
Oils	2,412	1,931	2,141	2,113	2,254			GRI 306-3	ODD 12
Other non-hazardous waste	2,966	1,967	1,768	2,230	2,255			GRI 306-3	ODD 12
Hazardous waste (without oil)	13,026	9,806	9,894	11,051	11,598			GRI 306-3	ODD 12
Total - Waste	**42,487**	**31,351**	**32,254**	**38,607**	**37,251**			**GRI 306-3**	**ODD 12**
BREAKDOWN OF WASTE GENERATED									
% recycling	66%	64%	67%	67%	68%			GRI 306-1; 306-4	ODD 12
% energy recovery	8%	8%	8%	8%	6%			GRI 306-1; 306-4	ODD 12
% physico-chemical treatment	15%	16%	15%	13%	13%			GRI 306-1; 306-5	ODD 12
% landfill	5%	4%	5%	4%	4%			GRI 306-1; 306-5	ODD 12
% other treatment	7%	7%	6%	8%	9%			GRI 306-1; 306-5	ODD 12

		profit	Reference year 2019	Results 2020	Results 2021	Results 2022	Results 2023	Target 2024	Target 2030	GRI	SDGs
5 -		**EXCEED OUR CUSTOMERS' EXPECTATIONS**									
		ESG ratings									
		ECOVADIS		56/100	nd	67/100	69/100				
		CDP		D-	D	B	B				
		ETHIFINANCE / GAIA		53	53	56	63				
		MOODYS			36		44				
		ISS ESG				C-	C				
		BEST MANAGED COMPANIES				Winner	Winner				
		Certifications									
		ISO 14001 - No. of sites				36	38				
	9. INDUSTRY, INNOVATION AND INFRASTRUCTURE	ISO 45001 - No. of sites				36	36				
		ISO 50001 - No. of sites				5	5				
		ISO 26000 - No. of sites				3	3				
		New products									
		% of revenue generated by new products – LISI AEROSPACE	nd	nd	nd	7.8%	7.5%			GRI 201-1	ODD 9
	9. INDUSTRY, INNOVATION AND INFRASTRUCTURE	% of revenue generated by new products – LISI AUTOMOTIVE	nd	nd	nd	12.8%	12.0%			GRI 201-1	ODD 9
		% of revenue generated by new products – LISI MEDICAL	nd	nd	nd	8.5%	5.0%			GRI 201-1	ODD 9
6 -		**INVOLVE OUR SUPPLIERS**									
	9. INDUSTRY, INNOVATION AND INFRASTRUCTURE	% of strategic suppliers assessed in terms of CSR	nd	nd	nd	nd	57%	65%		GRI 414-1 ; 308-1	ODD 9
	16. PEACE, JUSTICE AND STRONG INSTITUTIONS	% of employees trained in the Code of Conduct	100%	100%	100%	100%	100%			GRI 103-1	ODD 16
7 -		**INCREASE OUR PERFORMANCE AND PROFITABILITY**									
		Revenue (in millions of euros)	1,729.5	1,230.0	1,163.9	1,452.2	1,630.4			GRI 201-1	ODD 8
		EBIT - (% of revenue)	9.0%	3.4%	5.7%	6.3%	5.5%			GRI 201-1	ODD 8
		Free Cash Flow - (% of revenue)	5.9%	8.9%	4.3%	1.3%	1.4%			GRI 201-1	ODD 8
		ROCE	11.5%	3.4%	5.0%	6.3%	6.3%			GRI 201-1	ODD 8
	8. TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	Inventories (No. of revenue days)	76	97	111	111	105			GRI 201-1	ODD 8
		LPD (>30 days)	nd	4.9%	3.5%	3.5%	2.4%			GRI 201-1	ODD 8
		Breakeven point (in millions of euros over 12 rolling months)	1,422.2	1,208.8	1,111.1	1,341.6	1,539.1			GRI 201-1	ODD 8
		Added value / payroll	1.44	1.37	1.34	1.36	1.31			GRI 201-1	ODD 8
		CAPEX (% of revenue)	6.8%	5.9%	5.7%	7.7%	6.2%			GRI 201-1	ODD 8

6 Cross-reference tables

6.1 NFPS cross-reference table

Information	Corresponding pages or sub-headings
Business model	URD Chapter 1
Description of the main risks, policies and indicators	URD Chapter 5: Risk factors URD Chapter 4; §1 LISI's corporate social responsibility
Anti-corruption	URD Chapter 4; §4.5 Prohibition of any form of corruption URD Chapter 4; §4.10 Vigilance plan
Fight against tax evasion	URD Chapter 4; §4.6 Compliance with tax regulations URD Chapter 4; §4.10 Vigilance plan
Respect of human rights	URD Chapter 4; §4.4 Respect for human & fundamental rights URD Chapter 4; §4.10 Vigilance plan
Climate change	URD Chapter 4; §3.3 Our climate transition strategy URD Chapter 4; §3.4 Our direct impacts on the environment
Society-related commitments	URD Chapter 4; §2 People: embodying, living and fulfilling our purpose, together
Circular economy	URD Chapter 4; §3.5 Our indirect impacts on the environment
Collective agreements	URD Chapter 4; §2.9 Social dialog, collective bargaining and employee consultation
Fight against discrimination and promotion of diversity	URD Chapter 4; §2 People: embodying, living and fulfilling our purpose, together
Fight against food waste, food insecurity, the respect of animal well-being and responsible, fair and sustainable ways of eating	Given the nature of our activities, we consider that these themes do not pose a major CSR risk and do not warrant further description in this management report

6.2 Global Compact cross-reference table

Information	Corresponding pages or sub-headings
Principle 1 Support and respect the protection of internationally proclaimed human rights.	URD Chapter 4 §4.4 Respect for human & fundamental rights §4.10 Vigilance plan
Principle 2 Ensure that they are not complicit in human rights violations.	URD Chapter 4 §4.4 Respect for human & fundamental rights §4.10 Vigilance plan
Principle 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining.	URD Chapter 4 §2.9 Social dialogue, collective bargaining and employee consultation
Principle 4 Contribute to the elimination of all forms of forced and compulsory labor.	URD Chapter 4 §4.4 Respect for human & fundamental rights §4.10 Vigilance plan
Principle 5 Contribute to the effective abolition of child labor.	URD Chapter 4 §4.4 Respect for human & fundamental rights §4.10 Vigilance plan
Principle 6 Contribute to the elimination of discrimination in respect of employment and occupation.	URD Chapter 4 §2.4 Diversity and inclusion §4.10 Vigilance plan
Principle 7 Apply a precautionary approach to environmental challenges.	URD Chapter 4 §3 Planet: preserving our environment
Principle 8 Undertake initiatives to promote greater environmental responsibility.	URD Chapter 4 §3 Planet: preserving our environment
Principle 9 Encourage the development and dissemination of environmentally friendly technologies.	URD Chapter 4 §3 Planet: preserving our environment
Principle 10 Fight corruption in all its forms, including extortion and bribery.	URD Chapter 4 §4.5 Prohibition of any form of corruption §4.10 Vigilance plan

7 Report from the independent third party organization on the verification of the consolidated declaration of extra-financial performance

To the Shareholders General Meeting,

In our capacity as an independent third party organization ("third party"), accredited by COFRAC (Accreditation COFRAC Inspection, No. 3-1681, scope available on www.cofrac.fr) and member of the network of one of the statutory auditors of your company (hereinafter "the Entity"), we carried out work to formulate a reasoned opinion expressing a conclusion of moderate assurance on the compliance of the consolidated statement of non-financial performance for the fiscal year ended December 31, 2023 (hereinafter the "Statement") in accordance with the provisions of Article R.225-105 of the French Commercial Code and on the fairness of historical information (recorded or extrapolated) provided pursuant to paragraphs 3 of I and II of Article R.225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the procedures of the Entity (hereinafter the "Guidelines"), presented in the management report in accordance with the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures we carried out, as described in the "Nature and scope of work" section, and the information we collected, we did not identify any significant anomaly that would call into question the fact that the consolidated statement of non-financial performance complies with the applicable regulatory provisions and that the Information, taken as a whole, is fairly presented in accordance with the Guidelines.

Preparation of the non-financial performance statement

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

Consequently, the Information must be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement (or available at the Entity's registered office).

Limitations inherent in the preparation of the Information

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

Responsibility of the Entity

Management is responsible for:

- selecting or establishing appropriate criteria for the preparation of the Information;
- preparing a Statement in accordance with legal and regulatory provisions, 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 and the results of said policies, including key performance indicators and, moreover, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- preparing the Statement by applying the Entity's Guidelines as mentioned above;
- as well as establishing the internal control procedures that it deems necessary to prepare information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

Responsibility of the independent third-party organization

It is our responsibility, based on the work performed, to provide a reasoned opinion expressing a moderate assurance on:

- the compliance of the Statement pursuant to Article R.225-105 of the French Commercial Code;
- the sincerity of the historical information (observed or extrapolated) provided in accordance with paragraph 3 of Sections I and II of Article R.225-105 of the French Commercial Code, namely the results of the policies, including the key performance indicators, and the actions, relating to the main risks.

As we are responsible for establishing an independent conclusion on the Information as prepared by management, we are not authorized to be involved in the preparation of such Information as this could compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions (notably as regards the information provided for by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the vigilance and anti-corruption plan and tax evasion);
- the fairness of the information provided for in Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with applicable regulations.

Applicable regulatory provisions and professional standards

Our work described below was carried out in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code, our verification program consisting of our own procedures (program for verifying the non-financial performance statement of July 7, 2023) and the professional standards of the *Compagnie nationale des Commissaires aux Comptes* relating to this intervention, in particular the technical opinion of the *Compagnie Nationale des Commissaires aux Comptes*, Intervention of the Statutory Auditors – Intervention of the ITO – Statement of non-financial performance, and the international standard ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by the provisions outlined in Article L.821-28 of the French Commercial Code and the Profession's Code of Ethics. In addition, we implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable laws and regulations, ethical standards, and the professional standards.

Means and resources

Our work mobilized the skills of three people and took place between October 2023 and March 2024 over a total period of twenty-two weeks.

To assist us in carrying out our work, we called on our specialists in sustainable development and social responsibility. We conducted four interviews with the people responsible for preparing the Statement, representing notably Human Resources, Health and Safety, Environment and Purchasing departments.

Nature and scope of work

We planned and carried out our work taking into account the risk of material misstatement of the Information.

We believe that the procedures we conducted, exercising our professional judgment, enabled us to formulate a conclusion of limited assurance:

- we reviewed the activities of all entities included within the scope of consolidation and the description of the main risks;
- we evaluated the appropriateness of the Repositories with regards to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, the industry's best practices;
- we verified that the Statement covers each category of information provided for in III of Article L.225-102-1 of the French Commercial Code with regard to social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion and includes, where applicable, an explanation of the reasons for the absence of the information required by paragraph 2 of III of Article L.225-102-1 of the French Commercial Code;

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

- we verified that the Statement presents the information provided for in II of Article R.225-105 of the French Commercial Code when it is relevant with regard to the main risks;
- we verified that the Statement presents the business model and the main risks linked to the activities of all entities included in the scope of consolidation, including, when relevant and appropriate, the risks generated by its business relationships, its products or its services as well as the policies, actions and results, including key performance indicators related to the main risks;
- we consulted the documentary sources and conducted interviews in order to:
  - assess the process for selecting and validating the main risks as well as the consistency of the results, including the key performance indicators used, with regard to the main risks and policies presented,
  - corroborate the qualitative information (actions and results) that we considered to be the most important presented in Appendix 1. For certain risks (fight against corruption, fight against tax evasion, responsible purchasing), our work was carried out at the level of the consolidating entity, for the other risks, work was carried out at the level of the consolidating entity and in a selection of entities listed below: Bar-sur-Aube (France), Carpète (France), Hérouville (France);
- we verified that the Statement covers the consolidated scope, namely all entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code with the limits specified in the Statement;
- we reviewed the internal control and risk management procedures implemented by the Entity and we evaluated the collection process with regard to the completeness and the sincerity of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures consisting of verifying the proper consolidation of the data collected as well as the coherence of their changes,
  - detailed tests based on sampling or other means of selection, and which consisted of verifying the correct application of definitions and procedures and reconciling the data with the supporting documents. This work was carried out with the selection of contributing entities listed above and covers between 9% and 10% of the consolidated data selected for these tests (9% for water consumption, 9% for the headcount, 10% for energy consumption);
- we evaluated the coherence of the entire Statement with respect to our knowledge of the Entity [or if the entity prepares consolidated financial statements: of all of the entities included in the scope of consolidation].

The procedures implemented as part of a moderate assurance engagement are less stringent than those required for a reasonable assurance engagement performed according to professional standards; a higher level of assurance would have required more extensive verification work.

Paris-La Défense, April 4, 2024

The independent third-party organization
EY & Associés

Olivier Baboulet
Partner, Sustainable Development

Appendix 1: Information considered to be the most important

Quantitative information (including key performance indicators)	Qualitative information (actions or results)
Employment information	
Qualitative information (actions or results) Absenteeism rate (%) Hours worked (number) Share of women (%) Frequency rate, severity rate of workplace accidents (No./million hours worked)	Employment (attractiveness, retention) Work organization (organization, absenteeism), Health and safety (preventive actions), Labor relations (social dialogue, collective agreements), training Equal opportunity (gender equality, fight against discrimination, integration of disabled persons)
Environmental information	
Thermal and electrical energy consumption per unit of production (MWh/tonne) Significant greenhouse gas emission items (Scope 1, Scope 2 and the following Scope 3 categories: purchases of goods and services, waste generated, commuting, business travel) Percentage of hazardous/non-hazardous waste recovered (%) Water consumption (m^3)	The results of the environmental/energy policy (certifications, resources) Pollution forecasting measures (water, air, soil) The circular economy (raw materials, energy, waste management, food waste) Climate change (significant sources of emissions due to the activity, reduction targets, adaptation measures) Water management and biodiversity protection
Societal information	
Share of employees who responded to the Quality of Life at Work survey (%)	Subcontracting and suppliers (environmental and social challenges) Actions undertaken to prevent corruption and tax evasion

5

Risk factors

Contents

Introduction

The LISI Group is engaged in a convergent risk management process. It manages its risk mapping in line with COSO guidelines, as well as complying with the provisions of Articles L.225-37 and L.225-68 of the French Commercial Code on financial security and the recommendations of the French Financial Markets Authority (AMF). Having identified and listed risks at the level of each individual unit (production or distribution sites), the Group consolidated all of the risks to which it is exposed in a matrix showing occurrence probability and severity rate (bottom-up approach). A "top down" approach is then used to prioritize risks. Each significant risk identified is the subject of an action plan reviewed periodically and, if necessary or in parallel, of a proactive approach to prevention, insurance cover, accounting provisions or operational actions.

The rate of occurrence of major crises has accelerated over the last decade and the nature of these crises has diversified: the chain of health, logistics and geopolitical crises between 2019 and 2022 is an example. The LISI Group must therefore deal with poly-critical and multi-faceted crises, the magnitude of which is increasing. To mitigate both crises and their impact, the Group has developed its structural agility, its internal communication, and its management system, and has modified its understanding of the risks it faces.

1 Financial risk matrix: principal major risks identified and reduction measures

The major risk factors presented in this chapter are only the main risks identified and are likely to vary in intensity and probability, depending on global macroeconomic and geopolitical developments.

The management routines put in place within the Group make it possible to update the mapping on a continuous basis and to implement any measures that may be needed to mitigate the effects, or the severity of the risks identified.

The summary of the major risks is presented in two areas:

- major operational risk factors specific to the Group's business;
- major risk factors independent of the Group's business.

Strategic risks are assessed annually by the Group's sites, Business Groups and operating divisions, as well as by Senior Management, and its various departments. They have been reported since 2021 in an internal collaborative platform.

The risk assessment for 2023 still indicates the risk of asymmetric inflation, although its intensity is decreasing. The risks induced by the Covid pandemic in 2019 and 2020 remain, but to a more limited extent, with two risks in this category being no longer significant at the consolidated level, namely the risks of customer or supplier failures. Indeed, economic players have adapted to the specific economic environment induced by this pandemic.

The 2023 risk assessment exercise revealed an increased intensity of operational competitiveness and quality risks detailed below.

Competitiveness

The Covid-19 pandemic and inflation have led to a scarcity of skills available on the job market in a context of departures and resumption of activity in the three markets served by the Group, requiring a significant recruitment effort in 2023. The significant number of new hires and the scarcity of skills available on the job market mean that the Group has an increased training load in order to maintain compliance with contractual obligations, particularly in terms of quality. The Group faces increased risks in terms of:

- competitiveness: significant training costs for newly hired employees, which undermine the competitiveness of the sites concerned;
- productivity: new hires are less productive than experienced employees. This risk of a deterioration in labor productivity has a consequent impact on the productivity of equity, as the means of production may see their performance degraded by the weaker skills of new employees.

The LISI AUTOMOTIVE division faces specific pressure in terms of its competitiveness due to strong demands for price reductions for electric vehicles with requests coming from public sector players, equipment manufacturers or consumers.

The LISI Group has taken actions to limit the consequences of these risks through the following actions:

- internal productivity plans shared between sites in order to develop inter-site synergies;
- training and attractiveness plans, rolled out by site through partnerships with training entities and employment players forming the local fabric of the various sites' basins;
- plans to automate the means of production;
- acceleration of industrial plans for increased flexibility in industrial facilities, savings, and cost optimization.

The criticality of the risk to the LISI Group's competitiveness was therefore reassessed upwards, as was the Group's financial exposure. The Group maintains its confidence in the effectiveness of its action plans, making it possible to control the effects of this double risk, which is not, therefore, considered to be likely to compromise the Group's financial strength or the continuity of its activities.

Quality

Our customers' requirements for product quality have steadily increased in recent years. However, the pace of growth has recently accelerated, particularly in the Aerospace sector. This results in three risks for LISI:

- a risk of reinforcement of increased control processes, impacting profitability through additional control operation costs and cash generation, and with additional controls, increasing the time to manufacture and sell products;
- a risk of longer development times for new products, which may result in revenue lagging over time or a deterioration in profitability compared to that estimated;
- a greater risk of necessary training, particularly for new hires.

The LISI Group has undertaken actions aimed at minimizing these risks, by increasing the intensity of the audits carried out on its critical suppliers, by implementing action plans to improve the control of production processes, by intensifying training efforts for newly hired employees and by continuing its plan for 100% control of critical parts, called the "0 escape" plan.

The Group, therefore, considers that quality is a risk for which the importance and exposure are increasing, but that it is limited by the employee training measures and the deployment of the technical and industrial action plans put in place.

Strengthen cooperation with our insurers to improve the prevention of industrial risks

The consistency of the relationship with insurers and risk classification helped to structure the Group's prevention approach. Thus, all of the insurers' recommendations regarding damage to property are included in the Environmental Safety Improvement Plans and are subject to periodic monitoring by the Risk Monitoring Committee. Our insurers conduct audits at a number of facilities each year, looking both at damage to assets and environmental risks, before presenting their recommendations which enhance our action plan. Since 2002, all the significant sites were audited several times. On some of its sites, the Group has had to carry out construction work or install major prevention systems to limit the potential for incidents as much as possible. This initiative of ongoing progress improves the Group's prevention policy, contains major incidents and optimizes insurance premiums.

Summary of preventive action plans

The safety/environment/prevention action plans drawn up within the Group ensure a consistent approach to risk identification, risk prevention, asset preservation and control of operations. The program is coordinated by the head company of the LISI Group in the areas of industry, purchasing, HSE, internal control, finance, and cash flow management.

OPERATIONAL

Risk factors	Breakdown of 2023 URD risks	Residual criticality*	Financial exposure	Trend versus 2022	Mitigation measures
Purchases, Production	Failure of subcontractors (heat treatment, machining, sterilization, etc.) or suppliers (raw materials, components) disrupting our production cycles.	++	€[8-10]M		Financial and non-financial evaluation of suppliers. Reinforcement of supplier audits. Significant level of internalization investments. Seeking alternative solutions.
Asymmetric inflation	Risk of not re-invoicing the increases in expenses incurred (materials, services, energy, payroll costs, etc.). Risk of trade tensions related to the re-invoicing of these increases, which could adversely affect operational performance (in the event of re-invoicing), relationships with customers or the ability to acquire new markets.	+	€[10-20]M		Increase in sales prices. Partnerships with customers (long-term contracts with re-invoicing of the increases incurred). Development insourcing and/or new suppliers. Co-development with suppliers. Industrial savings, optimization and relocation plans
Loss of skills and key people	Difficulties in recruiting profiles with key skills and retaining these skills, potential sources of loss of productivity and ability to meet customer demand.	++	€[5-10]M		Recruitment, development and retention plans for key skills. Work on flexibility and versatility of skills, savings, optimization and relocation. Development of robotization.
Innovation, Competitiveness, Competitive positioning	Competitive pressure on flagship products or new technologies. Absence of new customer programs and continued strong pressure on the prices of existing programs. Entry of new competitors or consolidation of customers in certain geographical areas. Key skills training. Failed negotiations with major customers. Loss of productivity and/or obsolescence of means of production.	+++	€[10-20]M		Internal productivity plans and development of inter-site synergies. Excellence in Price-Quality-Time Industrial innovation plans. Technological watch, customer R&D proximity. Plans to automate the means of production. Digitization of Support functions. Training and attractiveness plans / Partnerships with schools / Apprenticeship development Progressive and co-constructed integration plans for new sites.
	New product failures.	+	€[1-3]M		Integration, upstream (demonstrators). Close customer contact.
	Risk to intellectual property rights for new products proposed.	++	€[3-5]M		Legal protection policy for innovations and manufacturing processes. Technological and competitive watch.
Quality	Major quality issues for products manufactured by LISI or delivered by its suppliers.	+++	€[10-20]M		Reinforcement of customer quality requirements, implying a reinforcement of Quality control processes. Process audits of critical suppliers. Improvement of Quality control and training of newly hired staff. Continuation of the "0 escape" project. Adequate crisis management procedures.
Industrial footprint	Evolution of the industrial footprint.	++	€[3-4]M		Transfer or specific plans aimed at making sites more attractive.
Compliance	Internal environmental risks: fire, pollution, noise pollution.	+	€[3-4]M		Risk prevention, investment and monitoring plans. Site audits carried out with insurers. Negotiations with stakeholders to reduce disturbance (noise, vibration, etc.). Business continuity plans and business recovery plans. Extended insurance coverage.
	Occupational health and safety risk (Occupational accidents and/or occupational diseases, Non-compliance of machinery).	++	€[1-3]M		Specific training plan dedicated to maintenance services. Risk identification and communication plans, training plans.

* Residual criticality: impact of the risk adjusted for its probability, control on the probability of occurrence, the level of control.
(Levels: +: Low; ++: Moderate; +++: Significant; ++++: Major).

EXTERNAL

Risk factors	Breakdown of 2023 URD risks	Residual criticality*	Financial exposure	Trend versus 2022	Mitigation measures
Changing markets	Risk on the customer order book and/or risk of asymmetric non-competitiveness (business risk / recession / LISI offer / market volatility).	++	€[15-20]M		Development of customer relations, signature of long-term contracts. Increased operational flexibility.
	Recession or sharp decline in the market driven by equipment manufacturers, due to environmental standards in terms of CO_2 emissions.	+++	€[10-15]M		Work on the flexibility of variable costs and reduction of fixed costs. Intensification of communication with customers and suppliers.
Pandemic	Market stoppage following a health crisis.	++	€[3-5]M		Group prevention rules. Global continuity plan (suppliers -> customers).
	Lack of competencies in a context of departures and tension in the job market, indirect consequence of the COVID-19 pandemic.	++	€[5-10]M		Training and attractiveness plans Management of succession plans. Partnerships with local organizations and schools. Development of apprenticeships. Recruitment days at plants. 2024-2026 attractiveness and loyalty plan with digital component.
Cyber-criminality	Cyber-criminality.	+++	€[8-12]M		Business continuity plans and business recovery plans. Protection of connected industrial equipment IT protection policy. Awareness-raising actions. Strengthening of insurance coverage and the Cybersecurity team.
Geopolitics	Seismic** and meteorological risks.	+	€[10-30]M		Deployment of Crisis management, Business Continuity and Business Recovery Plans. Implementation of water conservation measures.
	Political instability.	++	€[10-15]M		Work on double site certification. Establishment of safety inventories. Double certification, sources of supplies. Business continuity plans and business recovery plans.
	Foreign exchange risk.	++	€[1-20]M		Hedging policy for financial instruments for strategic raw materials and currencies.

* Residual criticality: impact of the risk adjusted for its probability, control on the probability of occurrence, the level of control. (Levels: +: Low; ++: Moderate; +++: Significant; ++++: Major).

** Seismic risk not insured.

2 Insurance policy

The LISI Group has several insurance policies, which mainly cover the following risks:

- Property damage insurance

As of January 1, 2023, this policy covered own and others' installations, as well as operating losses in the event of a claim. The insured values amount to:

(in millions of euros)	2023 Europe (including France)	2023 Other	2023 Total	2022 Europe (including France)
Buildings and equipment	1,587	658	2,245	2,033
Goods	322	146	468	379
Operating losses	858	472	1,330	1,112

The data for 2023 and 2022 have been supplemented by values outside Europe (except India) in order to make the information exhaustive.

The compensation per claim is capped at €120 million for the Group as a whole, the same amount as in 2022.

- Third-party liability insurance

This covers personal, physical, and intangible damage that might occur during operations to the sum of €60 million, as well as damages that occur after delivery, to the sum of €50 million per year in primary coverage across all divisions. The excess is significant and varies depending on the nature of the activities and the geographic area.

LISI AEROSPACE has taken out an insurance policy covering its liability for personal, physical, and intangible damage post-delivery of its aeronautical and space products. The sum insured for all subsidiaries, per loss and per insurance year is €500 million.

- Corporate officers' liability insurance

The Group has taken out an insurance policy for corporate officer liability for all Group subsidiaries of up to €15 million per year.

- CYBER insurance

This contract provides a guarantee in the event of a cyberattack for all Group subsidiaries in the amount of €15 million per year.

- Transported goods insurance

This contract covers all goods (or machines) transported to the tune of €5 million whether by sea, land, river, and air transport and by incident, all damages combined outside specific limits.

3 The Internal Control and Compliance environment

3.1 General description of the environment

The general Internal Control and Compliance environment is based on the Group's decentralized organization at the level of each division. An Executive Committee is responsible for ratifying a global policy, which must then be channeled down to each individual department.

The Group has formalized a certain number of procedures in a Group internal control manual, as well as a regulatory watch and a "warning bulletins" and "news flash" system. These are made available to the employees concerned at the Group *via* a collaborative platform specific to the GRC (Governance, Risk, Compliance) environment and available on a dedicated intranet site.

This manual is supplemented by a manual of Group accounting procedures, and by a unified reporting and information system aligned with the same procedure for all Group sites.

The specificities of the LISI Group's business require the development of specific quality controls focused on operational and financial processes in the following areas:

- Governance and Crisis management,
- Purchasing and Procurement,
- Production and Logistics,
- Sales, Contracts and Quality,
- IT Systems,
- Human Resources, Payroll, Private Data Management,
- Capital expenditures,
- Finance (Accounting, Management Control, Treasury),
- Taxation and Customs,
- CSR.

Action is taken within the Group on a continual basis to ensure that these mechanisms are effective. This action is regularly assessed using performance tables.

Specific audits (compliance, process, or systems) are carried out each year on all the Group's operational and support structures, in France and abroad, according to a homogeneous and standardized assessment system, to enable the Group to:

- regularly assess the level of maturity of the structures in relation to expected requirements, on the basis of questionnaires, interviews or tests,
- measure the criticality of cases of non-compliance, or share best practices,
- present preventive or curative recommendations,
- support structures in the implementation and monitoring of action plans.

3.2 Supervisory bodies

The Group's Board of Directors is the most senior decision-making entity. The Group's Executive Committee channels the information to the divisions, which are themselves organized in such a way that enables their management to carry out the Group's decisions at individual department level.

The Audit Committee, which is made up of at least one independent director, examines the general environment for managing and monitoring risks at least twice a year, in the presence of the external auditors and the heads of Governance, Risk and Compliance.

The Group's internal audit department includes the Governance, Risk and Compliance Director, assisted by an auditor. Depending on the scale and nature of the assignment to be performed, internal partners may complete the system. It ensures, notably, the assessment of risks and compliance with compliance rules.

Coordination with the external auditors is particularly close.

Controls focus on the identified areas of risk so as to obtain coverage within a satisfactory time frame.

Certain functions considered to be critical are monitored in the Group in a cross-departmental manner: financial management, cash management, financial consolidation, legal services, insurance, security policy, environmental policy, purchasing policy and human resource management.

3.3 Group guidelines

LISI manages an internal control procedures manual as well as an accounting and consolidation procedures manual. These procedures, made available to all LISI employees via a dedicated intranet on SharePoint, are regularly updated.

The Governance, Risk and Compliance department coordinates Internal Control committees on a quarterly basis, as well as regular Compliance committees.

Audit work is carried out jointly with the audit focal points of each division in order to relay information and create synergies in terms of operational and financial internal control. As a result, Group procedures are updated and adapted according to the changes in processes, with a view to reducing the risks detected during audits.

The Governance, Risk and Compliance department monitors regulations, assesses strategic risks in collaboration with the Risk Managers of each division, coordinates a risk and attempted fraud prevention system, and monitors the reporting system in conjunction with the members of the Compliance committee.

Each division and each operational unit is responsible for ensuring that Group procedures are followed and adapted to their country's specific context.

Each manager receives notification of new levels of responsibility in the form of delegation letters.

3.4 Main internal control procedures regarding the preparation and processing of the accounting and financial information

- The Group carries out an annual review of the strategic plan (four-year period) and defines a priority action plan accordingly. The budget for the coming fiscal year falls within the scope of this plan for a 12-month period. The planning process is approved first by the Executive Committee and then by the Board of Directors. The progress of the budget is measured on a monthly basis at the level of the elementary management units, the Business Groups (BGs), the divisions and the Group.
- The monthly consolidation of management indicators, the income statement, the balance sheet and the cash flow statement allows precise measurement and facilitates decision-making.
- The Purchasing and Investment process falls within the scope of the strategic and budgetary mechanism. Any purchasing or investment commitment that deviates from the budget authorizations must have prior approval at the appropriate level.
- The Sales, Contracts and Quality process is carefully reviewed by the local teams, BGs, divisions, or Group-level teams, depending on the materiality level, before the actual commitment is made.
- The Finance (Cash Flow – Finance) process also involves specific commitments. So, for instance, financial investments are managed at Group level.
- Similarly, based on the four-year strategic plan and the budget for the year, the Treasury team assesses and arranges adapted financing needs.
- Lastly, interest rate, currency and strategic raw material hedges are managed centrally. The positions are decided with the agreement of the Group's Senior Management in order to hedge the risks of variances. Positions are set when market conditions are appropriate and are not systematic.
- The Pay process is managed at operational unit level and is periodically reviewed, both by the Internal Audit team and by external auditors.
- The Health, Safety, and Environment (HSE) process involves a monthly review of management indicators (industrial accident rates, non-compliances, etc.) and of the resulting main corrective action plans.
- All of the processes described in Section 3.1 are audited by the Finance, Operational and HSE Internal Audit teams. Financial and operational audits are carried out on the basis of questionnaires common to all audited Group entities. The assessment of the audits takes the form of a score based on the total number of non-compliance cases detected: the contractual minimum requirement is 83% for the Internal Audit. The audit assignments result in an action plan that the operational teams are recommended to follow to mitigate the risks identified during internal audits. This action plan is monitored one year after the audit for entities audited that obtained a level of internal control below the Group's requirements.

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6

Corporate governance

Contents

Report on Corporate Governance

LISI is a *société anonyme* (limited company) with a Board of Directors, governed by French law, in particular the provisions of Book II of the French Commercial Code, and a number of provisions of the regulatory section of the French Commercial Code. The company has put in place measures to comply with local recommendations regarding corporate governance principles.

The LISI Group subscribes to the provisions of the AFEP-MEDEF corporate governance code, which was revised in December 2022, and whose recommendations it complies with, except for those set out in Section 2.4 of this Chapter, in accordance with the “Apply or explain” rule of the AFEP-MEDEF Code. Such membership has been confirmed by the Board of Directors.

1 Activities of the Board of Directors and of the Committees in 2023

1.1 Activity of the Board of Directors in 2023

The Board committees met eleven times during the 2023 fiscal year and the meeting attendance rate of their members was 94%. The increased number of Board meetings during this fiscal year is explained by the organization and completion of a share buyback (*Offre Publique de Rachat de ses propres Actions* – OPRA) by LISI. The Board discussed the key topics and took the major decisions listed below.

- At its meeting of January 11, 2023, following the decision taken by the previous Board to issue a new performance share plan called 22C25, it is specified that, consecutively, the next General Meeting that will be held on April 12, 2023 will authorize share awards for which the vesting period will now be three years.

  The Board was then informed of the proposed share buyback (OPRA) and its conditions in the context of the restructuring of the shareholding structure of its controlling holding company CID and approves the continuation of the study of such a project. It decided to set up an *ad hoc* Committee responsible for (i) proposing the name of the independent expert to the Board, (ii) monitoring the work of the independent expert, both on the report on the financial conditions of the proposed share buyback and on the terms of financing of the proposed share buyback, and (iii) prepare a draft reasoned opinion.
- At the meeting of January 18, 2023, the Board appointed Finexsi as an independent expert as part of the share buyback on the recommendation of the *ad hoc* Committee.
- At the meeting of February 23, 2023, during which the non-executive directors were able to meet in the absence of operational executive directors (for the section on executive compensation), the Board signed off the Group’s separate and consolidated financial statements for the 2022 fiscal year and the appropriation of earnings to be put to the vote of the Shareholder General Meeting in April 12, 2023. Then, the Board determined, on the one hand, the amounts of the variable bonuses based on targets for the 2022 fiscal year set for the LISI operational executive corporate officers, as well as their fixed annual salaries for 2023 and, on the other, set the rules for calculating bonuses for the 2023 fiscal year. In the context of a change in governance, it also determined the compensation paid to the Deputy CEO at the end of his term of office.

  It then approved the amount of compensation awarded to the directors in 2022 and approved the budget for 2023.

  Then, the Board determined the final allocation of shares to the beneficiaries of the 20C22 performance share plan according to the initial rules established at the Board meeting of December 9, 2020.

  During the same meeting, the Board proposed to the next General Meeting of 2023 called to approve the 2022 financial statements to renew five terms of office of directors that are due to expire, some of which for a period of two years to allow for a staggered renewal of the terms of office, as well as the candidacy of Jean-Philippe KOHLER for a term of office of four years to replace the term of office of one of its members which is about to expire. It decided on the creation of a Compensation and Nominations Committee by merging the two previous committees and a CSR Committee in accordance with the recommendations of AFEP-MEDEF. As a result, it approved the new composition of all four Committees.

  The Board then approved the principle and the main terms of the proposed share buyback presented to it, the associated press release as well as the financing conditions of this operation.

  Lastly, the Board decided on the strategic issues to be addressed at its next strategic seminar.
- At its meeting of March 7, 2023, having taken note of the terms and conditions of the proposed share buyback, the draft prospectus, the conclusions of the independent expert’s report and the recommendations of the *ad hoc* committee, the Board issued a favorable opinion on the proposed share buyback, the terms and conditions of which it approves, validated the draft standardized press release relating to the filing of the draft share buyback note and authorized its CEO to take all necessary measures for the completion of the share buyback.

- At the meeting of April 12, 2023, noting the expiry of the term of office of Gilles KOHLER, Chairman of the Company, the Board appointed Jean-Philippe KOHLER as Chairman of the Board of Directors for the duration of his term of office as a director, with his term of office as Deputy CEO expiring on the same day. It also approved the renewal of the term of office as CEO of Mr. Emmanuel VIELLARD for the duration of his term of office as a Director.

  In addition, the Board specified the shareholding obligations of corporate officers until the end of their terms of office.

  Lastly, it noted the fulfillment of the condition precedent to which the completion of the share buyback is subject and granted full powers to the CEO to implement the share buyback as provided for in the Company's prospectus declared compliant by the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF) on April 4, 2023.
- At its meeting of April 27, 2023, the Board reviewed in detail the activity and results of the Group for the first quarter during which the LISI AEROSPACE division saw a resumption of growth momentum for its "Fasteners" activity, unlike its "Structural components" activity which was under pressure while the performance of the LISI AUTOMOTIVE division was supported by the development of new products; it also reviewed the annual profit forecasts for the current fiscal year.

  The Board then discussed major strategic issues previously identified by the Strategic Committee and prepared by Senior Management. It requested an additional analysis concerning the mastery of key technologies by the LISI AEROSPACE and LISI AUTOMOTIVE divisions.
- At the meeting of May 15, 2023, the Board, making use of the delegation granted by the General Meeting of April 12, 2023, noted the completion of the share buyback and the reduction in the Company's share capital following the cancellation of the LISI shares held by the Company. The Company's share capital now stands at €18,615,325.20, with the Company's bylaws being updated accordingly.
- At the meeting of June 8, 2023, the Board met at the premises of the Saint-Ouen l'Aumône site belonging to the LISI AEROSPACE division. First of all, it took note of a current update on the Group's activities, with a focus on the performance of its Engine blades activity of the LISI AEROSPACE division, marked by an acceleration of the previous months' trend that put pressure on its financial performance. It then reviewed the succession plans of the Group's Leadership Board.

  Lastly, following the recomposition of its Committees approved at the Board meeting of February 23, 2023, the Board approved the new amended version of its Rules of Procedure.
- At its meeting of July 25, 2023, the Board approved the Group's half-year separate financial statements and consolidated financial statements, as well as the new forecasts for annual results.

  It also took note of the information provided by Senior Management on the actions rolled out as part of the New Deal Premiums plans and the ongoing projects relating to changes in the Group's scope.
- At its meeting of October 26, 2023, the Board reviewed the Group's activity and results and those of its divisions over the first nine months of the year in a context under pressure, as well as the forecasts for the end of the year.

  In addition, it took note of the situation of the Group's governance, CSR policy and actions carried out by the CSR Committee and encouraged it to continue its analysis work.

  Lastly, it addressed the Company's main governance issues, such as:
  - the composition of the Board and its Committees, which complies with the AFEP-MEDEF Code,
  - the proposal of two candidates for a potential term of office as independent director for a term of four years.

  Lastly, the Board noted the ongoing projects relating to changes in the Group's scope.
- The last meeting of the year, held on December 7, 2023, was devoted to the Group's annual strategic review and the presentation of the Company's budget for 2024.

  The Board took note of the various guidelines of the new strategic plan for 2024-2027 presented by the Group's Senior Management, the major challenges defined by it for the plan period, as well as strategic issues, in a context of demand volatility, recruitment difficulties and persistent inflation.

  It then took note of the budget forecasts for the 2024 fiscal year, which were commented on and fully validated.

  The Board then approved the distribution of the compensation paid to the directors during the year 2023 and set the provisional budget for this same compensation for the year 2024.

  Finally, it set up a new performance share allocation plan called 23C26 and approved the regulations including the performance criteria defined to meet the economic and strategic challenges.

1.2 Committee activity in 2023

The Board Committees met 16 times during the 2023 fiscal year and the meeting attendance rate of their members was 99%.

There are 4 LISI Board committees:

- the Audit Committee,
- the NRG (Nominations, Compensation, Governance) Committee,
- the CSR Committee,
- the Strategic Committee.

Three aspects mark the 2023 fiscal year:

(a) the Board of Directors appointed an additional ad hoc Committee to deal with the Company's share buyback (OPRA),

(b) the Nominations Committee merged with the Compensation Committee in 2023, to become the NRG (Nominations, Compensation and Governance) Committee,

(c) Creation of the CSR Committee.

- **Audit Committee:** the Committee met three times in the 2023 fiscal year.

  It heard from the Statutory Auditors on the performance of their assignment and noted the fees invoiced by them, deeming them compatible with the objectives of their assignment.

  It took note of the Internal Control activities during the 2023 fiscal year and reviewed the handling of the risk-mapping with the resulting action plans.

  The information about the scope of consolidation, the off-balance sheet risks described in the notes to the consolidated financial statements, and impairment tests was sent to the Audit Committee, which submitted a report on its work to the Board of Directors.

The Committee also met to verify the Universal Registration Document, and make comments related to the United Nations Sustainable Development Goals, and more specifically in SDG 9 "Industry, Innovation and Infrastructure".

- **NRG (Nominations, Compensation, Governance) Committee:** the Committee met four times in the 2023 fiscal year.

  It reviewed the work of amendments to the Company's Rules of Procedure that became necessary following the changes made concerning the merger of the Nominations / Governance Committees and the Compensation Committee, as well as the creation of the CSR Committee, and the necessary coordination between this CSR Committee and the other specific Committees, leading to the appointment of one member of each existing Committee as a member of the CSR Committee.

  It reviewed the composition of the Board and the specific Committees in order to ensure compliance with the recommendations of the AFEP-MEDEF Code.

  It also examined potential applications for independent directors.

  It reviewed the succession plan for the Executive Committee and the Leadership Board, bringing together all of the Group's operational managers, and also took note of the Group's Human Resources policy as regarded its diversity and non-discrimination aspects.

  It presented its recommendations to the Board on the rules, methods and amounts of compensation, both fixed and variable, of the operational executive officers of LISI.

  The Committee also submitted to the Board of Directors its proposals for the implementation and awarding of the 20C22 performance share plan. It examined, and then proposed, to the Board the allocation conditions of the new performance share allocation plan called 23C26, which includes both financial and non-financial criteria.

  Lastly, the Committee examined and then presented to the Board the proposed compensation for the Board that it had approved for 2024.

- **Strategic Committee:** the committee met four times in the 2023 fiscal year.

  It first met to discuss the strategic options to be taken in the various activities of the Business Groups, then once again to monitor the progress of the said strategic options taken.

  Then, as every year, the Committee met for an updated general presentation of the Group's 2024-2027 strategic plan made by the LISI Senior Management and the heads of the LISI AEROSPACE, LISI AUTOMOTIVE and LISI MEDICAL division. At the conclusion of its meeting, the Committee issued recommendations on several points of vigilance to be addressed in 2024 as well as on the additional work (subject of an additional meeting) wanted for development and external growth projects.

- **CSR Committee:** the Committee met for the first time in September 2023.

  It examined the state of play of the CSR policy presented to it by the Sustainable Development Director of the LISI Group. It also expressed to the Board its need to continue its discussions in 2024 in order to further clarify the CSR policy that the Group will endeavor to deploy and to choose the framework it will adopt for future years.

- ***Ad hoc* Committee:** the *ad hoc* Committee was set up by the Board of Directors on January 11, 2023 as part of the proposed share buyback (OPRA). It met several times (the majority by videoconference) between January and February 2023: the first time to select the independent expert that it would propose to the Board to examine the proposed share buyback, the other times to monitor the work of the independent expert and present the conclusions of this work to the Board.

1.3 Board of Directors' assessment

For several years now, the LISI Board of Directors has been assessing itself and intends to continue and deepen this approach.

The assessment exercise carried out by the Board at the end of 2018 highlighted areas for improvement, in particular in the areas of Corporate Social Responsibility, the corruption prevention and detection system, and the Company's diversity policy as implemented within its governing bodies.

At the end of 2019, the Board conducted a self-assessment of each member's contributions and skills. This exercise highlighted new areas for improvement in the Company's governance, which were the subject of action plans initiated in 2020 and continued in 2021.

In 2022, the Board undertook a new self-assessment that highlighted the progress made compared to previous assessments as well as areas for improvement, particularly in the areas of risk-mapping, CSR and the Medical business line. During 2023, the Board began to roll out actions concerning the CSR component by creating a CSR Committee which carried out an assessment and will continue its discussions in 2024 in order to further clarify the CSR policy that the Group will endeavor to promote.

2 The administrative bodies

2.1 Composition of the Board of Directors and the specialized committees

As of December 31, 2023, the Group's Board of Directors consisted of 14 members.

- Among its members, the Board has eight directors from family groups, four "independent" directors in the strict sense of the AFEP-MEDEF Code revised in December 2022 to which the Company refers, and two directors representing employees. The representation rate for these two groups is therefore as follows: 66.67% for Family Directors and 33.33% for Independent Directors.
- Similarly, the Board is composed of six women and six men; the proportion of women on the Board is therefore 50%.
- To the 12 previous members are added two directors representing employees who joined the Board of Directors in 2020 after being appointed by the Group Works Council and the European Committee for a four-year term ending September 18, 2024. These directors underwent a training course before attending their first Board of Directors' meeting. Other training sessions are planned throughout their term of office. Each of them completed 53.50 hours of training in 2023.

Composition as of 12/31/2023		Independent Director	Appointment date	End date	Ordinary General Meeting called to approve the financial statements of the
BOARD OF DIRECTORS					
Board member	Jean-Philippe KOHLER		1993	OGM of 2027	12/31/2026
Chairman of the Board of Directors			1993	OGM of 2027	12/31/2026
Board member	Véronique SAUBOT	X	2018	OGM of 2026	12/31/2025
Vice-Chairman of the Board of Directors Senior Independent Director			2018	OGM of 2026	12/31/2025
Board members	Bernard BIRCHLER	X	2021	OGM of 2025	12/31/2024
	Isabelle CARRERE		2014	OGM of 2026	12/31/2025
	Françoise GARNIER	X	2021	OGM of 2025	12/31/2024
	SAS CIKO represented by Capucine KOHLER		2002	OGM of 2025	12/31/2024
	Peugeot Invest Assets represented by Guillaume FALGUIERE		2019	OGM of 2025	12/31/2024
	Compagnie Industrielle de Delle represented by Geoffroy KOHLER		1977	OGM of 2027	12/31/2026
	Marie-Hélène PEUGEOT-RONCORONI		2014	OGM of 2026	12/31/2025
	VIELLARD MIGEON & Cie represented by Cyrille VIELLARD		1977	OGM of 2025	12/31/2024
	Emmanuel VIELLARD – Chief Executive Officer		2000	OGM of 2027	12/31/2026
	Florence VERZELEN	X	2022	OGM of 2026	12/31/2025
	Mohamed EZZENZ – director representing employees		2020	Sept. 18, 2024	
	Laurent GUTIERREZ – director representing employees		2020	Sept. 18, 2024	
Secretary of the Board of Directors	Cécile LE CORRE				
AUDIT COMMITTEE					
Audit Committee members	Françoise GARNIER	X			
Chairwoman of the Audit Committee					
Audit Committee members	Isabelle CARRERE				
	Florence VERZELEN	X			
	Jean-Philippe KOHLER - permanent guest				
	Emmanuel VIELLARD - permanent guest				
NRG COMMITTEE					
Member of the NRG Committee	Véronique SAUBOT	X			
Chairwoman of the NRG Committee					
Members of the NRG Committee	Françoise GARNIER	X			
	Laurent GUTIERREZ				
	Marie-Hélène PEUGEOT-RONCORONI				
	Jean-Philippe KOHLER - permanent guest				

Composition as of 12/31/2023		Independent Director	End date	Date d'expiration	Ordinary General Meeting called to approve the financial statements of the
STRATEGIC COMMITTEE					
Member of the Strategic Committee	Bernard BIRCHLER	X			
Chairman of the Strategic Committee					
Strategic Committee members	Capucine KOHLER				
	Geoffroy KOHLER				
	Véronique SAUBOT	X			
	Cyrille VIELLARD				
	Jean-Philippe KOHLER - permanent guest				
	Emmanuel VIELLARD - permanent guest				
CSR COMMITTEE					
Member of the CSR Committee	Jean-Philippe KOHLER				
Chairman of the CSR Committee					
Members of the CSR Committee	Isabelle CARRERE				
	Mohamed EZZENZ				
	Guillaume FALGUIERE				
	Marie-Hélène RONCORONI				
	Cyrille VIELLARD				

2.2 Information about the members of the Board of Directors

The following information was provided by the members of the Board of Directors.

They were reminded of the rules governing the holding of multiple offices, rules which they claim to abide by.

2.2.1 Board of Directors members

Jean-Philippe KOHLER
Chairman of the Board of Directors of LISI, Chairman of the CSR Committee

Nationality: French

Born on August 27, 1960

Date of first appointment: 1993

Term expiry date: 2027 (General Meeting called to approve the financial statements for the 2026 fiscal year)

Number of shares held at December 31, 2023: 75,232

Career: A graduate of ESLSCA and an MBA holder, Jean-Philippe KOHLER first held technical-sales positions in the After-Sales Department of the CFM56 at SNECMA for 4 years, before joining the Group as Management Controller at FORMER (LISI AUTOMOTIVE). He then took on the role of Deputy Plant Manager of SAINT-CHAMOND GRANAT, a subsidiary of BAI (LISI AEROSPACE). After four years of international experience at Hi-Shear in the USA, he returned to France to take over as General Manager of GFD. He became Executive Vice-President of GFI Industries (which became LISI) in 2002.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairman of the Board of Directors of Compagnie Industrielle de Delle
  - CEO of CIKO SAS
  - Chairman of UIMM Belfort-Montbéliard

Bernard BIRCHLER
Independent Director of LISI, Chairman of the Strategic Committee

Nationality: French
Born on September 5, 1960
Date of first appointment: 2021
Term expiry date: 2025 (General Meeting called to approve the financial statements for the 2024 fiscal year)
Number of shares held at December 31, 2023: 1,000

Career: Bernard Birchler is a Partner of Bain & Company, based in the Paris office. He heads the Manufacturing Industries and Services division.

With more than 30 years of experience in strategy consulting for executives in the industrial sector, he is a recognized expert in the manufacturing industries. He has supported many executives in the conduct of major transformations and programs to improve the performance of their operations: R&D efficiency, purchasing, supply chain, production, and cost reduction.

He has extensive experience in the manufacturing and process sectors: aerospace and defense, automotive, rail, transport and logistics and consumer goods.

An engineer and graduate of ENSEM and IAE Paris, he began his career in consulting in 1985 before creating his own firm (2002-2008), then heading the operational skills division of an international consulting firm (2008-2016) and then joining Bain & Company in 2016.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - None

Isabelle CARRERE
Director of LISI, Member of the Audit Committee and the CSR Committee

Nationality: French
Born on December 10, 1963
Date of first appointment: 2014
Term expiry date: 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)
Number of shares held at December 31, 2023: 1,000

Career: After ten years in auditing and consulting at Arthur Andersen, Isabelle Carrère was appointed Chief Financial Officer of the Yves Rocher Group. She then joined the LISI Group in 1999, becoming Deputy CEO of LISI AEROSPACE and LISI MEDICAL. She left LISI in 2009 to create Alba & Co, her management consulting structure, which supports industrial companies in their growth projects.

A specialist in the aeronautics world, Isabelle Carrère also regularly works in the defense, mobility and greentech sectors. Isabelle Carrère also sits on the Boards of Parrot and the FIBI-Aplix group. She is a graduate of ESCP Europe and holds a degree in accounting.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Manager of ALBA & Co
  - Director of FIBI-APLIX group
  - Director of PARROT
  - Manager of the non-trading company HARAS DE TURAN

Mohamed EZZENZ
Director representing employees at LISI, member of the CSR Committee

Nationality: French
Born on August 24, 1971
Date of first appointment: 2020
Term expiry date: 2024
Number of shares held at December 31, 2023: none

Career: In 1996, Mohamed EZZENZ joined the Creuzet Aéronautique team in Marmande, as a digital control operator, then, from 2015, he moved on to the function of measurement operator in the quality control department. He is interested in the various projects of the company, health issues and working conditions.

When *CREUZET Aéronautique* was acquired by LISI AEROSPACE, he took part in the merger and served as employee representative on the European Works Council.

In 2013, Mohamed EZZENZ carried out a skills assessment which guided him towards training in ergonomics to address occupational health issues with a ten-month immersion in the inter-company health service of the Lot et Garonne Department. He obtained a University Degree in Ergonomics (DU) from the University of Bordeaux. He also followed a project management training course at SUD MANAGEMENT in 2017.

Since 2018, he has been authorized by the DIRECCTE of the Nouvelle-Aquitaine region as an occupational risk prevention worker. In 2019, he completed an "ARCADRE" project management training course at CESI in Bordeaux.

Since April 2021, Mohamed EZZENZ has also been an ergonomics consultant.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director on the Board of Directors of TRANSITION PRO (Regional Joint Association for the Management of Professional Transition Projects),
  - Director on the Board of Directors of *CPREFP Métallurgie* (Regional Joint Commission for Employment and Vocational Training),
  - Director and Chairman of the Board of Directors of AR2I (Territorial Delegation of the Inter-Industry Competence Operator), OPCO 2I,
  - Member of the Employment and Vocational Training Collective,
  - Director on the Board of Directors of CPNE *industrie et métiers de la métallurgie.*

Guillaume FALGUIERE
Permanent representative of PEUGEOT Invest Assets on the Board of Directors of LISI S.A., Member of the CSR Committee

Nationality: French
Born on June 9, 1985
Date of first appointment: 2023
Term expiry date: 2027 (General Meeting called to approve the financial statements for the 2026 fiscal year)
Number of shares held at December 31, 2023: 0

Career: A graduate of ESCP Europe, Guillaume Falguière joined the Peugeot Invest investment team in 2017. After an experience in mergers and acquisitions, he began his career as a financial analyst at BDL Capital Management. For nine years, he covered various sectors (TMT and industry) and was particularly involved in the development of the company.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Member of the Supervisory Committee of Acteon
  - Managing Director Peugeot Invest.

Françoise GARNIER
Independent Director of LISI, Chairwoman of the Audit Committee, Member of the NRG Committee

Nationality: French
Born on December 30, 1960
Date of first appointment: 2021
Term expiry date: 2025 (General Meeting called to approve the financial statements for the 2024 fiscal year)
Number of shares held at December 31, 2023: 1,000

Career: A graduate of EM Lyon and a Chartered Accountant, Françoise Garnier has spent her entire career in auditing and consulting in English-speaking firms in France and the United States.

Audit partner at PwC, Statutory Auditor of major international listed groups, assisting numerous companies in their acquisition, disposal or restructuring projects on accounting or financial matters.

She was responsible, for the entire PwC network, for consulting activities for companies in the Technology, Telecoms and Entertainment & Media sectors.

She was a member of the Global Board of PwC International, the governing body overseeing the overall strategy of the PwC network.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Partner at PwC,
  - Member of the Supervisory Board of PwC in France,
  - Chairwoman of the Audit Committee of the Lesaffre Group.

Laurent GUTIERREZ
Director representing employees at LISI, Member of the NRG Committee

Nationality: French
Born on July 7, 1965
Date of first appointment: 2020
Term expiry date: 2024
Number of shares held at December 31, 2023: none

Career: Laurent Gutierrez holds a BEP in Mechanics and Assembly, a CAP in Industrial Design, a Baccalaureate in Mechanical Engineering and a BTS in Manufacturing.

After starting at RENAULT as a prototype vehicle engineer, then a Purchasing Quality Technician, he focused his career on auditing, consulting, and training for eight years at BUREAU VERITAS, where he became an executive.

This experience has enabled him to discover a number of different companies, and to understand various organizations and their management methods.

- From 1999, he returned to the industry in managerial positions:
  - Quality Director in an automotive plastics business (250 people) for 2 years,
- Multi-site (5) Quality Manager in on-site technology at FAURECIA Sièges d'Automobile (car seats) for 3 years
- Since 2005, at LISI AUTOMOTIVE:
  - Site Quality Manager at Mélisey for 2 years,
  - Divisional Quality System Manager for 11 years,
  - Supplier Quality Manager for 6 years.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Former Chairman of the CFTC de la Métallurgie du Territoire de Belfort and still active on the Board of this union,
  - Chairman of the association of his village "Brevilliers animation" whose purpose is social ties and proposes activities to bring together all age groups.

Capucine KOHLER
Permanent representative of CIKO on the Board of Directors of LISI, Member of the Strategic Committee

Nationality: French

Born on February 7, 1980

Date of first appointment: 2014

Term expiry date: 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

Number of shares held at December 31, 2023: 1,050

Career: Capucine Kohler is a graduate of the University of Bath in the United Kingdom, with an MSC in Management with Marketing. She began her career at Bloomberg in London as Sales Manager, before moving on to become Internal Sales Manager and Key Accounts Manager at Omron Automotive Electronics Europe (Japanese connector equipment manufacturer).

She currently works on international commercial strategy, specializing in the automotive sector and particularly in equipment manufacturers.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Sales Director at ZF (United Kingdom)

Geoffroy KOHLER
Permanent representative of CID on the Board of Directors of LISI, Member of the Strategic Committee

Deputy CEO of the LISI Group

Nationality: French

Born on June 30, 1984

Date of first appointment: 2023

Term expiry date: 2027 (General Meeting called to approve the financial statements for the 2026 fiscal year)

Number of shares held at December 31, 2023: 933

Career: A graduate of ESC Tours-Poitiers in 2008, he holds a master's degree in Management, specializing in International Management Control. Geoffrey Kohler held various responsibilities prior to joining the LISI Group in 2016, as Head of Management Control of one of the Business Groups of the LISI AUTOMOTIVE division. He then took over the management of LISI AUTOMOTIVE's Delle 2 sorting and packaging plant in 2019, then the Risk Management, Governance and Compliance Department of the LISI Group in 2022.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - Member of the Management Committee of LISI AUTOMOTIVE SAS
  - Member of the Management Committee of LISI AUTOMOTIVE FORMER SAS
  - Member of the Management Committee of LISI AUTOMOTIVE RAPID SAS
  - Member of the Management Committee of LISI AUTOMOTIVE NOMEL SAS
- Outside the LISI Group (in France and abroad):
  - Director of Compagnie Industrielle de Delle
  - Director of CIKO SAS

Marie-Hélène PEUGEOT-RONCORONI
Director of LISI, Member of the CSR and NRG Committees

Nationality: French

Born on November 17, 1960

Date of first appointment: 2014

Term expiry date: 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

Number of shares held at December 31, 2023: 600

Career: A graduate of the *Institut d'Études Politiques de Paris*, Marie-Hélène Peugeot-Roncoroni began her career in an English-speaking audit firm before holding positions in the Finance Department of PSA Group and in the Industrial and Human Relations Department. She then joined the Supervisory Board of Peugeot S.A. until the creation of Stellantis and served as Deputy CEO of *Établissements Peugeot Frères*.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director of *Établissements PEUGEOT Frères* (EPF)
  - Director of ESSO *Société Anonyme Française*
  - Director of *Fonds de dotation familial Peugeot*
  - Representative of Peugeot Invest on the Board of Directors of Peugeot 1810 and Chairwoman
  - Director of SAPAR *(Société Anonyme de Participations*)
  - Chairwoman of Saint-CO SAS

Véronique SAUBOT
Senior Director of LISI, Vice-Chairwoman of the Board of Directors, Chairwoman of the NRG Committee and Member of the Strategic Committee

Nationality: French

Born on December 27, 1964

Date of first appointment: 2018

Term expiry date: 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)

Number of shares held at December 31, 2023: 700

Career: Véronique Saubot began her career at Arthur Andersen in 1989, then joined the Valeo Group, where she held several operational positions for 13 years. In 2002, she was appointed to manage the Group's strategy. She created Coronelli International in 2007 to propose directly executable strategic recommendations for a broad portfolio of industrial clients. At the same time, she sits on various Boards of Directors and took over as Managing Director of Tykya in 2014.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Chairwoman of TYKYA
  - Chief Executive Officer of SIMPLON.CO
  - Director of Groupe LA POSTE, mail, parcels, and home services branch
  - Independent Director of IMERYS
  - Independent Director of ESSO SAF

Florence VERZELEN
Independent Director of LISI, Member of the Audit Committee

Nationality: French
Born on February 28, 1978
Date of first appointment: 2022
Term expiry date: 2026 (General Meeting called to approve the financial statements for the 2025 fiscal year)
Number of shares held at December 31, 2023: 1,000

Career: Florence Verzelen is a graduate of the *École Polytechnique* and of the *École Nationale Supérieure des Mines de Paris*, and she is an engineer from the *Corps des Mines*.

She began her career as a financial analyst in investment banking in New York. She then worked in the public sector, notably at the European Commission, where she was responsible for trade relations between the European Union and China, and then for the antitrust lawsuit against Microsoft.

She then advised the Minister of European Affairs on trade and industry issues in 2007. From 2008 to 2017, she worked at ENGIE. She was first in charge of the Group's commercial development, then became Chief Executive Officer of ENGIE in Qatar, and then Director of the Group's Purchasing Performance Plan. She was finally appointed Chief Operating Officer of ENGIE Europe and Russia.

Florence Verzelen has been a member of the Steering Committee of the *Institut Montaigne* since 2018. She is Deputy CEO in charge of industries, marketing and sustainable development at *Dassault Systèmes*.

She is also a member of the Board of Directors of the Air France groups.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None
- Outside the LISI Group (in France and abroad):
  - Director of Air France,
  - Member of the Steering Committee of *Institut Montaigne,*
  - Deputy CEO in charge of industries, marketing, and sustainable development at *Dassault Systèmes*.

Cyrille VIELLARD
Permanent representative of VMC on the Board of Directors of LISI S.A., member of the Strategic Committee and the CSR Committee

Nationality: French
Born on May 30, 1977
Date of first appointment: 2013
Term expiry date: 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)
Number of shares held at December 31, 2023: 1,000

Career: A graduate of ESSEC, Cyrille Viellard began his career with the Bosch group, where he held various operational positions in France, Germany and Spain from 1998 to 2013. A member of the Management Committee of the Rapala VMC group since 2015, he is currently Group Deputy CEO in charge of the EMEA and Latin America region.

Other mandates and functions:

- Related to the LISI Group (in France and abroad):
  - None.
- Outside the LISI Group (in France and abroad):
  - Deputy CEO of the Rapala VMC Group and member of the Executive Committee of RAPALA-VMC Oyj
  - Chairman of VMC Pêche SAS
  - Chairman of VMC Inc.
  - Chairman PT VMC Fishing Tackle Indonesia
  - Director of Viellard Migeon & Cie SA
  - Director of Compagnie Industrielle de Delle
  - Director of SELECTARC Groupe SA (Permanent representative of VMC)
  - Member of the Management Committee of SELECTARC SAS
  - Manager of SCI DAGMA
  - Member of the bureau of the Chamber of Commerce and Industry of Territoire de Belfort
  - Member of the Board of Directors of EFTTA (European Fishing Tackle & Trade Association)

Emmanuel VIELLARD
Director of LISI

Chief Executive Officer of LISI

Nationality: French
Born on June 13, 1963
Date of first appointment: 1989
Term expiry date: 2023 (General Meeting called to approve the financial statements for the 2022 fiscal year)
Number of shares held at December 31, 2023: 41,625

Career: Emmanuel Viellard graduated from EDHEC Business School in 1986. He completed his military service in the Special Forces for two years as an officer and squad leader at Commando Trépel. He decided to join the audit firm Arthur Andersen in 1988, completing his academic career in financial advisory services. Promoted to Manager, he left Arthur Andersen and joined the family business LISI and VMC in 1995 holding various positions at LISI AEROSPACE. In 2000, Emmanuel Viellard became Vice Chairman of LISI, Chairman of LISI AEROSPACE and LISI MEDICAL alongside Gilles Kohler, Chairman and Chief Executive Officer. Since March 1, 2016, Emmanuel Viellard has been Chief Executive Officer of the LISI Group.

Other mandates and functions

- Related to the LISI Group (in France and abroad):
  - Chairman of LISI AEROSPACE SAS
  - Chairman of LISI AEROSPACE STRUCTURAL COMPONENTS SA
  - Chairman of LISI AUTOMOTIVE SAS
  - Chairman of LISI MEDICAL SA
  - Director of ANKIT FASTENERS PRIVATE LIMITED
  - Director of Fastener Technology Baglanti Elemanlari San. Tic. As (Turkey)
  - Director of BLANC AERO Industries UK Limited
  - Director of HI-SHEAR Corporation
  - Director of HI-SHEAR HOLDINGS Inc
  - Director of LISI AEROSPACE Canada Corp
  - Director of THE MONADNOCK Company
  - Director of B&E Manufacturing Company Inc
  - Director of LISI AUTOMOTIVE Hebei Co. Ltd
  - Director of TERMAX Company
  - Director of LISI AUTOMOTIVE HI VOL
  - Director of LISI MEDICAL Remmele Inc.
  - Director of LISI Holding North America
  - Member of the Management Committee of LISI AUTOMOTIVE Former SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Rapid SAS
  - Member of the Management Committee of LISI AUTOMOTIVE Nomel SAS
  - Member of the Management Committee of CREUZET AERONAUTIQUE SAS
  - Member of the Management Committee of LISI AEROSPACE FORGED INTEGRATED SOLUTIONS SAS
  - Member of the Management Committee of BLANC AERO Industries SAS
  - Member of the Management Committee of BLANC AERO Technologies SA
  - Member of the Management Committee of LISI AEROSPACE ADDITIVE MANUFACTURING SAS
  - Member of the Management Committee of LISI MEDICAL Orthopaedics SAS
  - Member of the Management Committee of LISI MEDICAL Fasteners SAS
- Outside the LISI Group (in France and abroad):
  - Chairman of Financière VIELLARD SAS
  - Chairman of MEDEF Franche-Comté
  - Chairman and CEO of VIELLARD MIGEON & Cie SA
  - CEO of Compagnie Industrielle de Delle
  - Director of RAPALA-VMC OYJ (Finland)
  - Permanent representative of VMC on the Management Committee of SELECTARC SA
  - Officer of GIFAS
  - Honorary Chairman of GIFAS
  - Chairman of the Defense Liaison Committee

2.2.2 Family ties

The only direct family ties between the aforementioned individuals are the following:

- Jean-Philippe KOHLER is the uncle of Capucine and Geoffroy KOHLER.

2.2.3 Absence of conflicts of interest

To the Company's knowledge, there are no current or potential conflicts of interests between LISI S.A. and the members of the Board of Directors, both in terms of their personal interests and of their other obligations. The Board's Rules of Procedure expressly provide for a situation of conflict of interest, when applicable: "The members of the Board of Directors have a duty to inform the Board of any situation of conflict of interest, even potential, current or future, in which they are or are likely to be involved. When the Board of Directors deliberates on a matter directly or indirectly affecting one of its members, the member concerned is invited to leave the Board meeting for the time of the discussions and, where applicable, the vote.

2.2.4 Absence of condemnation for fraud, involvement in a bankruptcy or criminal offense and/or public sanction

To the Company's knowledge, in the past five years:

- no condemnation for fraud was pronounced against any of the members of the Board of Directors and Senior Management,
- none of the members of the Board of Directors and Senior Management has been involved in any bankruptcy, escrow, or winding up, as a member of an administrative, management or supervisory body,
- no official incrimination and/or public sanction has been pronounced by statutory or regulatory authorities against any of the members of the Board of Directors and Senior Management of the Company.
- no member of the Board of Directors or Senior Management has been prevented by a court from acting as a member of an administrative, management or supervisory body of an issuer or from intervening in the managing or conducting the business of an issuer.

2.3 Compensation and interests of corporate officers

2.3.1 Remuneration paid to members of the Board of Directors

The Shareholders' General Meeting held on April 26, 2019, set the maximum annual amount of compensation allocated to the members of the Board of Directors at €500,000 as from the fiscal year beginning on January 1, 2019, until otherwise decided in consideration for the work carried out by the directors at the meetings of the Board of Directors and of the Committees on which they sit.

This compensation is paid to beneficiaries at the end of each half-year based on their attendance at Board and Committee meetings. They include a fixed portion per session and a variable portion depending on the type of presence of the director in question (in person or *via* audio/video).

The amount paid to the directors in 2023 was €467,250.

The table below summarizes the compensation awarded and paid to members of the Board of Directors for 2022 and 2023:

Board members	Remuneration awarded and paid in 2023 (in euros)	% Variable portion	Remuneration awarded and paid in 2022 (in euros)	% Variable portion
BIRCHLER Bernard	37,625	62.79%	31,500	61.90%
CARRERE Isabelle	41,250	70.91%	44,750	46.37%
DAHER Patrick	17,000	52.94%	43,500	63.22%
GARNIER Françoise	54,250	70.51%	34,750	59.71%
KOHLER Capucine	37,875	68.32%	30,000	60.00%
KOHLER Geoffroy	22,875	73.77%	None	None
KOHLER Gilles	31,875	52.94%	52,500	42.86%
PEUGEOT INVEST ASSETS	22,875	73.77%	None	None
NOBRE Lise	None	None	26,250	61.90%
PEUGEOT Christian	11,625	48.39%	26,500	54.72%
PEUGEOT Thierry	12,750	52.94%	34,500	65.22%
PEUGEOT-RONCORONI Marie-Hélène	45,500	69.23%	38,500	58.44%
SAUBOT Véronique	60,500	66.94%	45,500	60.44%
VIELLARD Cyrille	37,875	68.32%	33,750	58.52%
VERZELEN Florence	33,375	64.04%	17,500	54.29%
Total	**467,250**	**65.97%**	**459,500**	**56.91%**

The directors mentioned above did not receive any compensation other than the directors' fees mentioned above from LISI S.A. and its subsidiaries.

Gilles KOHLER received compensation in the form of directors' fees until the date of the end of his term of office as Chairman of the Board of Directors (April 12, 2023) and his participation on the committees.

Emmanuel VIELLARD and Jean-Philippe KOHLER did not receive directors' fees during the fiscal year.

Capucine KOHLER, Gilles KOHLER, Jean-Philippe KOHLER, Geoffroy KOHLER, Emmanuel VIELLARD, Cyrille VIELLARD, Thierry PEUGEOT and Christian PEUGEOT also received directors' fees from the controlling company CID. These are not significant.

The directors' fees relating to Guillaume FALGUIERE's participation in the Board of Directors and the CSR Committee were paid to PEUGEOT INVEST ASSETS.

The employee directors waived the payment of directors' fees.

2.3.2 Shares held by corporate officers

The table below shows the number of shares held by the corporate officers as at December 31, 2023:

Corporate officers	Number of LISI shares held directly	Number of LISI shares held indirectly
BIRCHLER Bernard	1,000	
CARRERE Isabelle	1,000	
FALGUIERE Guillaume (permanent representative of PEUGEOT Invest Assets)	–	6,695,859
GARNIER Françoise	600	
KOHLER Geoffroy (permanent representative of CID)	933	20,562,550
KOHLER Capucine (permanent representative of CIKO)	1,050	
KOHLER Jean-Philippe	75,232	
PEUGEOT-RONCORONI Marie-Hélène	600	
SAUBOT Véronique	700	
VIELLARD Emmanuel	41,625	
VIELLARD Cyrille (permanent representative of VMC)	1,000	3,112,818
VERZELEN Florence	1,000	
Total	**124,740**	**30,371,227**

2.3.3 Executive powers and compensation

2.3.3.1 - Powers of the CEO and, if applicable, the Deputy CEOs – specific limits set by the Board of Directors on the powers of the CEO and, if applicable, those of the Deputy CEOs

The powers that are, under the laws and regulations in force and the provisions of the bylaws of the Company and of the Rules of Procedure of the Company:

- neither reserved to the Board,
- nor reserved to the General Meetings of the Company,

are vested in the CEO of the Company and, if applicable, the Deputy CEOs.

When deciding to appoint the CEO or, if applicable, a Deputy CEO, specific limits may eventually be set by the Board of Directors on the powers of the CEO of the Company or, if applicable, the Deputy CEO.

This section of the Rules of Procedure of the Board of Directors is updated on the date of the Board's decision to integrate said specific limits.

The Board of Directors may further limit the scope of the powers of the CEO or of a Deputy CEO for a particular transaction.

If necessary, these limits shall be set in the minutes of the Board meeting authorizing the transaction.

2.3.3.2 - Succession plan for executive corporate officers

The NRG (Nominations, Compensation, Governance) Committee periodically reviews the succession plan for executive corporate officers in order to guarantee business continuity in all potential short, medium or long-term scenarios.

In addition, the NRG Committee works closely with the Board of Directors on this subject, and ensures the confidentiality of this information.

2.3.3.3 - Executive compensation for the 2023 fiscal year

	Employment contract		Supplementary pension plan		Allowances or benefits due or likely to be due as a result of the termination or change of functions		Compensation under a non-compete clause	
	YES	NO	YES	NO	YES	NO	YES	NO
NON-EXECUTIVE CORPORATE OFFICER								
Jean-Philippe KOHLER Position: Chairman of the Board of Directors Term of office start: 2023 Date of end of term: 2026 (OGM of 2027)		X		X		X		X
EXECUTIVE CORPORATE OFFICERS								
Emmanuel VIELLARD Function: CEO Term of office start: 2016 Date of end of term: 2027 (OGM of 2026)		X		X		X		X

The terms for the compensation of the Chairman of the Board of Directors and of the CEO are approved by the Board of Directors on the proposal of the NRG (Nominations, Compensation, Governance) Committee.

Compensation of the Chairman of the Board of Directors in 2022 and 2023

Compensation of Gilles KOHLER

The compensation of Mr. Gilles KOHLER in his capacity as Chairman of the Board of Directors was set by the Board of Directors on the proposal of the NRG (Nominations, Compensation, Governance) Committee.

As of January 1, 2019, it is paid exclusively in the form of directors' fees consisting of a fixed and a variable portion. The term of office of Gilles KOHLER ended on April 12, 2023. His compensation until that date amounted to €31,875 compared to €52,500 for the 2022 fiscal year.

Compensation of Jean-Philippe KOHLER

Jean-Philippe KOHLER was appointed Chairman of the Board of Directors on April 12, 2023. His compensation is paid in the form of a corporate office and breaks down as follows:

Summary of compensation and options and shares granted:

Jean-Philippe KOHLER Chairman of the Board of Directors	2023	2022
Compensation due for the period	419,277	472,605
Valuation of the options granted during the fiscal year *	None	None
Valuation of the shares granted during the fiscal year* (1)	None	134,274
Valuation of the performance shares granted during the fiscal year *	None	None

(1) On December 9, 2022, the Board of Directors decided to grant 6,900 shares subject to no condition to Jean-Philippe KOHLER as part of the future termination of his term of office as Deputy CEO..

Summary table of compensation:

	Amounts for the 2023 fiscal year		Amounts for the 2022 fiscal year	
Jean-Philippe KOHLER Chairman of the Board of Directors	Attributed	paid	Attributed	paid
Fixed compensation	217,376	231,309	337,200	337,200
Variable compensation	46,000	166,000	120,000	144,000
Incentives	3,218	12,186	12,186	12,596
End of executive term compensation	150,000	150,000	None	None
Directors' fees	None	None	None	None
Benefits in kind: company car	2,683	2,951	3,219	3,219
Total	**419,277**	**562,445**	**472,605**	**497,015**

The details of the compensation indicated in the tables above were paid in respect of the executive office during the 2022 fiscal year and until April 12, 2023 for the 2023 fiscal year. As of this date, the amount paid compensates the office of Chairman of the Board of Directors of Jean-Philippe KOHLER. The variable compensation paid and due in 2022 and 2023 is calculated according to the same criteria as those set out below in the context of the compensation of the CEO.

For the 2024 fiscal year, the Board of Directors, on the proposal of the NRG (Nominations, Compensation, Governance) Committee, decided to maintain the nature and method of calculating the compensation of the current Chairman of the Board of Directors, according to the same principles as in 2023, up to the end of his term of office as Director and Chairman of the Board of Directors. This compensation amounted to €170,000 for the year.

Compensation of the Chief Executive Officer in 2022 and 2023

In 2023, the variable portion of executive compensation was capped at 65% of fixed compensation and breaks down as follows:

- 50% attributed on the basis of financial criteria:
  - 30 points maximum in respect of the operating margin (current operating profit as a percentage of revenue),
  - 20 points maximum in respect of free cash flow,
- 30% maximum allocated to the implementation of NEWDEAL action plans, integrating action plans related to ESG targets,
- 20% maximum left to the discretion of the Board of Directors.

The expected level of achievement of the above objectives has been established precisely but is not released for confidentiality reasons.

The tables summarizing the compensation and options and shares allocated to the CEO of LISI S.A. are as follows in euros:

Summary of compensation and options and shares granted:

Emmanuel VIELLARD CEO of LISI S.A.	2023	2022
Compensation due for the period	642,062	561,535
Valuation of the options granted during the fiscal year *	None	None
Valuation of the performance shares granted during the fiscal year *	304,474	134,274

* Valuation at the share price prevailing on the date of the Board of Directors meeting which approved the plan and based on 100% achievement of performance conditions: €19.46 for the 22C24 plan for the 2022 fiscal year, €19.46 for the 22C25 plan for the 2023 fiscal year and €23.00 for the 23C26 plan for the 2023 fiscal year.

Summary table of compensation:

	Amounts for the 2023 fiscal year		Amounts for the 2022 fiscal year	
Emmanuel VIELLARD CEO of LISI S.A.	Attributed	paid	Attributed	paid
Fixed compensation	446,000	442,000	402,000	402,000
Variable compensation	181,000	145,000	145,000	172,000
Incentives	12,874	12,186	12,186	12,596
Exceptional compensation	None	None	None	None
Directors' fees	None	None	None	None
Benefits in kind: company car	2,188	2,188	2,349	2,376
Total	**642,062**	**601,373**	**561,535**	**588,972**

The compensation presented above corresponds to all that was paid by LISI. No compensation was paid by the LISI subsidiaries and the controlling company CID.

LISI S.A. has not committed for the 2023 fiscal year to pay any compensation, indemnities or benefits due or likely to be owed as a result of the assumption, termination or change of functions.

Components of Emmanuel VIELLARD's 2024 compensation

For the 2024 fiscal year, the Board of Directors, on the proposal of the NRG (Nominations, Compensation, Governance) Committee set the amount of fixed compensation at €450,000, the same amount as in 2023.

Similarly, the Board of Directors decided to renew identically the parameters used to determine the variable compensation of the 2023 fiscal year for the 2024 fiscal year.

Stock subscription or purchase options allocated during the period to each executive corporate officer
No stock subscription or purchase options were allocated during the 2023 fiscal year.

Stock subscription or purchase options exercised during the period by each executive corporate officer
In 2023, the corporate officers did not exercise any options.

Performance shares allocated to each executive corporate officer

The allocated plans outstanding at December 31, 2023, are listed in the following table:

	Plan number and date	Maximum number of shares awarded during the fiscal year	Valuation of shares according to the method used for the consolidated financial statements (in euros)	Acquisition date	Date of availability	Minimum performance conditions to trigger an allocation
Jean-Philippe KOHLER Function: Chairman of the board of Directors	**21C23** Date: 12/08/2021	6,900	110,435	Feb 2024	Feb 2024	Net Asset Value (NAV) at least equal to €900 million
	22C24 Date : 12/09/2022	6,900	134,274	Feb 2025	Feb 2025	None
TOTAL		**13,800**	**244,709**			

Emmanuel VIELLARD Function: CEO	**DEFI 20C25** Date: 12/09/2020	12,000	63,000	Feb 2026	Feb 2026	target price defined as the average of the last 60 listed prices of 2025 or the annual average of the listed prices of that same year, taking into account the highest valuation of the two. A progressive chart is set based on an allocation trigger threshold that is also determined
	21C23 Date: 12/08/2021	6,900	110,435	Feb 2024	Feb 2024	Net Asset Value (NAV) at least equal to €900 million
	22C24 Date: 12/09/2022	6,900	99,363	Feb 2025	Feb 2025	Financial criteria: EBIT > 5% of revenue, Net profit (loss) > 2.5% of revenue*, FCF > 1% of revenue, LISI share price > €24 CSR criteria: TF1 < 7.8, minimum 28% women among managers, energy saving on projects
	22C25 Date: 12/09/2022	6,900	91,306	Fév 2026	Fév 2026	Financial criteria: EBIT > 6% of revenue, Net profit (loss) > 3.5% of revenue*, FCF > 2% of revenue, LISI share price > €28 CSR criteria: TF1 < 7.5, minimum 30% women among managers, energy saving on projects
	23C26 Date: 12/07/2023	7,400	170,200	Fév 2027	Fév 2027	Financial criteria: EBIT > 6% of revenue, Net profit (loss) > 3.5% of revenue*, FCF > 2% of revenue, LISI share price > €28 CSR criteria: TF1 < 7.3, minimum 30% women among managers, energy saving on projects
TOTAL		**40,100**	**534,304**			

* Revenue.

In order to comply with the provisions of Article 25.3.3 of the AFEP-MEDEF Code relating to the long-term compensation of executive corporate officers, which includes the allocation of free shares subject to performance conditions, the Board of Directors approved the NRG Committee’s proposal defining the following conditions:

- Percentage of compensation that must not exceed the allocation of free shares subject to performance conditions: 100% of the maximum fixed and variable compensation for the current year for each corporate officer.
- Maximum percentage of free shares subject to performance conditions that may be awarded to executive directors: 10% of the total amount approved by the Shareholders' General Meeting in accordance with Articles L.225-197-1 *et seq*.

Performance shares that became available during the fiscal year for each executive corporate officer

The LISI Board of Directors, which met on February 22, 2024, approved the financial results of the LISI Group and its divisions. The Board also noted the CSR performance achieved.

In total, the shares definitively vested by the corporate officer beneficiaries under the 21C23 plan amounted to 61% of the total shares granted.

	Plan number and allocation date	Number of shares that vested during the fiscal year	Acquisition date	Date of availability	Terms & conditions
Emmanuel VIELLARD Function: CEO	**No. 17** Date: 12/09/2020	4,209	02/22/2024	02/22/2024	Obligation to hold in registered form 20% of the Performance Shares acquired in accordance with the terms of the plan regulations, until the termination of the term of office
Jean-Philippe KOHLER Function: Chairman of the Board of Directors	**No. 17** Date: 12/09/2020	1,120	02/22/2024	02/22/2024	

The number of shares that became available to Mr. Jean-Philippe KOHLER corresponds to the portion relating to the period of his executive mandate, *i.e.* from January 1 to April 12, 2023.

2.3.3.4 - Equity ratios between the level of remuneration of executive corporate officers and the average and median remuneration of employees

The ratios presented below under 6° and 7° of Article L.22-10-9, I of the French Commercial Code were calculated in accordance with the guidelines proposed by the AFEP.

The employees whose compensation is taken into account are all employees of the LISI Group in France at the end of December 2023, excluding executive corporate officers (excluding interns, work-study students and employees on fixed-term contracts).

The ratios were calculated on the basis of the fixed and variable compensation due during the fiscal years mentioned and the number of shares definitively allocated for these same periods. The end of term indemnity paid to Jean-Philippe KOHLER in 2023 is not included in the calculations.

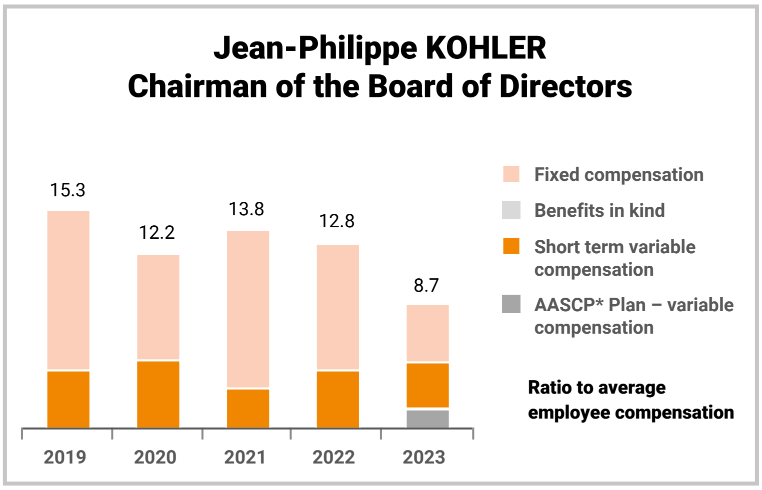
	2019	2020	2021	2022	2023
Company performance					
Revenue (in millions of euros)	1,730	1,230	1,164	1,425	1,630
Change N/N-1	*+5.2%*	*-28.9%*	*-5.4%*	*+22.5%*	*+14.4%*
Current operating profit (in millions of euros)	155	42	67	89	91
Change N/N-1	*+14.0%*	*-73.2%*	*+60.5%*	*+33.8%*	*+1.8%*
Current operating margin (as a %)	+9.0%	+3.4%	+5.7%	+6.3%	+5.6%
Change N/N-1	*+ 0,8 pt*	*- 5,6 pts*	*+ 2,3 pts*	*+ 0,6 pt*	*- 0,7 pt*
Employee compensation					
Average compensation (in thousands of euros)	36.3	35.3	36.0	36.9	40.7
Change N/N-1	*+4.0%*	*-2.7%*	*+1.8%*	*+2.5%*	*+10.3%*
Median compensation (in thousands of euros)	32.9	31.5	32.3	33.8	35.4
Change N/N-1	*+4.0%*	*-4.4%*	*+2.6%*	*+4.6%*	*+4.7%*
EMMANUEL VIELLARD – Chief Executive Officer					
Compensation due (in thousands of euros)	658	510	589	562	728
Change N/N-1	*+12.5%*	*-22.5%*	*+15.6%*	*-4.7%*	*+29.6%*
Ratio to average employee compensation	18.1	14.4	16.4	15.2	17.9
Change N/N-1	*+8.2%*	*-20.3%*	*+13.5%*	*-7.0%*	*+17.5%*
Ratio to median employee compensation	20.0	16.2	18.2	16.6	20.6
Change N/N-1	*+8.2%*	*-19.0%*	*+12.6%*	*-8.9%*	*+23.7%*

	2019	2020	2021	2022	2023
JEAN-PHILIPPE KOHLER – Chairman of the Board of Directors(1)					
Compensation due (in thousands of euros)	556	431	497	473	355
Change N/N-1	*+8.0%*	*-22.4%*	*+15.2%*	*-4.9%*	*-24.9%*
Ratio to average employee compensation	15.3	12.2	13.8	12.8	8.7
Change N/N-1	*+3.9 %*	*-20.3%*	*+13.2%*	*-7.3%*	*-31.9%*
Ratio to median employee compensation	16.9	13.7	15.4	14.0	10.0
Change N/N-1	*+3.9%*	*-18.9%*	*+12.2%*	*-9.1%*	*-28.3%*

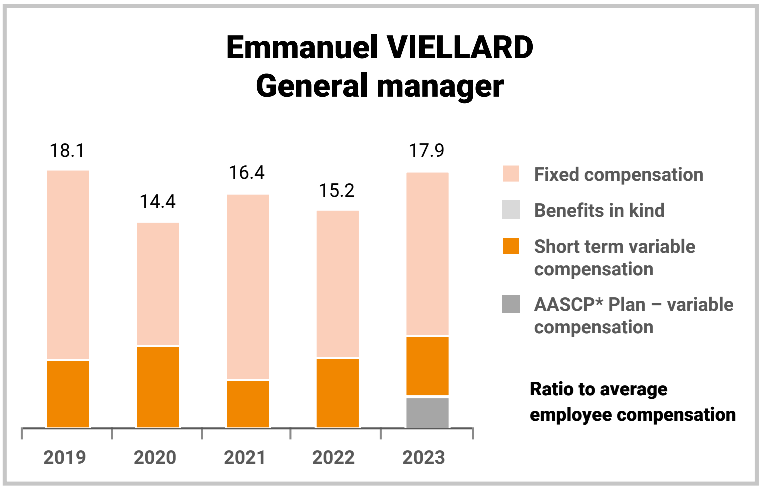
(1) The executive term of office of Jean-Philippe KOHLER ended on April 12, 2023. The status of non-executive officer has been granted to him. From this date, the income received is similar to a corporate office in respect of his duties as Chairman of the Board of Directors.

Change in annual fixed and variable compensation for executive corporate officers due over the last 5 fiscal years

The graphs below show the ratios against average employee compensation for each of the corporate officers, broken down according to the different types of compensation awarded to them.



* Allocation of shares subject to performance conditions.
In 2023, an indemnity of €150,000 was awarded to Jean-Philippe Kohler in respect of the end of his executive term of office. This amount paid on a non-recurring basis is not included in the above ratios.



* Allocation of shares subject to performance conditions.

2.4 Implementation of the "apply or explain" rule of the AFEP-MEDEF Code of December 2022

Following the change in the composition of the Board of Directors by decision of the General Meeting of April 12, 2023 and the subsequent recomposition of the Company's four Board Committees, the latter complies with the provisions of the AFEP-MEDEF Code.

7

General information regarding the Company

Contents

1 Information about the issuer and the Company's share capital

1.1 Information about the issuer

LISI share datasheet

ISIN Code: FR 0000050353
Reuters code: GFII.PA
Bloomberg code: FII.FP
Compartment: A Eurolist
Stock market: Euronext Paris
Number of shares: 46,538,313
Market capitalization at December 31, 2023: €1,098.3M
Indices: CAC® All Shares, CAC® Small, CAC® Mid & Small, CAC® All-Tradable, CAC® Industrials

1.2 Share capital

Amount of share capital

Share capital taken up by shareholders and fully paid-up, as at December 31, 2023, amounted to €18,615,325.20 divided into 46,538,313 shares with a nominal value of €0.40 of the same category.

Changes in share capital over the past five years

Date of General Meeting	Date of Board Meeting	Nature of the Transactions	Nominal Increase (Reduction) in Capital	Increase (Reduction) in Capital Including Premium	Number of Shares Created (Cancelled)	Nominal Value of Shares	Total Number of Shares After the Issue	Capital After the Transaction
CAPITAL AT 2023: €18,615,325.20 DIVIDED INTO 46,538,313 SHARES WITH A NOMINAL VALUE OF €0.40								
05/15/2023	02/23/2023	reduction following a public stock buyback tender	-€3,030,402	-€201,521,706	-€7,576,004	€0.40	€46,538,313	€18,615,325
04/25/2017	02/14/2018	Capital Increase Reserved for Employees	€36,177	€2,744,915	€90,442	€0.40	€54,114,317	€21,645,726

Share capital authorized but not issued

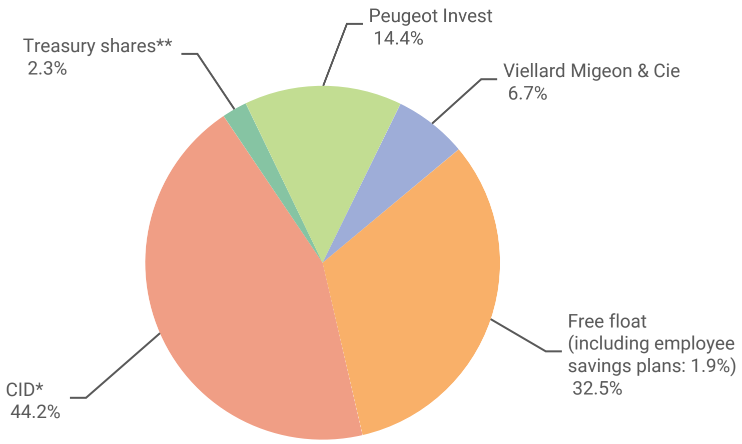
None.

Potential capital securities

At December 31, 2023, there are no warrants providing access to capital.

1.3 Breakdown of share capital and voting rights – Shareholders' agreement

	12/31/2023			12/31/2022		
	as % of the share capital	as % of voting rights	in number of shares	as % of the share capital	as % of voting rights	in number of shares
CID	44.2	58.2	20,562,550	54.8	66.7	29,643,620
Viellard Migeon & Cie	6.7	8.3	3,112,818	5.8	6.6	3,112,818
Peugeot Invest Assets	14.4	10.8	6,695,859	5.1	6.2	2,750,000
Other Corporate Officers	0.3	0.3	124,740	0.4	0.4	204,495
TOTAL CORPORATE OFFICERS	**65.5**	**77.7**	**30,495,967**	**66.0**	**79.9**	**35,710,933**
of which Directors	*0.1*	*0.1*	*41,625*	*0.2*	*0.2*	*111,515*
Treasury Shares	2.3	0.0	1,064,830	2.2	—	1,193,107
Employees	1.9	1.3	903,139	1.7	1.0	920,200
Public	30.2	21.0	14,074,377	30.1	19.0	16,290,077
GRAND TOTAL	**100.0**	**100.0**	**46,538,313**	**100.0**	**100.0**	**54,114,317**



* Including direct and indirect equity interests
Viellard Migeon & Cie: 27.3%
Peugeot Invest: 14.4%
CIKO: 22.4%

** Reserved for performance share plans

Shareholders or group of shareholders controlling more than 3% of the share capital:

- **The sole activity** of **CID,** 6 Rue Juvénal Viellard, CS 70431 Grandvillars, 90008 BELFORT Cedex is holding LISI securities. At December 31, 2023, it held 44.2% of the LISI S.A. share capital and 58.2% of the voting rights.

A capital restructuring operation took place in fiscal year 2023 to enable one of the majority shareholders, PEUGEOT INVEST Assets, to be able to sell its stake.

Since 2023, CID's capital is held by two family shareholder groups through family holdings (KOHLER family through CIKO, and VIELLARD family through Viellard Migeon & Cie).

There are no direct family ties between the shareholders.

At December 31, 2023, the capital of CID broke down as follows:

- – CIKO for 50.6%,
- – Viellard Migeon & Cie for 46.7%,
- – Others for 2.7%.

- **The main activity** of **CIKO,** at 7 rue du Stade, 90100 DELLE, is the holding of LISI and CID shares. At December 31, 2023, it indirectly held 22.4% of the LISI S.A. share capital.
- At December 31, 2023, **Viellard Migeon & Cie,** a company based at route des Forges 90120 MORVILLARS, directly held 6.7% of the LISI share capital and 8.3% of the voting rights. At the same date, it indirectly held 20.6% of the LISI S.A. capital, *i.e.* in total 27.3% of the capital.
- **PEUGEOT Invest Assets,** a company based at 66, avenue Charles de Gaulle 92522 NEUILLY-SUR-SEINE Cedex, directly held 14.4% of the LISI share capital and 10.8% of voting rights as of December 31, 2023.

On January 19, 2024, Peugeot Invest Assets declared that it had sold 1,900,000 LISI shares, *i.e.* 4.1% of the share capital. Thus, the company holds 10.3% of the LISI S.A. share capital and 8.2% of the voting rights.

To the Company's knowledge, no other shareholders hold over 3% of the share capital or voting rights, be it directly or jointly.

Shareholders' agreement – concerted actions

No shareholder (other than those indicated in the table above) declared a threshold crossing between 3% and 5% as provided for in the bylaws.

Following on from the previous agreements, a new agreement binding Viellard Migeon & Cie – CIKO and CID was signed on February 23, 2023. The latter, for a period of 20 years, provides for the maintenance of strictly joint family management of CID by Viellard Migeon & Cie and CIKO (with equal representation on the Board of Directors of CID and LISI), as well as, notably, a commitment for Viellard Migeon & Cie to vote at LISI General Meetings within the meaning defined by CID.

To the best of LISI's knowledge, on the date on which this document was drafted, there were no actions in concert, as defined in Articles L.233-10 and L.233-11 of the French Commercial Code

Pledging

To the Company's knowledge, no pure registered shares have been pledged as collateral.

LISI S.A. shareholding

The most recent IBS ("Identifiable Bearer Security") analysis carried out at December 31, 2022, identified 5,128 shareholders with a final identification rate of 99.2%.

Based on this survey conducted by Euroclear France, the free-float portion of LISI's bearer shareholding, *i.e.* 28.3%, breaks down as follows (these data have not been updated following the capital increase completed in 2023):

	Number of shareholders	% of share capital held	Number of shares
French investors	108	9.1%	4,905,042
Foreign investors	229	15.7%	8,522,086
Total institutional investors	**337**	**24.8%**	**13,427,128**
Individual French and international shareholders	4,790	1.8%	978,486
Total institutional & individual shareholders	**5,127**	**26.6%**	**14,405,614**
"LISI in shares" Group Savings Plan	1	1.7%	920,200
TOTAL IBS ANALYSIS – IDENTIFIED HOLDERS	**5,128**	**28.3%**	**15,325,814**

The geographical breakdown of the institutional shareholders is as follows:

	Number of shareholders	% of share capital held
France	108	32.0%
United States	73	21.7%
United Kingdom	29	8.6%
Luxembourg	18	5.3%
Canada	16	4.7%
Switzerland	11	3.3%
Other	82	24.3%
TOTAL INSTITUTIONAL INVESTORS	**337**	**100.0%**

Individual shareholders are mainly French.

LISI S.A. treasury shares

At December 31, 2023, LISI S.A. held 1,064,830 of its treasury shares, or 2.3% of the share capital. Most of these shares are destined to be allocated as performance shares.

Share capital reduction by cancellation of 7,576,004 treasury shares following the share buyback offer initiated by LISI

LISI repurchased 7,576,004 of its own shares as part of the share buyback offer ("OPRA") opened from April 20 to May 9, 2023 inclusive, for an amount of €204,552,108. Euronext carried out the settlement-delivery of this OPRA on May 15, 2023. At its meeting of May 15, 2023, the Board of Directors, upon delegation of the Extraordinary General Meeting of LISI shareholders of April 12, 2023, decided to reduce the share capital of LISI by canceling the 7,576,004 shares thus purchased.

LISI's share capital will now amount to €18,615,325.20, comprising 46,538,313 shares.

1.4 Dividend distribution policy – Dividend prescription period

The distributable profit is at the disposal of the General Meeting, which determines its allocation.

History of dividends paid per share:

	Net dividend in €
2019	0.00
2020	0.14
2021	0.29
2022	0.15
2023 (1)	**0.31**

(1) Proposed by the Board of Directors meeting held on February 22, 2024, subject to the decision of the Ordinary General Meeting of April 26, 2024. The dividend payment date was set at May 3, 2024.

The timeframe for paying dividends is 9 months as of the year-end date. Unclaimed dividends are waived to the State after a period of five years counting from the payment date.

Loyalty dividend

The General Meeting held on April 24, 2018, having heard the Board of Directors' report, decided to introduce the allocation of a loyalty dividend for shareholders into the Company's bylaws.

Therefore, a bonus of 10% is allocated to all shareholders with evidence of being personally registered at the end of the fiscal year for at least two years and are still registered on the date of payment of the dividend.

The number of shares eligible for this bonus may not exceed, for a single shareholder, 0.5% of the Company's share capital.

1.5 Share repurchase program

In place at December 31, 2023

On April 12, 2023, the Combined General Meeting authorized the Company to repurchase treasury shares up to 10% of the share capital in the open market for a period of 18 months, *i.e.* up until October 13, 2024.

LISI S.A. is therefore considering a share buyback plan for the following purposes:

- market-making for the Company's shares by an investment services provider through a liquidity agreement in accordance with the code of ethics recognized by the AMF, it being specified that, in this case, the number of shares taken into account for the calculation of the limit of 10% of the share capital of the Company referred to above corresponds to the number of shares purchased, less the number of shares resold during the term of the authorization,
- the granting of stock options or the allocation of free shares to employees and corporate officers of the Company and/or its Group as well as the allocation or sale of Company shares in the company or group savings plans or other similar plans,
- the hedging of marketable securities giving the right to the allocation of shares in the Company under the conditions provided for by law,
- to retain and use shares at a later date as consideration or payment for potential acquisitions,
- to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date,
- the implementation of any market practice accepted or that may come to be accepted by the AMF and, more generally, the performance of any other transaction in accordance with the regulations in force, subject to informing the shareholders by press release.

The following terms apply to this authorization:

- the Company may not repurchase its own shares for more than €60, not including transaction fees.

  The highest figure that LISI S.A. would pay if it purchased shares at the ceiling price set by the General Meeting, *i.e.* €60, is €253,099,440.

Under the above-mentioned share buyback program, LISI S.A. acquired 219,668 treasury shares in 2023, *i.e.* 0.5% of the total number of shares issued. In the other direction, the Company sold 247,443 shares, *i.e.* 0.5% of the total number of shares issued.

These purchases and sales were made exclusively under the market making agreement with Oddo BHF. The market-making contract complies with the ethical charter of the AMAFI.

The transactions carried out by the Company on its own shares are summarized in the table below:

	Number of shares	Average price weighted in €
SHARES HELD AT 01/01/2023	**1,193,107**	**10.44**
Shares acquired in 2023	219,668	22.42
Shares awarded in 2023	-100,502	7.46
Shares sold in 2023	-247,443	22.15
SHARES HELD AT 12/31/2023	**1,064,830**	**10.53**
Of which securities intended for market-making	*18,879*	
Of which share-based compensation (maximum amount attributable at 12/31/2023)	*965,910*	
Of which available shares	*80,041*	

1.6 Liquidity of the share

Multiplace free float capital turnover rate: 56.2%
Average number of securities traded per day in 2023: 63,558.

Month	Closing rates	Highest price	Lowest price	Session average	volumes	during the month[1]
2022						
January	27.95	30.45	27.00	28.73	7,091	246,421
February	26.40	30.75	24.80	27.78	10,936	395,435
March	21.65	26.95	19.94	23.45	10,816	479,253
April	21.50	22.80	19.86	21.33	10,145	483,010
May	20.40	21.45	18.14	19.80	8,676	432,862
June	18.28	20.85	17.70	19.28	10,198	536,124
July	23.00	23.20	17.70	20.45	9,348	454,332
August	21.10	23.10	20.25	21.68	6,981	325,425
September	17.92	22.45	17.08	19.77	9,859	520,158
October	19.98	20.10	17.58	18.84	10,194	549,359
November	20.30	22.00	19.60	20.80	7,056	342,325
December	19.46	20.80	18.56	19.68	7,127	367,128
2023						
January	20.40	20.80	18.46	19.63	13,984	703,106
February	25.10	25.50	20.40	22.95	13,917	596,171
March	24.40	25.10	23.70	24.40	10,851	444,733
April	25.70	26.10	24.05	25.08	5,525	220,688
May	24.95	27.00	24.70	25.85	11,037	427,047
June	26.30	26.40	23.75	25.08	4,300	172,723
July	23.75	26.35	22.70	24.53	5,049	211,116
August	22.55	23.90	21.70	22.80	22,289	1,001,357
September	22.25	23.15	21.70	22.43	9,243	416,022
October	21.85	22.60	20.30	21.45	5,124	243,170
November	22.40	22.75	21.40	22.08	6,270	284,433
December	23.60	23.90	21.90	22.90	5,977	259,764
2024						
January (2)	21.80	23.90	20.85	22.38	50,594	2,381,115
February	23.70	23.95	21.60	22.78	9,453	408,954
March	23.65	24.10	23.25	23.68	6,018	252,803

(1) The transaction volumes and securities traded correspond to the average recorded only for the Euronext market.
(2) The volume of transactions and securities processed during the month includes the sale of 1,900,000 shares of PEUGEOT INVEST ASSETS on January 19, 2024, *i.e.* 4.1% of LISI SA's share capital.

Market maker's contract

The market-making contract complies with the ethical charter of the AMAFI and is implemented by:

ODDO BHF

Mr. Éric BIGOTTEAU
Email: eric.bigotteau@oddo-bhf.com
Tel.: +33 (0)6 86 63 92 18

1.7 Company name – Head Office and legislation

Company name and head office

LISI S.A. - 6 rue Juvénal Viellard - CS 70431 Grandvillars - 90008 BELFORT Cedex.

Legal form of the issuer and applicable legislation

"Société Anonyme" (public limited company) governed by French legislation.

Place and number of registration

- Register of Incorporated Companies (RCS): BELFORT 536 820 269
- NAF Code: 7010 Z
- LEI: 969500UU4O58BR802Y55

Incorporation and term – Articles of Association and bylaws

Incorporation and term

The Company was set up on July 5, 1968. Its term expires on July 4, 2067, excepting early dissolution or renewal.

Purpose

According to Article 2 of the bylaws, the Company's purpose is:

- The acquisition of equity interests in all types of companies, including commercial, manufacturing, financial, securities and property development companies;
- The manufacture, purchase and sale of all items, especially those relating to screws, nuts and bolts, forging, lathing and machine tooling and building machines;
- Where necessary, any transactions concerning the machine industry and the selling of related articles, the direct or indirect participation in any transactions or deals that may be related to said purposes or that may favor the development of a business, in any form whatsoever, including the creation of a new company, a contribution, subscription, purchase of securities and rights;
- And more generally, all commercial, securities and real estate transactions, be they directly or indirectly related to the corporate purpose or likely to facilitate its expansion or growth.

Fiscal year

The company's accounting period begins on January 1 and ends on December 31 of each year.

Specific statutory clauses

Article 9 – Crossing of threshold disclosures

- Shares are freely tradable in the absence of any legal or regulatory provisions to the contrary.
- Shares are delivered by transfer from one account to another pursuant to the terms and conditions set forth by regulations.
- The Company's shares are indivisible.
- At any time when it is necessary to own a number of existing securities to be able to exercise any right whatsoever, or in case of an exchange or allocation of shares giving the right to a new share in exchange for several existing securities, the single shares or in a number less than that required will confer no rights to the bearers against the Company, the holders being required to take personal responsibility for the grouping and, as appropriate, for the purchase or sale of the necessary number of securities.
- Without prejudice to the provisions of Article 356-1 of Law No. 66-537 of July 24, 1966, any person who directly or indirectly holds or comes to hold, within the meaning of Article 356-1, at least 3% of the capital, is required to declare to the Company the total number of shares he or she owns by registered letter with acknowledgment of receipt sent to the registered office within fifteen days from the crossing of that threshold of shareholding.
- All shareholders are also required to inform the Company within the same period if the stake in the Company should fall below the above-mentioned thresholds.
- In the event that beneficial share ownership is not reported in accordance with the aforementioned procedures, the shares that exceed the reporting threshold shall be deprived of voting rights for all Shareholders' Meetings held within a period of up to three months after the date the declaration of beneficial ownership is finally made in accordance with the proper procedures, by one or more shareholders who jointly own at least 5% of the share capital, as recorded in the minutes of the General Meetings.

Article 15 - General Meetings

1. General Meetings are convened and deliberate in accordance with the applicable legal provisions. They are held at the head office or at any other location specified in the meeting notice.
2. The General Meeting consists of all shareholders, regardless of how many shares they own, providing that the shares are fully paid-up.

   The right to attend in person or to be represented by proxy is subject:

   - For registered shareholders, to the registration of their shares in a "pure" nominee or administered personal account at least five days before the date of the Meeting,
   - For holders of bearer shares, if any exist, to the submission within the same period of time, of a certificate established by the authorized proxy acknowledging the unavailability of the shares registered in the account until the date of the Meeting.

   However, the Board of Directors may, as a general rule, reduce or waive this time period.
3. The meetings are chaired by the Chairman of the Board of Directors or, in his or her absence, by the oldest Deputy Chairman, or in the absence of a Deputy Chairman, by the most senior director present at the Meeting. Failing this, the Meeting shall elect its Chairman.
4. Barring any legal or regulatory measures to the contrary, each member of the General Meeting is entitled to as many votes as the shares he or she owns or represents, both in their own name and as a proxy.

   However, certain shares have double the voting rights of other shares in view of the proportion of share capital they represent, namely:

   - all fully paid-up shares registered in the name of the same shareholder for at least four (4) years,
   - all registered shares allocated free of charge to shareholders as part of a capital increase carried out through the incorporation of reserves, profits or issue premiums, up to the number of existing shares for which they are entitled to such double voting rights.

   Double voting rights cease to apply once the shares change hands. However, the aforementioned time period is not interrupted and double voting rights still apply in the event that transfers occur as a result of inheritance, liquidation of community property between spouses or gifts *inter vivos* to a partner or family relation who is entitled to inheritance rights.
5. In the event that shareholders vote by proxy, only those proxy votes that have arrived at the company at least three days prior to the date of the General Meeting will be counted.

   Moreover, attendance of a shareholder at the General Meeting shall consequently render null and void the postal vote and/or the form of proxy which said shareholder may have, where appropriate, sent to the company; the shareholder's presence shall override any other form of participation which he may have previously chosen. If the shareholder is not present at the meeting, his power of attorney is only taken into consideration with respect to the votes cast in his proxy voting form if one has been submitted.

Article 17 - Distribution of earnings

Out of the distributable profit, all amounts the General Meeting shall decide to carry forward to the next year or allocate to the creation of extraordinary, contingency, or other funds, with or without a special allocation. The remainder is distributed between the shareholders, in proportion to the share capital held.

Each shareholder may be granted the option of receiving payment in cash or in shares under the terms provided for by law, for all or part of the dividend or the advance on the dividend distributed. An additional loyalty dividend of 10% is allocated to all shareholders with evidence of being personally registered at the end of the fiscal year for at least two years and are still registered on the date of payment of the dividend.

Insofar as the Company's securities are able to be traded on a regulated market, the number of shares eligible for this bonus may not exceed, for a single shareholder, 0.5% of the Company's share capital.

The same bonus may be allocated under the same conditions if there is a distribution of free shares.

Consultation of corporate documents

The legal documents concerning the Company LISI S.A. (bylaws, minutes of General Meetings, Statutory Auditors' reports, and all other documents made available to the shareholders) may be consulted upon request at Company's head office located at the following address: Société LISI S.A., 6 Rue Juvénal Viellard, CS 70431 Grandvillars, 90008 BELFORT.

2 General Meeting

Warning: shareholders are informed of the inclusion, at the initiative of the LISI Board of Directors, of a draft fifteenth resolution, relating to the appointment of a director, compared to the text of the notice of meeting (agenda and text of the draft resolutions) published in the *Bulletin des Annonces Légales Obligatoires* No. 34 of March 18, 2024. As a result, shareholders are informed that they are invited to vote on 15 draft resolutions and not 14 as previously indicated.

2.1 Agenda

WITHIN THE POWERS OF THE ORDINARY GENERAL MEETING

- Approval of the annual financial statements for the fiscal year ended December 31, 2023;
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2023;
- Approval of the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code;
- Discharge granted to the directors and statutory auditors;
- Allocation of the result for the fiscal year ended December 31, 2023;
- Approval of the information referred to in Article L.22-10-9 I of the French Commercial Code relating to the compensation of corporate officers awarded or due during the fiscal year ended December 31, 2023;
- Approval of the components of compensation paid during or awarded in respect of the fiscal year ended December 31, 2023, to Mr. Jean-Philippe KOHLER, Chairman of the Board of Directors;
- Approval of the components of compensation paid during or awarded in respect of the fiscal year ended December 31, 2023, to Mr. Emmanuel VIELLARD, CEO;
- Approval of the remuneration policy applicable to the Chairman of the Board of Directors;
- Approval of the remuneration policy applicable to the Chief Executive Officer;
- Approval of the remuneration policy applicable to directors;
- Appointment of "RSE FRANCE" as Sustainability Auditor;
- Authorization to be granted to the Board of Directors to trade in the Company's shares;
- Powers for legal formalities;
- Appointment of Pierre-Eric POMMELLET as a Director.

2.2 Text of the draft resolutions

WITHIN THE POWERS OF THE ORDINARY GENERAL MEETING

First resolution – Approval of the annual financial statements for the fiscal year ended December 31, 2023

The General Meeting, having reviewed the Board of Directors' report and the Statutory Auditors' general report on the annual financial statements for the fiscal year ended December 31, 2023, approves the annual financial statements for the fiscal year ended December 31, 2023 as they were presented to it, showing a profit of €30,584,839.35, as well as the transactions reflected in these financial statements or summarized in these reports.

In particular, the General Meeting approves the spending carried out over the last year in relation to the transactions covered by Article 39-4 of the French General Tax Code, which amounts to a total of €55,512.

Second resolution – Approval of the consolidated financial statements for the fiscal year ended December 31, 2023

The General Meeting, having reviewed the report of the Board of Directors and the general report of the Statutory Auditors on the consolidated financial statements for the fiscal year ended December 31, 2023, approves the consolidated financial statements prepared in accordance with the provisions of Articles L.233-16 *et seq.* of the French Commercial Code for the fiscal year ended December 31, 2023, as they were presented to it, showing a profit of €37,533,468.

Third resolution – Approval of the agreements referred to in Articles L.225-38 *et seq.* of the French Commercial Code

The General Meeting, having reviewed the special report of the Statutory Auditors on the agreements covered by Article L.225-38 of the French Commercial Code, approves the information provided in this report.

Fourth resolution – Discharge granted of the Directors and the Statutory Auditors

The General Meeting gives full discharge to the Directors for their work for the fiscal year December 31, 2023, and to the Statutory Auditors for their term of office.

Fifth resolution – Allocation of the result of the fiscal year ended December 31, 2023

The General Meeting, on the proposal of the Board of Directors, resolves to allocate the result of the fiscal year ended on December 31, 2023, as follows:

profit (loss) for the period	30,584,839.35
retained earnings brought forward	29,288,891.90
***i.e.*, a distributable profit of**	**59,873,731.25**
allocated as follows: a dividend of €0.31 per share, i.e., the total amount(1) of	14,426,877.03
to the retained earnings account, the balance, *i.e.*, the sum of	45,446,854.22

(1) The General Meeting held on April 24, 2018, having heard the Board of Directors' report, decided to introduce the allocation of a loyalty dividend for shareholders into the Company's bylaws. Therefore, a bonus of 10% is allocated to all shareholders with evidence of being personally registered at the end of the fiscal year for at least two years and are still registered on the date of payment of the dividend. The number of shares eligible for this bonus may not exceed, for a single shareholder, 0.5% of the Company's share capital.
(2) The dividend for the shares held by the Company as treasury shares will be deducted from this amount. Full powers are thus granted to the Board of Directors to determine the final total amount of the distribution and, consequently, the amount to be charged to retained earnings.

The amount of dividends distributed will be eligible for the rebate of 40% benefiting, where applicable, individuals domiciled for tax purposes in France, in accordance with Article 158-3-2° of the French General Tax Code.

The shares will be traded ex-dividend on April 30, 2024, and will be paid on May 3, 2024.

In addition, it should be noted that the dividends paid out for the three previous fiscal years were as follows, per share:

Fiscal year	Dividend paid(3)
December 31, 2020	€0.14
December 31, 2021	€0.29
December 31, 2022	€0.15

(3) Amount fully eligible for the 40% allowance benefiting, where applicable, natural persons domiciled in France for tax purposes, in accordance with Article 158-3-2° of the French General Tax Code.

Sixth resolution – Approval of the information referred to in Article L.22-10-9 I of the French Commercial Code relating to the compensation of corporate officers awarded and due during the fiscal year ended December 31, 2023

The General Meeting, in accordance with the provisions of Article L.22-10-34 I of the French Commercial Code, approves the information mentioned in Article L.22-10-9 I of said Code for the fiscal year ended December 31, 2023, as described in the report on corporate governance prepared by the Board of Directors.

Seventh resolution – Approval of the components of compensation paid during or awarded in respect of the fiscal year ended December 31, 2023, to Mr. Gilles KOHLER, Chairman of the Board of Directors

The General Meeting, in accordance with the provisions of Article L.22-10-34 II of the French Commercial Code, approves the components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2023 to Mr. Jean-Philippe KOHLER in his capacity as Chairman of the Board of Directors, as described in the report on corporate governance prepared by the Board of Directors.

Eighth resolution – Approval of the components of compensation paid during or awarded in respect of the fiscal year ended December 31, 2023, to Mr. Emmanuel VIELLARD, CEO

The General Meeting, in accordance with the provisions of Article L.22-10-34 II of the French Commercial Code, approves the components of the total compensation and benefits of any kind paid during or awarded in respect of the fiscal year ended December 31, 2023 to Mr. Emmanuel VIELLARD in his capacity as CEO, as described in the report on corporate governance prepared by the Board of Directors.

Ninth resolution – Approval of the compensation policy applicable to the Chairman of the Board of Directors

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the compensation policy applicable to the Chairman of the Board of Directors, as described in the report on corporate governance prepared by the Board of Directors.

Tenth resolution – Approval of the compensation policy applicable to the CEO

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the compensation policy applicable to the Chief Executive Officer, as described in the report on corporate governance prepared by the Board of Directors.

Eleventh resolution – Approval of the compensation policy applicable to directors

The General Meeting, in accordance with the provisions of Article L.22-10-8 of the French Commercial Code, approves the compensation policy applicable to directors, as described in the report on corporate governance prepared by the Board of Directors.

Twelfth resolution – Appointment of RSE FRANCE as Sustainability Auditor

On the proposal of the Board of Directors, the General Meeting appoints RSE FRANCE, a *société par actions simplifiée* (simplified joint stock company) whose head office is at 6, rue du Général Audran – 92400 COURBEVOIE, identified under number 750 965 006 RCS NANTERRE, as the Company's Sustainability Auditor, for a period of three fiscal years, *i.e.* until the General Meeting called in 2027 to approve the financial statements for the fiscal year ending December 31, 2026. RSE FRANCE, through its legal representative, has stated in advance that it wishes to accept this assignment in the event that it is entrusted to it and that there is no incompatibility that would prohibit it from exercising said position.

Thirteenth resolution – Authorization to be granted to the Board of Directors to trade in the Company's shares

The General Meeting, having reviewed the Board of Directors' report, in accordance with Article L.22-10-62 of the French Commercial Code:

- authorizes the Board of Directors to proceed, by any means, to purchases of Company shares, up to a maximum of 10% of the Company's share capital, *i.e.* 4,653,831 shares, with the exception of purchases of shares in the Company intended for the holding and subsequent delivery of shares in exchange or as payment in the context of potential external growth transactions, the limit of which will be 5% of the share capital, *i.e.* 2,326,916 shares, these limits being adjustable, where applicable, to take into account any capital increase or reductions that may occur during the duration of the program;
- decides that the acquired shares will be used as follows:
  - market-making for the Company's shares by an investment services provider through a liquidity contract in accordance with the code of ethics recognized by the French Financial Markets Authority (*Autorité des Marchés Financiers* – AMF), it being specified that, in this case, the number of shares taken into account for the calculation of the limit of 10% of the share capital of the company referred to above corresponds to the number of shares purchased, less the number of shares resold during the term of the authorization,
  - the granting of stock options or the allocation of free shares to employees and corporate officers of the company and/or its Group as well as the allocation or sale of company shares in the company or group savings plans or other similar plans,
  - the hedging of marketable securities giving the right to the allocation of shares in the company under the conditions provided for by law,
  - to retain and use shares at a later date as consideration or payment for potential acquisitions,
  - to cancel shares purchased, subject to the approval of the Extraordinary General Meeting to be called at a later date,
  - the implementation of any market practice accepted or that may come to be accepted by the AMF and, more generally, the performance of any other transaction in accordance with the regulations in force, subject to informing the shareholders by press release;
- decides that:
  - the acquisition, sale or transfer of shares may be carried out by any means and at any time, on one or more occasions, and this in compliance with the regulations in force, on the market or off-market, including by the acquisition of blocks or the use of derivatives traded on a regulated or over-the-counter market,
  - the Company may not repurchase its own shares for more than €60, not including transaction fees. In the event of a transaction involving the share capital, in particular a share split or reverse stock split or free allocation of shares to shareholders, this amount will be adjusted in the same proportions (multiplying coefficient equal to the ratio of the number of shares comprising the capital before the transaction and the number of shares after the transaction). The highest figure that the Company would pay if it purchased shares at the ceiling price set by the General Meeting, *i.e.* €60, is €215,340,060,
  - this authorization is valid for a period of 18 months from the date of this General Meeting. It cancels any effect for the unused portion and the remaining period, and replaces the authorization given under the twentieth resolution of the Combined General Meeting of April 12, 2023;
- grants full powers to the Board of Directors, with the right to delegate and within the limits decided above, to implement this authorization, in particular to place all orders on the stock market, enter into all agreements, allocate or reallocate any shares acquired for the purposes pursued under the conditions provided for by law, set the conditions under which the rights of holders of securities giving access to the share capital will be ensured under the conditions provided for by law and, where applicable, the related contractual stipulations, prepare all documents and press releases, carry out all formalities and declarations to all bodies and, in general, do whatever is necessary.

Fourteenth resolution – Powers for formalities

The General Meeting assigns all rights to the bearer of an original, a copy or extracts of the minutes of its deliberations for the purpose of accomplishing all formalities, as well as all legally required filings and publications.

Fifteenth resolution - Appointment of Mr. Pierre-Eric POMMELLET as Director

The General Meeting, having reviewed the Board of Directors' report, resolves to appoint Mr. Eric POMMELLET, residing at 7 square Montsouris – 75014 PARIS, a French national, as a Director, as of this day and for one term of four years expiring at the end of the General Meeting to be held in 2028 to approve the financial statements for the fiscal year ending December 31, 2027.

2.3 Annex to the text of the draft resolutions

INFORMATION RELATING TO A CANDIDATE FOR THE POSITION OF DIRECTOR PRESENTED TO THE GENERAL MEETING OF APRIL 26, 2024

Usual first name and surname: Mr. Pierre-Eric POMELLET

Domicile: 7, square Montsouris – 75014 PARIS – France

FUNCTION EXERCISED

NAVAL GROUP – Chairman and CEO (since 2020)

EDUCATION:

- IHEDN (2008)
- Massachusetts Institute of Technologies (MIT) - Master of Sciences (1990)
- SupAéro (1989)
- École Polytechnique (1984)

PROFESSIONAL REFERENCES AND ACTIVITIES CARRIED OUT IN OTHER COMPANIES OVER THE LAST FIVE YEARS:

Professional experience

THALES – 23 years

- CEO, Operations and Performance (2017-2020)
- Deputy Chief Executive Officer of the Defense Mission Systems Business Unit (2010-2017) Director in charge of the Aeronautics Division (2009-2010)
- Director of Aeronautics Division Services (2008-2009)
- Director of Military Equipment for the Aeronautics Division (2004-2008)
- Director of Civil and Military Avionics Equipment (2001-2004)
- Technical Director of the Engineering Department (1997-2001)

Ministère des PME du Commerce et de l'Artisanat – 2 years

- Chief of Staff of Jean-Pierre Raffarin

DCN (now NAVAL GROUP) – 1 year

- Armament Engineer

***Direction Générale de l'Armement* (DGA)** - 4 years

- Armament Engineer

Current terms of office:

- **NAVAL GROUP** - Chairman of the Board
- **TELEGRAMME DE BREST** - Director
- **GICAN (*Goupement des industries et construction Navales*)** - Chairman

KEY SKILLS:

- Comprehensive experience in aeronautics (management of the entire aeronautics activity of the Thales Group and particular knowledge of the universe of operations, combining site management and the management of all of the Group's operations);
- Solid knowledge of subcontracting issues;
- Strong knowledge of the institutional and industrial ecosystem and decision-makers (Gifas. Cidef, Conseil des Industries de Défense).

JOBS OR POSITIONS HELD IN THE COMPANY OR THE LISI GROUP:

- None

3 Special report of the Statutory Auditors on the agreements

3.1 Statutory Auditors' special report on related-party agreements and commitments – Fiscal year ended December 31, 2023

In our capacity as Auditors of your Company, we will now present our report on regulated agreements.

It is our responsibility to inform you, based on the information provided to us, of the essential features and conditions applicable to the agreements and commitments of which we have been informed or which we may have discovered in the context of our assignment, and the evidence of their benefit for the Company, without having to express an opinion as to their usefulness or appropriateness, nor to investigate the existence of other such agreements. It is your responsibility to assess the benefit involved in entering into these agreements prior to their approval, in accordance with the terms of Article R.225-31 of the French Commercial Code.

Furthermore, it is our responsibility, if applicable, to provide you with the information pursuant to Article R.225-31 of the French Commercial Code regarding the enforcement, in the year elapsed, of the agreements already approved by the General Meeting.

We have implemented the due diligence measures deemed necessary for this mission as outlined by France's national audit regulatory body, the *Compagnie Nationale des Commissaires aux Comptes.*

Agreements submitted for the approval of the General Meeting

Agreements authorized and concluded during the past fiscal year

We hereby inform you that we have not been informed of any agreement authorized and entered into during the fiscal year ended to be submitted for the approval of the General Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the General Meeting

We inform you that we have not been made aware of any agreement already approved by the General Meeting whose implementation may have continued during the period elapsed.

The Auditors

Schiltigheim, April 4, 2024
KPMG
Stéphane Devin
Partner

Paris-La Défense, April 4, 2024
ERNST & YOUNG et Autres
Henri-Pierre Navas
Partner

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Other informations

Contents

1 Information policy

1.1 Person responsible for the Universal Registration Document and Statutory Auditors

1.1.1 Name and function of the person responsible for the Universal Registration Document

Mr. Emmanuel VIELLARD
CEO

1.1.2 Statement by the person responsible for the Universal Registration Document

"I certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and does not contain any omissions likely to alter its meaning or interpretation.

I certify that, to the best of my knowledge, the accounts have been drawn up in accordance with the relevant accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the companies included therein taken as a whole, and that the management report in Chapter 2 gives a true and fair view of the development of business, the profit or loss of the companies included therein taken as a whole and that it describes the principal risks and uncertainties that it faces."

Grandvillars, April 4, 2024
Emmanuel VIELLARD
CEO

1.2 Person in charge of financial information

Mr. Emmanuel VIELLARD
LISI
6 Rue Juvénal Viellard - CS 70431 Grandvillars
90008 BELFORT Cedex

Phone:: + 33 (0)3 84 57 00 77
Website: www.lisi-group.com
Email: emmanuel.viellard@lisi-group.com

1.3 Statutory Auditors

KPMG SA represented by Stéphane DEVIN

Tour Eqho
2 avenue Gambetta
92066 Paris la Défense Cedex

Appointed April 12, 2023. Mandate to expire during the Ordinary General Meeting ruling on the financial statements for fiscal year ending December 31, 2028.

Cabinet Ernst & Young et Autres represented by Henri-Pierre NAVAS

Tour First
1, Place des Saisons – TSA 74444
92037 PARIS LA DÉFENSE Cedex

Appointed April 12, 2023. Mandate to expire during the Ordinary General Meeting ruling on the financial statements for fiscal year ending December 31, 2028.

1.4 Documentation

- Universal Registration Document in French and English
- Integrated report in French and English
- Press release
- Other quarterly or regulated information

All documents are made available to the shareholders. They may either be requested from the Company's head office or consulted via or downloaded from the website.

Conception and realization DESIGN MEDIA +33(0)1 40 55 16 66

LISI AEROSPACE
Immeuble Central Seine
46-50 Quai de la Rapée
CS 11233
F-75583 PARIS Cedex 12
Tél. : +33 (0)1 40 19 82 00
www.lisi-aerospace.com

LISI AUTOMOTIVE
2 rue Juvénal Viellard
F-90600 GRANDVILLARS
Tél. : +33 (0)3 84 58 63 00
www.lisi-automotive.com

LISI MEDICAL
19 chemin de la Traille
F-01700 NEYRON
Tél. : +33 (0)4 78 55 80 00
www.lisi-medical.com

LISI Siège social :
6 rue Juvénal Viellard
F-90600 GRANDVILLARS
Tél. : +33 (0)3 84 57 00 77

Bureaux parisiens :
Immeuble Central Seine
46-50 Quai de la Rapée
CS 11233 F-75583 PARIS Cedex 12
www.lisi-group.com