

NON-TECHNICAL SUMMARY

To produce Li-ion NMC battery cells, Verkor has built a supply strategy of the key raw materials, which are lithium, nickel, manganese and cobalt. This Human Rights Impact Assessment built in the framework of the implementation of Verkor's Giga Factory in Dunkirk provides an analysis of the potential countries of supply according to the risks they present and a description of the due diligence process¹ and the mitigation measures being implemented.

To assess the human rights impacts of its supply chain, Verkor has performed an extensive analysis of the human rights issues for all its supplier countries, specifically regarding the mining activities. We therefore divided our supplier countries in three groups based on their contribution to the cell cost (in percentage): China and Germany have a contribution higher than 10 percent; Australia, Hungary, Poland, Chile, Canada, Finland have a contribution between 5 and 10 percent ; the Republic of Korea, Argentina, Morocco, Indonesia, Czech Republic, Japan, Sweden, France, Switzerland, and Democratic Republic of the Congo have a contribution lower than 5 percent.

Through this analysis, we've identified specific risks for each supplying country, evaluated based on three criteria: probability, impact, and visibility. Globally, based on the selected indexes and related to their weight on the cell cost, China, DRC and Indonesia turn out to be the top-three countries presenting issues in terms of labour rights and children rights.

This analysis led to the identification of several risks with a level of significance depending on the country: discrimination against indigenous persons, activities in informal economy, restrictions on the collective labour rights (collective bargaining and the right to join a trade union and to strike), unacceptable working conditions, use of forced or child labour, social impacts on indigenous people and vulnerable groups. A due diligence process is being implemented to identify and assess these risks in the countries of supply based on supplier inputs, site audits and analytical review of the ESG criteria of the suppliers.

Lastly, the assessment has been completed for each country with an analysis of issues related to poverty, political instability, human freedom, corruption, collective labour rights, children rights, labour conditions rights. Additionally, we identified which International Labour Organization (ILO) fundamental conventions had been ratified by each supplier country.

The Gigafactory site has been analysed to determine the human rights risks associated with the project. The study based on socio-demographic, employment, and labour criteria concluded that vulnerable groups identified were not negatively impacted by the project. Moreover, some measures have already been implemented by the City of Dunkirk and the AFEJI Hauts-de-France in support of the vulnerable groups.

Verkor, with a third-party company, has then identified mitigation measures to be implemented for each identified risk, and put in place a mitigation plan, composed of several steps: obligation for the suppliers to comply with Verkor Supplier Code of Conduct built on international standards and best practices (OECD, ISO 14001, ISO 45001, ILO Conventions); screening of suppliers in an international ESG database; implementation (with OPTTEL and Bureau Veritas) of a questionnaire sent to the suppliers to identify social, ethical, environmental, climate change, recycling, health and safety, and responsible sourcing risks. Answers to the questionnaire will be reviewed by Bureau Veritas, who will conduct on-site audits in case of high-level risks being detected. By complying with the Supplier Code of Conduct, the suppliers must ensure to follow the requirements of the OECD due diligence guidance on responsible supply chains and perform due diligence in accordance with this guidance. The supplier must not use child labour in any form and must prohibit all forms of forced labour. The supplier must comply with all applicable local laws regulating working hours (including overtime), working conditions and provide fair and competitive compensation. The assessment of residual risks will be done in cooperation with local stakeholders (suppliers, governmental bodies, local associations and NGOs, municipalities) and with the support of an independent third party. It will inform the level of the

¹ The due diligence process is described in more details in the dedicated document.

impacts and whether other remedial actions may be required. If impacts on human rights are observed, remedial actions will be immediately applied.

Finally, Verkor's supply chain strategy includes the relocalisation of suppliers in Europe and the increasing use of recycled content, in substitution of primary sourced raw materials. As a consequence, the three categories of suppliers above will be comprised of a growing percentage of low-risk supplier countries with more responsible practices. In the long-term, with Verkor strategy and efforts in the recycling process and aiming at the incorporation of more recycled materials, France will for instance represent approximately 20%, while China will account for less than 10%.