CORPORATE SOCIAL RESPONSIBILITY REPORT

2016-2017

soitec

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LOCATIONS

Soitec is the leading producer worldwide
of equipment for innovative semi-conductors dedicated
to the electronics markets.

BACKGROUND

- 1992 — Birth of a start-up
- 1997 — Transition to industrial scale
- 1999 — Introduction on the stock market and first production site
- 2002 — Bernin II, beginnings of the 300 mm line
- 2003 — Opening to new materials
- 2004 — First establishment in Asia
- 2006 — New applications for the Smart Cut™ technology

KEY FIGURES

CONSOLIDATED REVENUE
2016-2017

€245.7 million

93 % of sales take place internationally.

950 employees

70 % of employees are executives, engineers and technicians.

40 customers

4 production lines

3000 patents

100 % of smartphones use Soitec's RF-SOI technology.

20 billion RF integrated circuits use Soitec's RF-SOI wafers.

50 billion devices opportunities for the Internet of things

6 billion chips in automobiles use Soitec's Power-SOI wafers.

2007 SOI takes on the world

2008 Production in Asia begins.

2010 Move into the solar market

2015 Soitec develops a strategic plan to refocus its activities around its core business: electronics. Paul Boudre becomes the company's chief executive officer.

2016 Soitec pursues its strategic refocusing plan by divesting from its non-core activities (solar, lighting, equipment). Restructuring of the balance sheet by two capital increases.

MESSAGE FROM SOITEC'S CHAIRMAN AND CEO, PAUL BOUDRE

The year 2015 was one of recovery for Soitec. We have recently refocused our activities on our core business, electronics, against a difficult economic backdrop. I took over the general management of Soitec in the midst of this environment, at a time when we were compelled to carry out a strategic refocusing of the Company and a refinancing effort. I wanted to initiate an extensive change in our functioning, an evolution to occur over the long term-in short, a transformation. This transformation of the functioning of the Company is a cultural, managerial and digital transformation. I wanted to make gains in simplicity and agility through this project, to free up "positive energies" and unite employees in our Company.

This transformation project was determined with the entire Management Committee and is based on four pillars: simplicity, trust, responsibility and freedom of action. These four pillars tend toward a more responsible direction, making sustainable development central to our business. To me, CSR should not be a separate activity that would interfere opportunistically in the conduct of our more conventional activities, because our products seek to establish a more sustainable world. They increase performance and reduce consumption of the applications in which they are incorporated. We therefore act responsibly on a daily basis; all our departments are involved in this.

I have opted for a more understated, certainly more modest, approach. It is one, however, in which we say what we do and we do what we say. We can be proud of the results after one year of the transformation process; proud of the changes implemented in the Company, proud of the sense of responsibility gained by employees, proud of the environmental issues we include in our strategy and proud of the incorporation of ethics into our daily business relations. In 2016-2017, we achieved very good results in the three areas that make up our corporate social responsibility strategy.
This report discusses our strategy and actions in the area of CSR.
I welcome you to read it carefully.

This transformation process in the Company inspires us to continuously do things differently and to improve our practices and behavior. We are more sensitive to certain issues and that, I believe, will drive us in the years to come.

SOITEC'S CSR STRATEGY

SINCE 2015, **SOITEC'S CSR STRATEGY HAS BEEN CLOSELY LINKED TO THE TRANSFORMATION PROJECT.**

More details on this guiding change are provided below. It will help understand the actions and processes that have been undertaken and are presented throughout this report. Soitec is integrating its CSR strategy fully into its business. Decisions and reflections are guided by this commitment to achieve a fairer, more sustainable and more equitable world. Soitec's CSR strategy breaks down traditionally into three major sustainable development areas: *People, Planet, Ethical business*.

PEOPLE

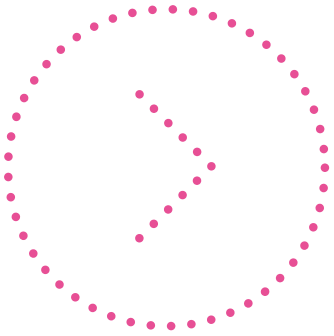
During 2016-2017, a deep-seated change in managerial practices was initiated, several collective agreements were implemented, progress was achieved in the area of diversity -- especially regarding disabilities -- and social dialogue was strengthened. Rolling out the transformation is in itself a specific element of the implementation of CSR.

PLANET

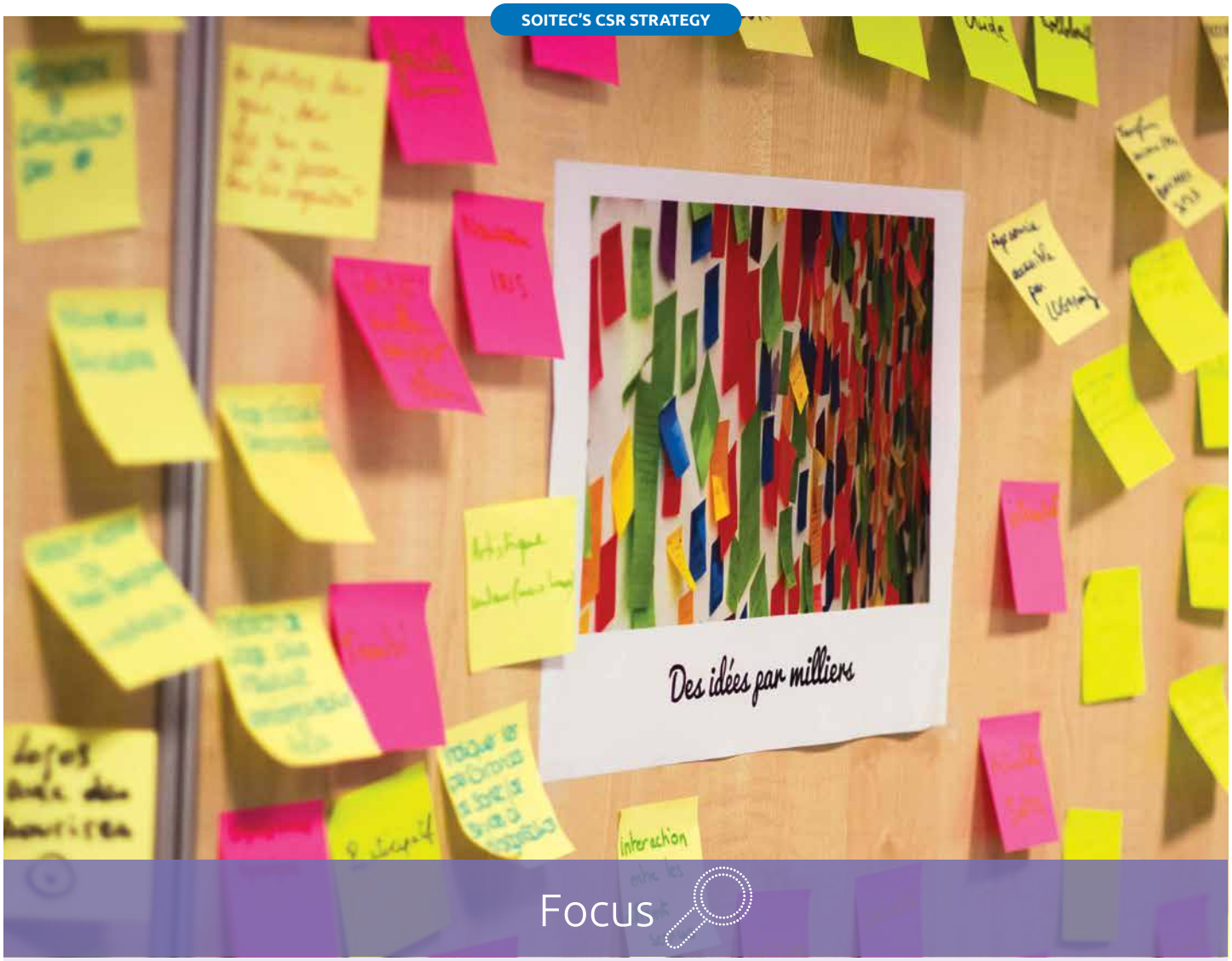
The Grésivaudan Valley in France is the cradle of Soitec's history, one of the most beautiful regions in the country, yet one of the most polluted. Soitec is therefore all the more attentive when it comes to the planet. Indeed, the Company found itself faced with extreme situations in this regard during the year just ended.

ETHICAL BUSINESS

The products Soitec develops occupy a central position in upheaval of daily life on the planet in the medium term, and this makes the Company sensitive to a complex ecosystem with numerous customers and positioning well upstream in the value chain, with specialized products made from rare resources. This interaction with the region gives the Company reason for devoting attention to developing talent, not only at Soitec, but in the economic regions surrounding its location as well. To better preserve the environment in which Soitec operates, the Company is attached to acting on the global scale in accordance with its demanding social and ethical principles, which are detailed in a Code of Conduct shared by all Soitec's employees.



Rolling out the transformation is in itself a specific element of the implementation of CSR.



Focus

THE TRANSFORMATION PROJECT

In January 2015, Soitec implemented a change of strategy by refocusing on its original business, microelectronics.

Under this change, the new management team initiated a complete change in the functioning of the Company, which it named the Transformation Project and which represents a cultural, managerial and digital transformation.

The Transformation involves the fundamental aspects of the Company, its ways of working to gain in simplicity and agility and to give everyone the power to act in order to develop autonomy at all levels of the organization. This Transformation is a driver for improving Soitec's efficiency and performance. It aims to make the Company a lasting entity where it is good to work. This change aims for the long term, striving to change the Company's corporate culture.

This transformation is based on four pillars: simplicity, trust, responsibility and freedom of action.

One of the first specific changes implemented was the establishment of the initiatives system.
It is presented in this introduction because it is the source of several changes, innovations that are discussed later in the report.

One initiative is a subject addressed by a group of employees for a given issue. All employees may create an initiative on a subject directly concerning their workstation, or more broadly, touching on the work environment or organization in the Company.

The initiatives are grouped under five themes:
> the management system,
> simplification of the processes,
> living together,
> transparency and communication,
> management style.

This initiative system gives substance to the principle of freedom of action and taking responsibility.

SINCE THE BEGINNING OF THE PROJECT
THROUGH THE END OF MARCH 2017

34

initiatives have been set up.
10 new initiatives were launched in 2016-2017.

16	11	7
were successfully completed and presently have changed corporate life.	are still under way.	were never completed.

Some 200 employees participated in one or several of these initiatives.

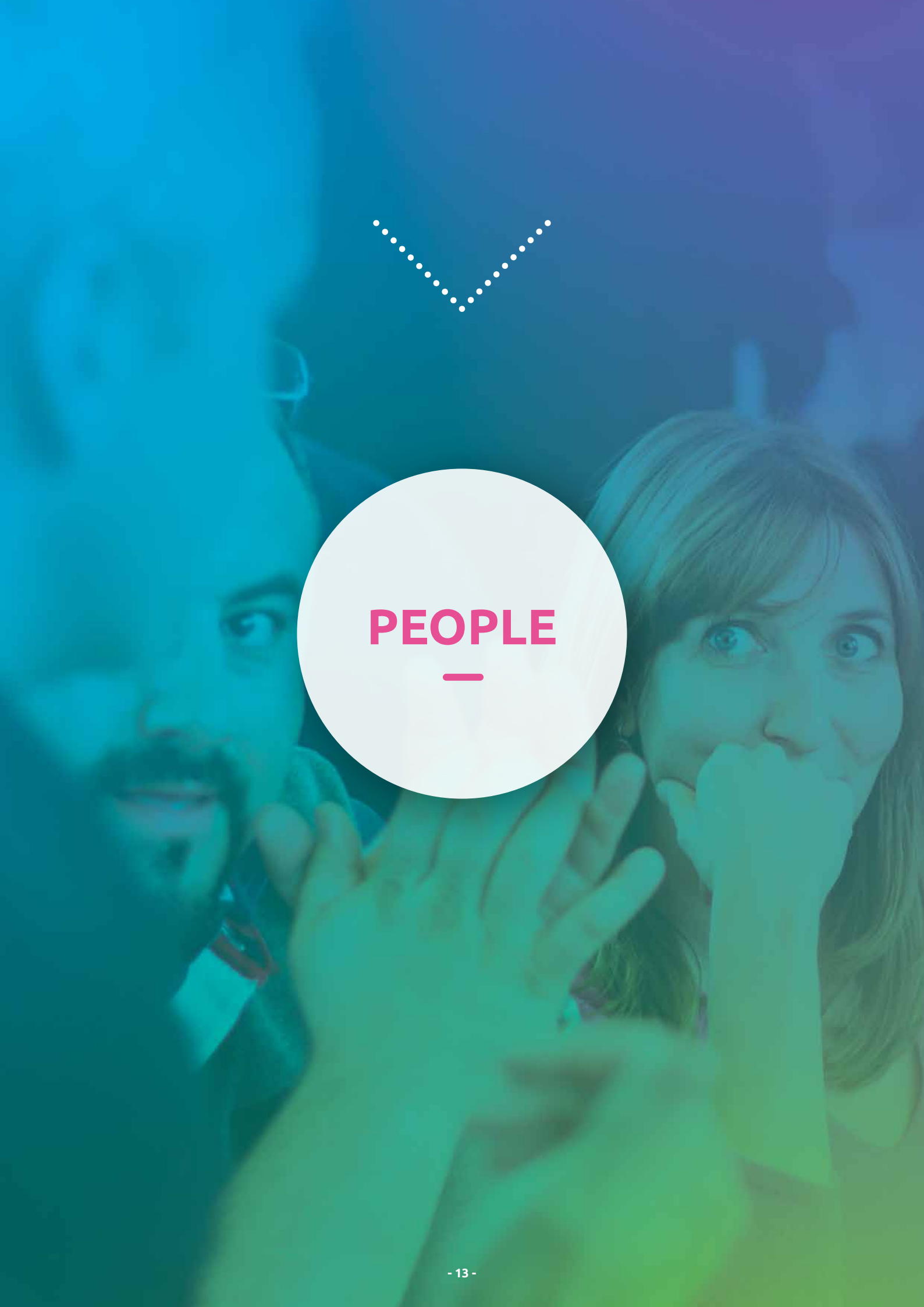
This initiative system gives substance to the principle of freedom of action and taking responsibility, since all employees, regardless of their position, are free to identify a subject for review, with no prior approval, and are responsible for moving it forward. It brings out ideas conceived in the field, in a process that is participatory, steeped in goodwill and tending toward decentralized responsibility. In this process, the group can legitimately implement the actions it identifies. Each initiative progresses at its own pace, depending on the availability of its members and the complexity of the subject.

Another element is the repetitive aspect of solutions that have been found. In these initiatives, groups are encouraged to test and experiment with solutions without waiting for perfect results, continuing to improve them as they are used.

These initiatives are used to deal with projects together, with determined and motivated staff at all hierarchical levels of the Company. They can be used to find specific solutions in a constructive manner for subjects that had been critical for several months or even years.

The system is completely transparent: all employees can access the same level of information on all subjects. A weekly "initiatives review" is held during which all interested employees get together, and the initiative leaders discuss the progress of their project. An initiatives website was also created: it hosts all files related to each initiative, and they are available to everyone. There is also a dedicated area on our Company's social network where people can share ideas.

These initiatives are an innovation toward a new way of working, while retaining the objective of implementing specific actions. The initiatives process has made it possible to put the principles of assuming responsibility and freedom of action to full-scale tests and thus influence corporate culture. Through this system of initiatives, subjects are suggested by employees themselves and sponsored by a member of the Executive Committee. As such, they are the ambassadors of change, who exert a much greater impact than if it had been management that had initiated the change.



PEOPLE

1. JOB INDICATORS

1.1 Employees and breakdown by age and work region

TOTAL HEADCOUNT
AT MARCH 31, 2017
(This involves registered employees)

942 employees
77 of whom were on fixed-term contracts

AVERAGE AGE

40.5 years old

ELECTRONICS FRANCE
911 employees
71 of which fixed-term contracts and 6 of which work-study contracts

ELECTRONICS UNITED STATES
13 employees

ELECTRONICS ASIA
13 employees

OTHER BUSINESSES UNITED STATES, FRANCE , GERMANY [1]
5 employees

The distribution of employees is as follows:

In France
Soitec S.A. (Bernin)

In the United States
Soitec USA Inc. (San Diego)

In Asia
Soitec Microelectronics Singapore Pte Ltd, Soitec Japan Inc., Soitec Trading Co, Soitec Korea LLC (Singapore, Japan, China, South Korea, Taiwan)

The "other businesses" included the following entities for the year:

In the United States
Soitec Solar Inc. (San Diego)

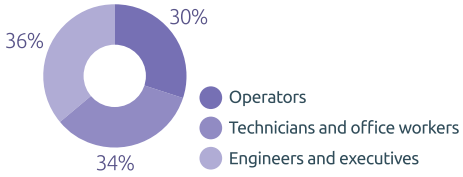
In France
Soitec Solar (Paris)

In Germany
Soitec Solar GmbH (Freiburg)

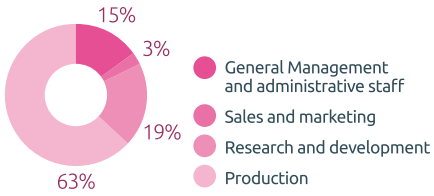
[1] At March 31, 2017, the Paris and Freiburg sites were closed and no employees are registered in either of them.

BREAKDOWN OF WORKFORCE AT MARCH 31, 2017

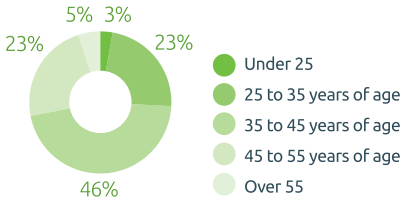
BY CATEGORY



BY ACTIVITY

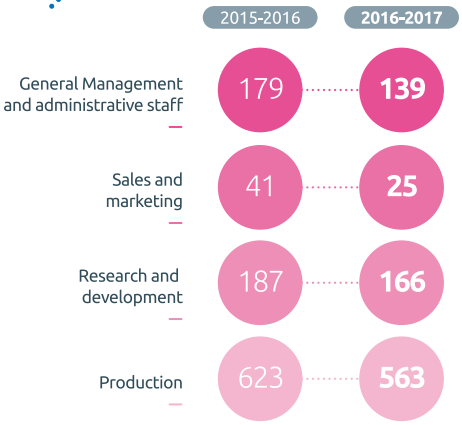


BY AGE BRACKET

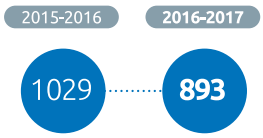


EVOLUTION OF THE ANNUAL HEADCOUNT

BY ACTIVITY



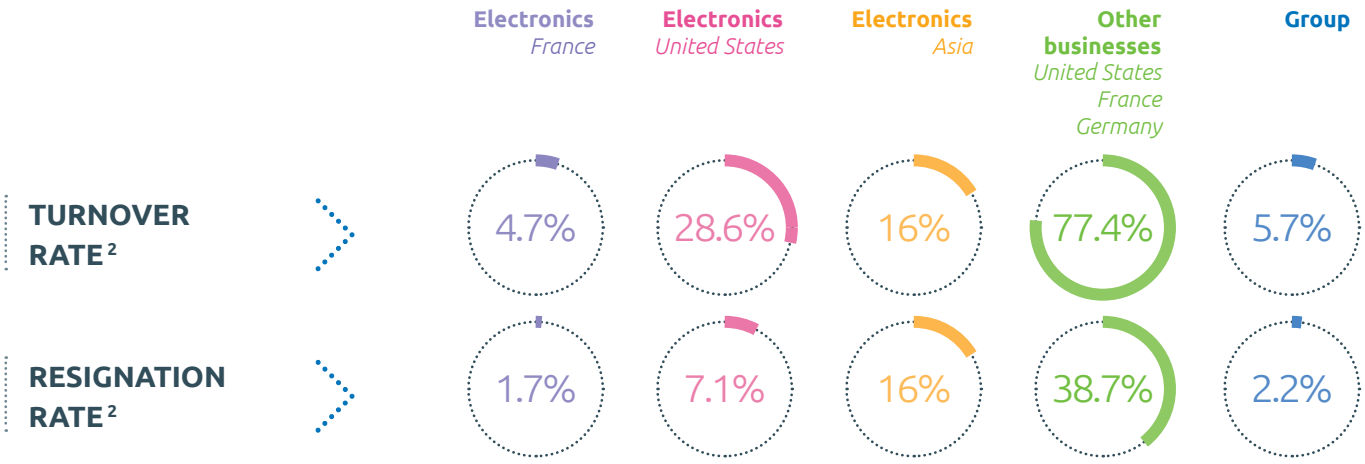
TOTAL HEADCOUNT IN JOBS HELD



1.2 Stable workforce and lower turnover

	Electronics *France*	Electronics *United States*	Electronics *Asia*	Other businesses *United States France Germany*	Group
CHANGES IN HEADCOUNT IN 2016-2017	17	(4)	3	(23)	**(7)**
> of which operators	11	-	-	(1)	**10**
> of which technicians and office workers	10	-	1	(5)	**6**
> of which engineers and executives	(4)	(4)	2	(17)	**(23)**
NEW HIRES	130	1	5	2	**138**
Permanent work contracts	40	1	5	2	**48**
Fixed-term contracts	90	-	-	-	**90**
> of which outgoing	113	5	2	25	**145**
RESIGNATIONS	15	1	2	2	**20**
GROUP DEPARTURE PLAN	-	4	-	23	**27**
DISMISSALS	16	-	-	-	**16**
TERMINATIONS BY MUTUAL AGREEMENT	12	-	-	-	**12**
END OF FIXED-TERM CONTRACT	57	-	-	-	**57**
OTHER REASONS FOR DEPARTURE	13	-	-	-	**13**

The Group headcount includes 7 fewer employees than at the end of March 31, 2016, a decrease of 0.7%. Growth related to the increase in volume of the Electronics business was diminished by the winding down of the Solar Energies business, which continued during the year and involved the departure of 27 persons through a restructuring of the Group.
The annual average headcount of the Group, calculated in numbers of jobs held, fell by 893 for the 2016-2017 fiscal year, compared to 1,029 for the 2015-2016 fiscal year, a decrease of 13%.
The Group's turnover rate continues to fall: 5.7% for the 2016-2017 fiscal year, compared to 6.5% for 2015-2016.
In the scope of Soitec SA[1], the resignation rate from one year to the next was halved (2.9% for 2015-2016) and is very low, which attests to the quality of working conditions at Soitec.



1.3 A better-controlled payroll

GROSS PAYROLL FOR SOITEC SA[3]
FOR THE YEAR

€68.7

million

It includes €24.3 million in employer contributions.

AVERAGE ANNUAL SALARY

€40,107

Average salary increases: 2.16%

The increase in payroll is due mainly to the increase in staff in France (+1.1% of jobs held on average), **as well as a noticeable increase in social contributions** related to the resumption of additional supplementary pension contributions during the year (Article 83).
Despite the increase in compensation related to the Soitec SA salary policy (+3.3% without social contributions), the payroll remains under control because of a more detailed analysis of costs over the year and the distillation of the managerial structure. These payroll management measures caused a drop in the average salary of 1.4% between the 2015-2016 and 2016-2017 fiscal years.

The compensation system includes the remuneration elements linked to a given job, and to individual performance (base salary and bonuses for meeting targets) as well as compensation linked to collective performance and/or to the Company's results, through incentives and efficiency bonuses.

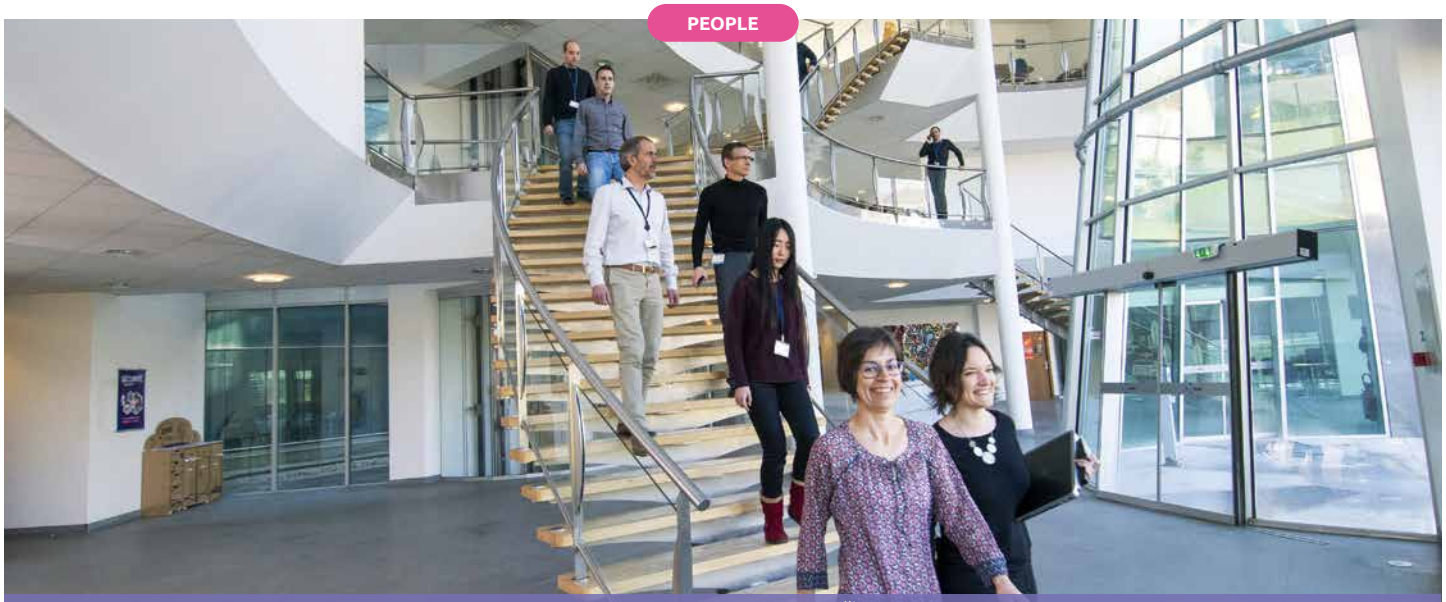
› *Extended scope of bonuses for meeting targets and collective bonuses*

During the 2016 annual negotiations, it was agreed to extend the scope of bonuses for meeting targets to new beneficiaries: technicians with coefficient grades of 335 and 365 and level C2 and C3 executives. A total of 205 persons again received a bonus for meeting individual targets over three quarters in the 2016-2017 fiscal year.
In addition, the ceiling for existing collective bonuses was increased by 10%.
These are paid to all employees not affected by a bonus for meeting targets, regardless of their business line.

[1] The resignation rate pertains to Soitec SA. It is not relevant to compare the resignation rate throughout the Group between 2015-2016 and 2016-2017 due to the major reduction in staff worldwide through the halting of the Solar, Lighting and Other Equipment businesses.

[2] Turnover and resignation rates are defined in chapter CSR Performance, 3. Reporting methodology, 3.2 Calculation methods, page 69.

[3] All the data that follow will be calculated for Soitec SA, i.e., 97% of the headcount (see chapter CSR Performance, 3. Reporting methodology, 3.2 Calculation methods, page 69).



Focus

A NEW PROFIT-SHARING AGREEMENT TO IMPROVE EMPLOYEES' UNDERSTANDING OF SHARED INTERESTS.

The Company's employees are involved in achieving results through the award of an incentive bonus.

A new profit-sharing agreement was signed on June 21, 2016, between Soitec SA and all the union organizations, and will remain in force for three years. Its objective is to strengthen employees' understanding of shared interests by giving them a share in the Company's profits.

The agreement involves three distinct types of profit-sharing plans:

> **An annual profit-sharing award** based on the Company's end of year EBITDA, representing up to 8% of payroll for the 2016-2017 period.

> **Two half-yearly profit-sharing awards** based on sales achieved by the Company in the half-year just ended, whose amounts are potentially increased or decreased depending on achieving targets based on the following four criteria:

- well-being at work (rate of availability of employees);
- competitiveness (decreases in production costs of the 200mm wafers);
- safety (number of near misses reported);
- quality (index of the quality of wafers produced).

These two half-yearly profit-sharing awards represent a maximum of 2% of payroll to be distributed uniformly to all eligible employees.

PROFIT-SHARING AWARDS AND CONTRIBUTIONS IN PAST YEARS:

Year	**Profit-sharing awards** (in thousands of euros)	**Contributions to employee savings plans** (in thousands of euros)
2001-2002	15	65
2002-2003	0	0
2003-2004	0	58
2004-2005	189	127
2005-2006	629	253
2006-2007	1,775	483
2007-2008	0	0
2008-2009	973	517[1]
2009-2010	294	113
2010-2011	1,322	937[2]
2011-2012	557	2,138
2012-2013	38	1,096
2013-2014	1,456	383
2014-2015	0	214
2015-2016	745	328
2016-2017	909	542

[1] Includes contributions under BSAAR warrants in the amount of €317,000.
[2] Includes contributions under BSAAR warrants in the amount of €182,000.

1.4 Absenteeism is down thanks to heightened awareness among employees

ABSENTEEISM

2016-2017: **4.3%** — **of which 2.7%** was related to short-term absences (< 3 months)

2015-2016: 4.5% — of which 2.9%

AVERAGE RATE OF ABSENTEEISM FOR COMPANIES WITH OVER 100 EMPLOYEES [1]: 4.76%

This figure is declining, especially among operators, who showed a 1% drop between 2015-2016 and 2016-2017 and lower than the average rate of absenteeism for companies with over 100 employees.

This decrease can be partially explained by the strong effort to make staff aware of the psycho-social risks of this phenomenon with the reporting on the *Safe 3* and Karasek surveys.

Employees were educated on both the psycho-social risk factors and the impact of short-term absenteeism on collective work. Action plans were put in place among staff to promote idea sharing and to identify ways to improve the quality of life in the workplace.

In addition, when the profit-sharing agreement came up for renegotiation with the social partners, **the rate of collective "presenteeism" was selected as an indicator of well-being at work.** Accordingly, this indicator is regularly monitored and the achievement of a half-yearly objective has weight in determining the amount of the profit-sharing bonus, in the same manner that safety, competitiveness and quality indicators do. Also, **a new work schedule for staff was implemented under the Transformation process.** For some years now, employee requests regarding this have been emerging. This schedule reduces the number of posts worked on a schedule different from the usual schedule of employees (see chapter ***1.5 Organization of working time,*** Focus *Re-ordering of staff schedule,* page 19).

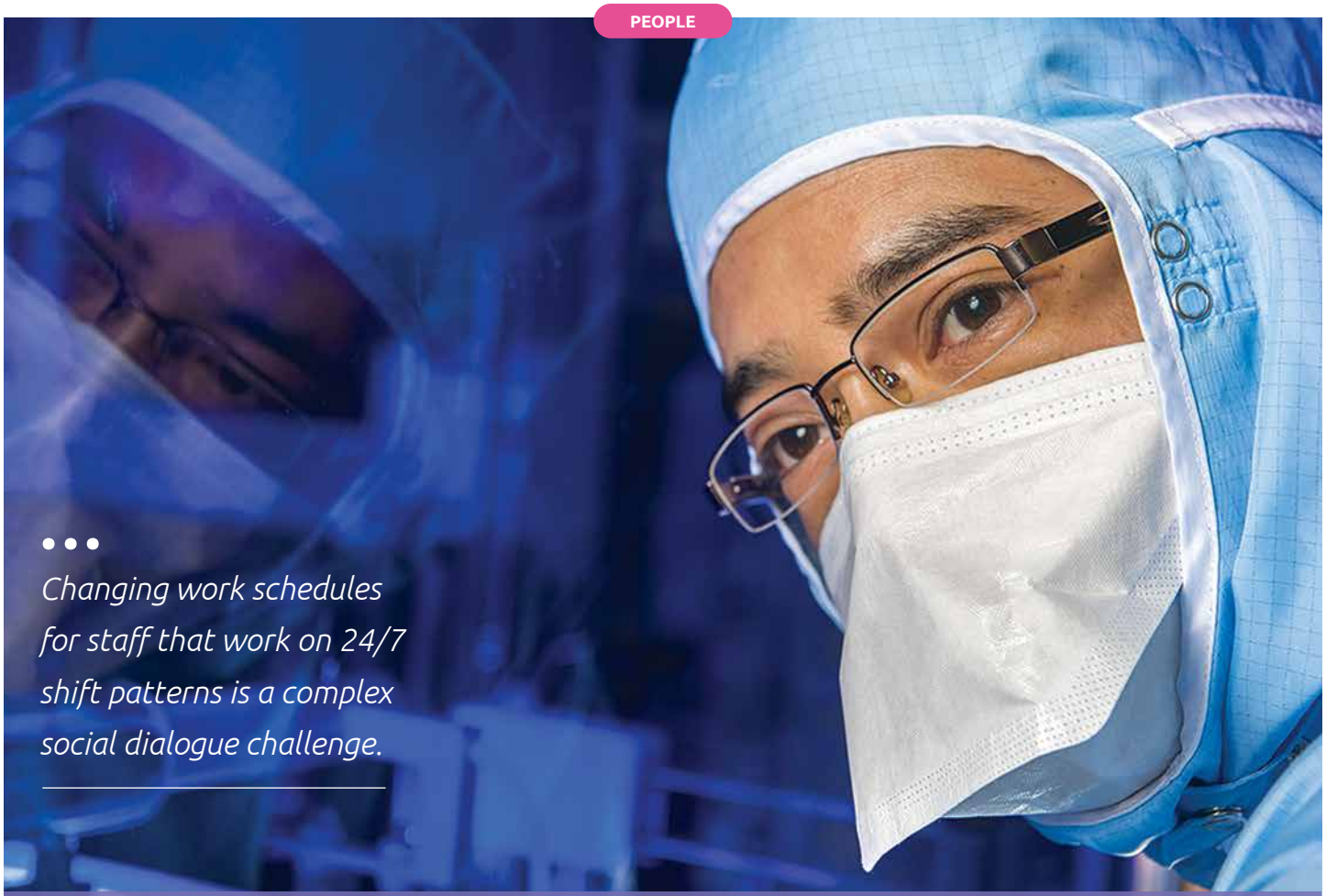
Action plans were put in place among staff to promote idea sharing and to identify ways to improve the quality of life in the workplace.

1.5 Organization of working time

Organization of working time in France, by population type, was defined by a collective agreement in March 2000.

For production and production support staff, the schedule in place is based on five alternating teams which provides for 24-hour staffing, 365 days per year. The average actual working time for hourly staff members is 30.75 hours per week.
The schedule of personnel working on a continuous schedule is composed of four annual cycles, during which employees work on a schedule different from their usual schedule. This system of changing shifts makes it possible for employees on night shifts, for example, to occasionally work on day shifts. In 2016, collective discussions were conducted to reorder work schedules so as to improve the shift changing system.

[1] *Data from Ayming's (formerly the Alma Consulting Group) 8th Absenteeism Barometer® index of 2015.*



Changing work schedules for staff that work on 24/7 shift patterns is a complex social dialogue challenge.

Focus

REORDERING OF STAFF SCHEDULES

The analysis and reordering of staff schedules was carried out under the "transformation initiative" (see chapter *CSR Strategy* - Focus *"Transformation strategy"*, page 11).

Changing work schedules for staff that work on 24/7 shift patterns is a complex social dialogue challenge because the interests of particular persons do not converge.
This is because each change benefiting one team exerted a negative impact on another team, and had been a stumbling block to discussions for several years. Nonetheless, this initiative format, by involving employees working during all hours, resulted in the design of a new schedule, which was adopted following a survey of all employees concerned.
The new schedule took effect beginning on January 1, 2017.

For staff in administrative and support functions, especially at headquarters and R&D, actual work time is 34.6 hours; they receive recuperation days under the agreement due to a reduction in work time *(RTT)* implemented on March 1, 2000.
In accordance with the agreement to reduce work time implemented at the same time, engineers and managers work a maximum of 218 days per year, according to the agreement. There are 71 employees working part-time, all in France, which represents 8% of the total headcount (8% in France), a 12% decrease compared to 2015-2016, related to parental leave.

An experimental agreement on teleworking was negotiated (see chapter *2. Dialogue with employees*, Focus *Teleworking*, page 20).

There are 71 employees working part-time, all in France, which represents 8% of the total headcount.

2. DIALOGUE WITH EMPLOYEES

2.1 A new form of dialogue with Transformation

Staff elections were held in 2016. Representatives were voted in to various bodies: staff representatives, the Works Council and the Hygiene, Safety and Working Conditions Committee (CHSCT).

Participation in the voting process for all elections was good, with 78% of staff voting. Union representation at Soitec was modified slightly, with the arrival of a fourth union organization.

The Transformation also affects social dialogue with discussions carried out on such varied subjects as recognition, teleworking, working hours and annual interviews in the form of "initiatives" (see Chapter *CSR strategy*, Focus *The Transformation project,* page 11). This system of initiatives is useful in working on complex issues that have an impact on many employees. It can be used to deal with issues collectively in a constructive and iterative manner to find specific solutions to subjects that had been critical for several months or even years. This transformation is also a part of the spirit adopted by the social partners in agreeing on the National Cross-Industry Agreement of June 19, 2013, "Toward a policy of improving the quality of working life and professional equality," which establishes the basis for extended social dialogue to all employees.

Among the results of this new form of social dialogue is the signature of an experimental agreement on teleworking (see Focus on the right).

Furthermore, Soitec regularly provides resources outside of the legal arena and Soitec company agreements to allow social dialogue with employee representatives, especially during annual negotiations.

Another issue at the core of the transformation relates to the quality of work relations overall on the quality of life at work. Based on a diagnostic carried out in October 2015 on the basis of the Karasek survey, particular focus was placed on the prevention of psycho-social risks in 2016 (see chapter *3. Ensuring the well-being and safety of our employees, 3.1 Preventing psycho-social risks,* page 22). A group made up of Soitec employees was formed to work on this issue. The group is called the Well-Being at Work Committee (BE@T). It is steered jointly by Company management and CHSCT representatives. The conclusions of the BE@T Committee were rounded out by those of the audit commissioned by CHSCT on psycho-social risks. In order to sustain the framework of these processes, negotiations began on a quality of life at work agreement in late 2016.

Focus

AN EXPERIMENTAL AGREEMENT ON TELEWORKING NEGOTIATED THROUGH AN "INITIATIVE"

The subject had been discussed for several years among the social partners and management, without any significant progress.

As part of the transformation of the Company, the overall discussions concerning well-being at work, and at the request of employees, a working group was formed to analyze and formulate proposals about the implementation of teleworking as a new form of labor organization. This group was made up of volunteers from among employees reflecting the diversity of jobs and structures of the Company who had direct or indirect experience with teleworking situations.

The initiative led to an experimental agreement for a set period concerning some 40 employees, with the members of the initiative setting out themselves the way the process would be carried out. The objective of the agreement is to measure the impact of this new method of organization on employees with regard to quality of life, involvement, performance, relations with the Company and maintaining social ties; on personnel, with regard to cohesion, results and workload; on management, regarding maintaining social ties and distance management; and on the Company, with regard to overall performance. At the end of a six-month experimental period, the parties will prepare a report on the experiment to extend the teleworking concept, if appropriate, in accordance with management rules to be determined.

2.2 Several collective agreements signed

Two agreements were renegotiated in 2016-2017: the profit-sharing agreement and the agreement on continuous shift schedules; an experimental agreement on teleworking was signed.

In the area of impact on the economic performance of Soitec SA, the profit-sharing agreement signed with all the union organizations more significantly involves employees with the Company's performances, with hopes to achieve strong gains with regard to the agreement and criteria that have been reviewed.

The implementation of a profit-sharing program that is funded each half year based on operational performance criteria and distributed uniformly among all beneficiaries complies with the union requests that sought to thus promote coherence and team spirit.
As to the annual allowance, which is subordinated to a consolidated financial results criterion, EBITDA, its objective is to assimilate the actual performance achieved by all employees, taking into account the Company's structure on an overall level.
This agreement ensured proper balance between a partly egalitarian and partly proportional split for employees who respond to the aspirations of the social fabric as a whole.

Regarding the annual negotiations agreement pertaining to salaries for the 2016-2017 period, it reassessed and broadened the scope for performance-related bonuses and significantly increased the number of beneficiaries of variable bonuses based on individual targets.

Accordingly, all employees now receive a variable amount awarded under the agreement, which provides Soitec with heightened resources for rewarding individual and collective performance. Furthermore, continuing on previous agreements, the 2016 agreement includes commitments in the area of career development and its related salary increases that Soitec can use to guarantee sustained motivation of its employees and to increase the employability and skill sets of staff.

In this agreement, Soitec committed to a numerical reduction of the wage gap between women and men managers, whose targets have been achieved.

Regarding the working conditions of employees, the objective of the experimental teleworking agreement signed by all the union organizations is to determine the conditions of implementing experimental teleworking for Soitec as part of a combined and negotiated social experiment, as provided for in Chapter VII of the Soitec agreement relating to the exercise of the right to organize and to social dialogue dating from April 2015. This agreement is the result of the recommendations of a working group in the form of an initiative and of discussions with the social partners (see Focus on the left).

Founded on the principle of mutual trust between employees, the Company and managers, teleworking is based on two-way voluntary action between managers and employees, and takes into account both the organizational requirements of the Company and the individual expectations of employees, to include personal organization, commuting time, a detached perspective, work environment, etc.

3. ENSURING EMPLOYEES WELL-BEING AND SAFETY

3.1 Special attention paid to managing psycho-social risks

Soitec is convinced that psycho-social risks must be considered on the same level as the other occupational hazards. It is necessary to evaluate and plan for suitable prevention measures and to make a priority of collective measures that could eliminate the risks as far upstream as possible.

To identify these risks, Soitec set up a dedicated working group called the Well-Being at Work Committee (BE@T), which carried out the Karasek survey of the entire workforce with the assistance of a specialized firm.

The Karasek model draws a link between experience at work and the health risks of this job. It uses a questionnaire which evaluates the intensity of psychological demands to which each employee is subjected, the decisional latitude which is available to them, and the social support that they receive in the workplace.

At the beginning of the 2016-2017 fiscal year, the results of the Karasek survey were analyzed and returned to all staff by the members of the BE@T Committee, together with the results of the *Safe 3* survey.

The BE@T Committee used the responses to the Karasek questionnaire to identify the departments where support actions proved necessary. A professional mediator was brought in to set up working groups with these departments with a view to identifying the source of risks and to assist employees and managers in finding relevant solutions.

After reporting on these results, managers developed action plans specific to their structures, which they then submitted to their employees.

As the objective of the BE@T Committee is to prevent psycho-social risks, it favors a collective prevention approach, focusing on work and its organization. **This process addresses an overall work situation and focuses on the primary known risk factors. In this vein, the BE@T Committee identified the areas of primary prevention, which are:**

- **promoting autonomy:** suggestion for looking into the practice of clocking break periods to promote self-regulation of operators' break times;
- **working on trust between managers and employees** through the launching of a project on leadership styles;
- **suggestions for supporting the training of managers in identifying psycho-social risks.**

In order to strengthen its role of managing quality of life at work, the BE@T Committee also began to develop quality of work life indicators (QWL) and made an ideas box available to employees to make it easier for everyone to express their needs.

Soitec is aware that prevention is also achieved by making employees aware of issues. Accordingly, **it set up workshops on the theme at the Health, Safety and Well-Being at Work event** organized in November 2016 (see Focus, page 25):

- **a Company theater workshop:** interpersonal relationships at work portrayed by actors in humorous mini-sketches;
- **a game to reduce social tension:** a game of snakes and ladders led by a professional mediator, to determine individually or as a team what themes are related to the quality of labor relations.

3.2 Safety: *Safe 3*, a cultural transformation program focused on improving behaviors

At Soitec, substantial attention is paid to the condition of health, hygiene and safety, and the major entities in this domain direct joint efforts toward it. This includes Health, Safety and Environment (HSE), the Medical Department, General Management and Site Management, and staff representative bodies, in particular, CHSCT.

At Soitec, HSE comprises three engineers and one technician, the Medical Department has two nurses and a physician, and CHSCT has six representatives in addition to management representatives and ex officio members.

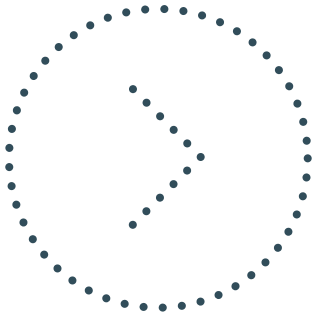
Since April 2007, a safety management program has existed under the name of *Safe*. It ensures sustained safety performance up to the standards of the profession.This program consists mainly of the following actions:

- **systematic safety risk analyses** under the responsibility of management and **with the support of HSE on 100% of workstations and new projects** using a methodology that prioritizes them and implements preventive actions such as adapting workstations and providing personal and group protective equipment, as well as drafting safety recommendations;
- **focus on training employees** for different types of risks that they may encounter in their work (chemical, ergonomic, ionizing radiation, electrical, etc.), but also for their role and responsibility related to safety;
- **regular on-site safety visits by managers;**
- **systemic analysis of hazardous situations, near-accidents and accidents** and sharing lessons learned;
- **communication and awareness-raising activities** related to safety for all employees with the active participation of management;
- **integration of safety criteria** in performance evaluation for each employee and manager;
- **improvement of safety management processes for the work of subcontractors** at the Bernin site.

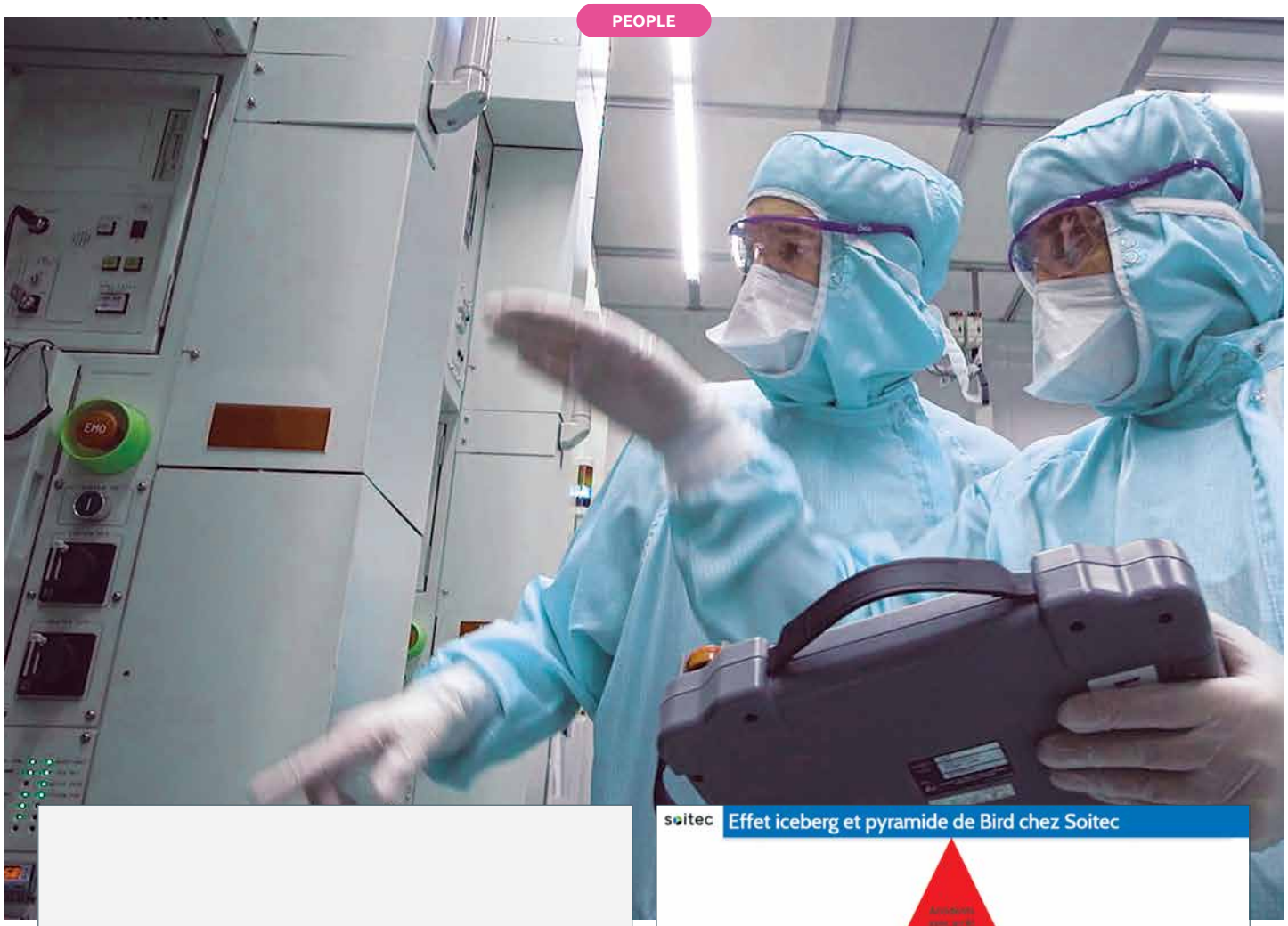
In spite of these efforts, it was observed that in 2016-2017 the frequency rate of lost-time accidents (FR) worsened, although it remained below the average levels of the profession, which is between 9 and 10. It was also noted that all lost-time accidents had at least one common root cause: behavior and lack of vigilance, with the characteristic of not being "business line" accidents, such as ones related to chemicals, mechanical risks or handling.

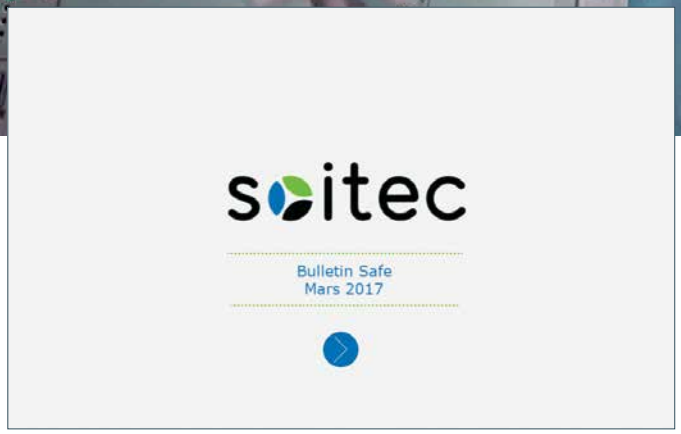
At the end of the fiscal year 2015-2016, a third phase of the *Safe* program was then launched, with the objective of transforming corporate culture and focusing on improving behavior patterns in workplace safety. This project started through a safety diagnostic phase to evaluate safety leadership of management and the level of interdependence in our safety ethos, with the support of an outside consultant. This diagnosis was reported on jointly with the Karasek survey results over the first quarter of the 2016-2017 fiscal year. An action plan was set up as a result of this:

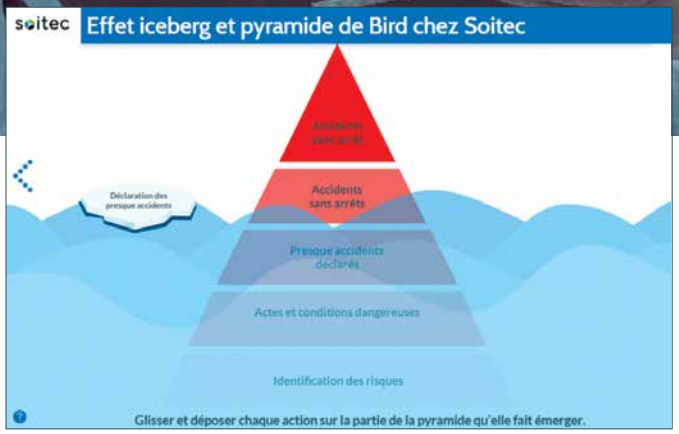
- **action plans prepared for each organization based on the results of the Karasek/*Safe 3* surveys** were implemented;
- **assistance was provided to managers** by HR partners or outside consultants and the rolling out of action plans was monitored by the site's Safety Steering Committee (CDS);



At the end of the fiscal year 2015-2016, a third phase of the Safe program was then launched, with the objective of transforming corporate culture and focusing on improving behavior patterns in workplace safety.







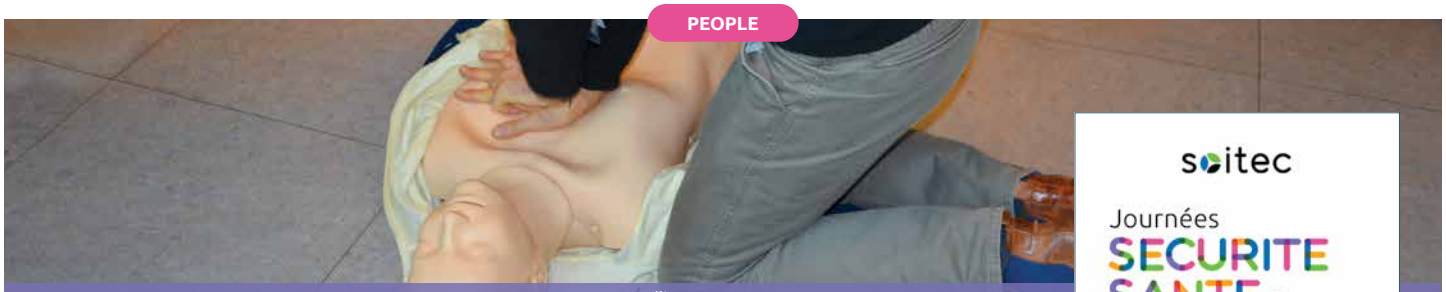
• employees were made aware of the need to develop an interdependent safety ethos:
> Prior to this, a *Safe* newsletter containing safety essentials had been sent to all managers. It is now sent to all employees and is more educational and more lively due to animations on a rapid e-learning tool. Each subject is shared at department meetings to emphasize the safety fundamentals at Soitec and to spark discussions on these issues.
> Events focusing on health, safety and well-being were set up in November 2016 (see Focus *The Health, Safety and Well-Being event*, page 25).

• appropriate conduct was promoted by encouraging the reporting of near misses.

• Risk prevention was bolstered with the implementation of an "OK to Go" training program for maintenance operations that improved risk analysis prior to work and the establishment of an experimental five minutes of warm-ups at the beginning of shifts for two job types, OGM operators and warehouse personnel, to prevent musculoskeletal disorders (see chapter *3.4 Monitoring work accidents and occupational illness* - Focus *Stretching and warm-up at the workstation,* page 29).

The Bernin production site successfully underwent a renewal audit as part of its OHSAS 18001 certification by the LRQA certification organization.

This audit identified the areas of improvement for managing chemical risk and crisis management, which were rolled out over 2016-2017 to contribute to the continued improvement of the safety management system.



Focus

HEALTH, SAFETY AND WELL-BEING EVENT

The Health, Safety and Well-Being event was set up in November 2016 through the joint effort of HSE, the Medical Department and the BE@T Committee to provide greater awareness among employees regarding the various themes related to health, safety and well-being at work.

These event days featured workshops in which employees participated during working hours on such topics as resisting change, awareness of near misses and dangerous situations and actions. An osteopathy workshop was also offered, with five osteopaths in their final year of studies at the CEESO osteopathy institute in Lyon. Each day began with a one-hour lecture on osteopathy followed by 30 openings for individual massages. In view of the success of the initiative, the Company plans to continue this service.

3.3 Limiting fatigue from working at night

At Soitec, the hardship factor recognized within the meaning of the national legislation is night work. The proportion of Soitec employees subject to this hardship factor was 18% in 2016.
Several actions were implemented over 2016-2017 to mitigate this hardship.

Training on Sleep and Nutrition

In terms of prevention for persons working on these schedules, a training course is offered on sleep and nutrition. The purpose of this awareness-raising effortis to allow individuals to take stock of their sleep and dietary habits and practices. It also provides information and recommendations for adopting healthy practices.

SINCE THIS PROGRAM
STARTED IN 2015

178

have completed it.

The Generational Agreement

Soitec is aware of what it means for people over 50 to work nights. Accordingly, it decided to foster a transition wherever possible to day shifts during the week or on weekends through its generational agreement signed in 2015 for a period of three years. Under this program, all employees over 50 who have worked night shifts for over 10 years have priority in the Company for getting day shifts.

Soitec also committed to offer day shift jobs (E1 / E2 / E4) under identical terms to all employees over 57 who so request and to exempt them from night work.

The new production schedule

The new production schedule agreed on in 2016 following participatory processes with employees (see chapter *1.5 Organization of working time* - Focus *Re-ordering of staff schedules,* page19) resulted in reducing and even eliminating shift rotations, which had already been lowered to three per year. This new schedule was submitted to the employees for a vote and was adopted by a large majority.

3.4 Monitoring work accidents and occupational illnesses

FOR SOITEC SA
AT THE END OF
MARCH 2017

The decrease in frequency rate since the preceding fiscal year is significant.

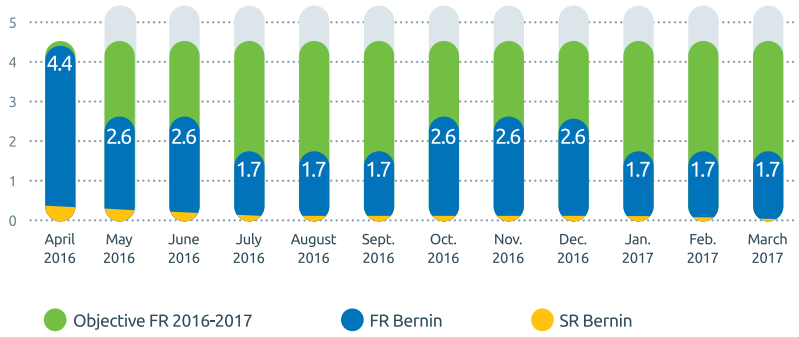
FREQUENCY RATE (FR)
RELATED TO REPORTED LOST-TIME ACCIDENTS

1.68
(2 accidents in 2016-2017)

SEVERITY RATE (SR)
RELATED TO THE NUMBER OF DAYS LOST

0.02
(24 days lost in 2016-2017)

For 2016-2017, the objective of a frequancy rate lower than 4.5 had been set consistent with targets achieved in 2015-2016 and the rate for the profession in France (equal to 5.05 [1]).



Analysis of accidents

An analysis is now systematic for lost-time accidents or any other significant accident or near miss. These analyses are carried out using the 8D methodology and the cause tree analysis, in working groups, with the victim present if possible, as well as CHSCT, Medical department and HSE representatives. These are steered by managers and are intended to:

- precisely identify the root causes of accidents,
- determine and implement preventive and corrective actions,
- maintain traceability of all of these events and monitor improvements of the system,
- provide feedback to staff regarding these accidents.

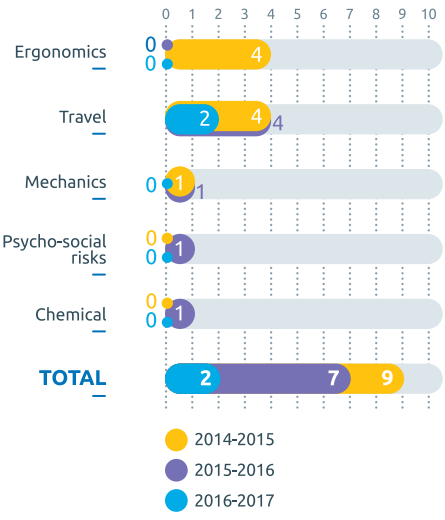
A report of the analysis is then distributed at a minimum to CHSCT, the Medical department, the accident victim and that person's immediate supervisor. An internal procedure titled "Dealing with Safety and Environmental Accidents and Incidents" describes how to send the report depending on severity of the accident.

In 2016-2017, two 8D analyses were performed following reported lost-time accidents. At the end of the year, all the actions of the 8D reports were closed out. These analyses disclosed the behavioral causes, in this case lack of vigilance, of each of these accidents.

Change in lost-time accidents

The number of accidents declined significantly over the 2016-2017 period. This has been the best performance ever achieved by Soitec. In addition, two events that were recorded had nothing to do with the business as they were driving accidents occurring in the parking area.

TYPOLOGY OF LOST-TIME ACCIDENTS



[1] *Data from 2015, ACSIEL, Alliance Électronique, grouping all the entities in the electronics value chain together.*

› *Lost-time accidents among subcontractors working on-site*

There were no lost-time accidents among employees of subcontracting companies working at Soitec during the 2016-2017 period. This is excellent performance: no accidents with recorded lost time have occurred in 4 years, since February 21, 2013.

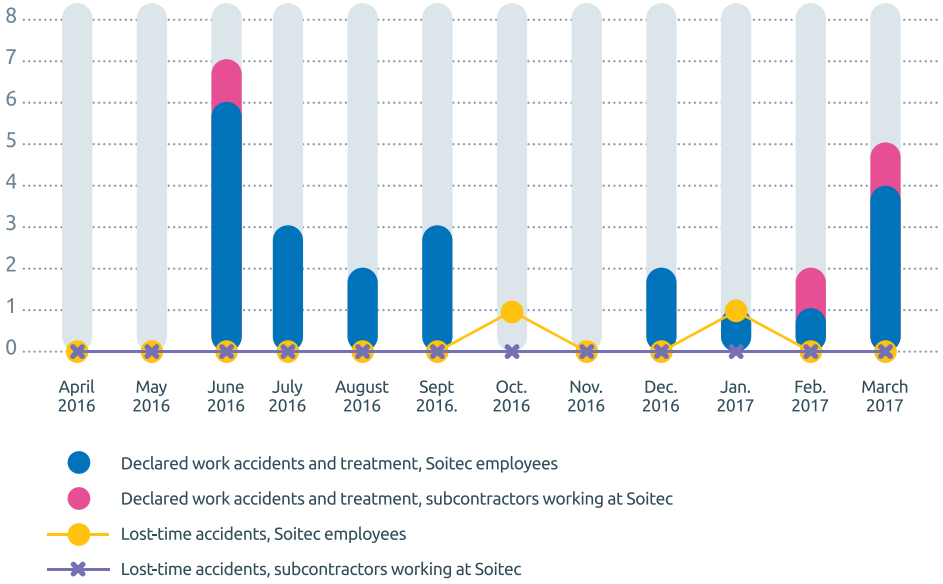
Analyses of accidents, involving 8D analyses for lost-time accidents, are systematically requested from companies concerned via their clients.

A report on all lost-time accidents, or of all other accidents or near misses, is made by a working group with the participation of the Soitec client department, the manager of the subcontracting company, the HSE department and a representative of CHSCT.

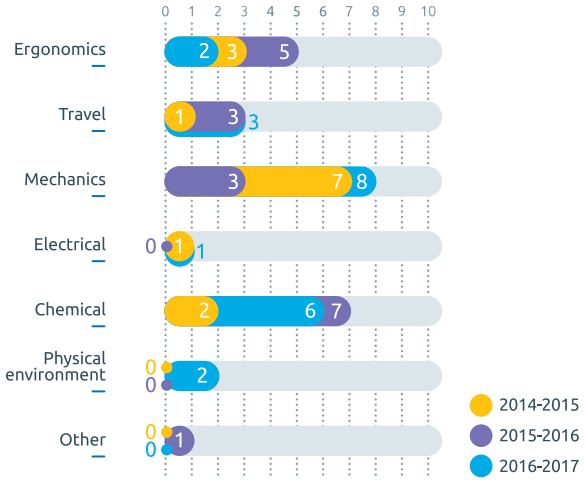
› *Treatment or minor work accidents that do not result in lost time*

An indicator for following the number of times treatment is dispensed at the infirmary or by site emergency staff following a work accident exists and is communicated monthly to employees through the *Safe* newsletter. The chart on the right shows the change of this indicator for 2016-2017.
The number of treatment cases rose slightly from 18 in 2015-2016 to 22 in 2016-2017. Major treatment and all chemical related accidents are subject to an 8D analysis. The ratio of accidents with and without lost time conforms to the standard statistics (Bird pyramid). This constitutes a major change for this year, which is explained in large part by the emphasis placed on safety by the *Safe 3* project (see chapter *3.2 Safety: Safe 3, a cultural transformation program focused on improving behavior*, page 23).
There was a noticeable increase in mechanical origin accidents and a decrease in those with ergonomic causes. The other categories are stable overall. A very large majority of accidents are due to behavior, i.e., non-compliance with good practices rules and recommendations, and/or lack of vigilance. The breakdown of treatment by category indicates that 70% of accidents occur with employees in production and maintenance departments.

FOLLOW-UP OF ACCIDENTS AND TREATMENT



TYPOLOGY OF DECLARED WORK ACCIDENTS AND TREATMENT



Better reporting of near misses

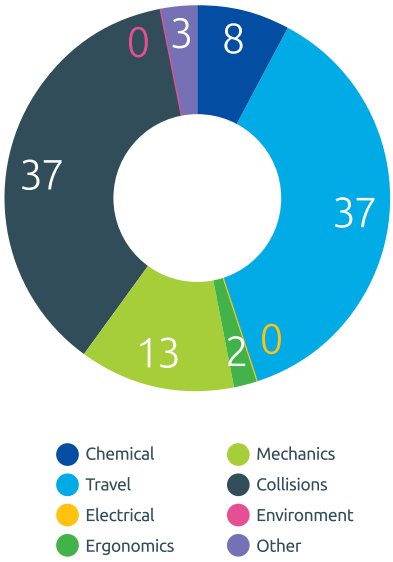
In order to facilitate reporting and monitoring near misses, a new reporting and monitoring tool was developed for near misses. Reporting objectives for near misses were determined at the Company level with an impact on the amount of profit-sharing distributed, in order to encourage all employees to report this type of event and to ensure that each one has a positive impact on a safety indicator, because providing notice of situations leading to near misses reduces the probability of a more serious event.
The impact was extremely significant, with the number of near misses reported nearly doubling between April 2016 and March 2017.

Near misses are systematically recorded and analyzed, and the person reporting them is informed of what corrective action has been triggered and its tracking process. Depending on criticality, near misses may be subject to an 8D analysis.

The major near misses reported over the year originated with risks of collision and travel. Near misses of a chemical and mechanical nature are declining perceptibly, with the proportion of this type cut by one-third. In contrast, it has been observed that ergonomics risk, the risk that constitutes a major source of accidents, is under-detected and inadequately reported.

NUMBER OF NEAR MISSES
2016-2017

100



Occupational illness: focus on ergonomics

As of the end of March 2017, Soitec had nine occupational illnesses recognized by the medical insurance authorities since the Company was established in 1992. These occupational illnesses relate to shoulders (3), elbows (3) and wrists (3), and the persons concerned are operators (8) and maintenance technicians (1).
The workstations involved were subject to detailed analysis by an outside ergonomics professional to identify what improvements could be made to working conditions from an ergonomic standpoint.

In addition, the rollout of the R!Go process was continued in 2016-2017. This program consists in implementing a process and tools to facilitate ergonomic streamlining of workstations and lead to the redesign of the “Movements and Postures” and “Workstation Ergonomics” trainings.

For three years, Soitec has been participating in the TMSPRO process under the aegis of CARSAT. This four-phase process seeks to implement and perpetuate a structure, methods and tools for assessing and diminishing the risk of musculoskeletal disorders in the Company.
Over the 2016-2017 period, CARSAT noted that Soitec had validated all steps of the process.

The workstations involved were subject to detailed analysis by an outside ergonomics professional to identify what improvements could be made to working conditions from an ergonomic standpoint.

After six months of experimentation, the feedback from staff is very positive and the advantages are clear.

Focus

STRETCHING AND WARM-UP AT THE WORKSTATION

In addition to the actions mentioned, an initiative emerged for mobilizing employees in the prevention of musculoskeletal disorders: the implementation of warm-up exercises and stretching at workstations for personal and professional well-being.

For employees in Industrial Operations, the shift begins with a five-minute warm-up for all operators in two pilot areas, unpacking of raw materials and packaging of finished products in clean rooms and warehouse areas. This initiative is guided by a kinesiologist and began with a study of workstations in order to analyze risky movements and to determine suitable prevention exercises.

An awareness session was given by the kinesiologist to all concerned staff on the importance of warm-ups prior to starting work and engaging in active prevention. One volunteer coach was then selected in each team shift. These volunteers are the guarantors of the process for their team and were trained by the kinesiologist to help assimilate mechanisms for the prevention of musculoskeletal disorders and to acquire a degree of technical understanding sufficient for coaching exercises aimed at easing joint and muscle pain and thus to become authentic prevention specialists for musculoskeletal disorders on a daily basis.

Since September 2016, all staff in these teams perform warm-up exercises prior to beginning work. After six months of experimentation, the feedback from staff is very positive and the advantages are clear: muscle toning, mental alertness and increased group cohesion. An analysis is under way regarding how to extend this initiative to other workstations.

An initiative was implemented for employees on flexible schedules from January 1 to March 31, 2016, with stretching sessions led by a sports coach. The intent was to work muscles of employees prior to the start of the workday. As this initiative did not really take root, it was decided not to renew it for 2016-2017.

Nonetheless, **an awareness action on office ergonomics using a rapid e-learning tool was developed internally and rolled out** by the HSE and Medical departments during the Health, Safety and Well-Being event days in November 2016 (see chapter *3.2 Safety: Safe 3, a cultural transformation program focused on improving behavior*, Focus *Health, Safety and Well-being event*, page 25).

4. ATTRACTING AND DEVELOPING DIVERSE TALENT

4.1 Training and assessing employees

> *Decentralizing the training offer*

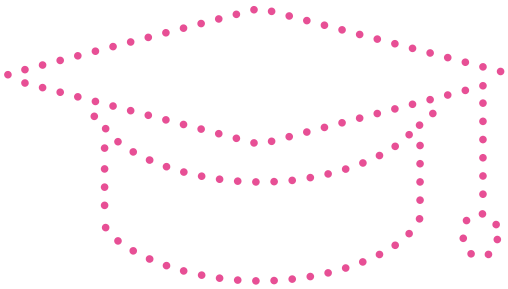
Soitec offers employees a wide catalog of over 130 training programs led by internal trainers and external consultants qualified by the Company. This catalog is the foundation for supporting the integration of new hires, internal mobility and development within the Company.
Management of training is now partially delegated to the management team, which has better knowledge of the cost and offer of training programs and which is developing a solid training strategy through a budget allocated by department.
Soitec belongs to the Rezo Formation training structure, which enables it to pool its training programs with other companies in the Grenoble metropolitan area in order to share the cost and to promote professional contact with other participants in the same employment region.

> *Digitizing the training offer in order to diversify learning methods*

For one year now, Soitec has been implementing a digitization project for training so as to introduce diverse learning methods. A project team made up of training and IT experts is working together to select the best performing and most intuitive tools for users.
In particular, it has tested a content creation software on a pilot group, which was trained in migrating a number of modules related to integration and safety into digital formats. It also plans to acquire other ready-to-use modules to round out the training offer already available to employees on such subjects as professional effectiveness and management.
This digital content is hosted on a Learning Management System platform that will provide greater flexibility and autonomy to trainees and better monitoring of training programs for managers.

• • •

Soitec offers employees a wide catalog of over 130 training programs led.



› *Total number of training hours*

2016-2017 :

851

PARTICIPATING IN A TRAINING PROGRAM

22,140
hours of training

25 hours of training
per employee
compared to 24 hours
for the previous year

These figures confirm Soitec's determination to implement a genuine training strategy to develop its employees' skills.

The training investment represents 2.06% of total payroll costs, whereas it was 2.6% over the 2015-2016 period. This gap appears paradoxical in view of the slight increase in training volume; it may be explained by the significant efforts of the training team to streamline costs by seeking financing and adopting a pooling strategy.

Through its promotions policy, Soitec fosters skills development in its employees in several ways.

In the 2016-2017 fiscal year, it supported the promotion of six operators and four technicians through career charters involving skills training or degree programs in such technical areas as productive maintenance, physical measurements, logistics, technological or cross-functional management such as managing an autonomous team and human resources management.

The Company also structures full training programs by combining internal and external modules that can represent up to 105 hours of training and 150 hours of immersion courses to bring operators to a level of technical expertise, multi-functional capacity or area management that promotes autonomy of production teams, through the operator N3 cross-functional course, the N3 technical course, the N4 area leader course and the N4 technical course.

Lastly, all new managers also enter a training course comprised of several modules that promotes standardization of practices and good knowledge of available HR tools.

› *Evaluating employees in a more collaborative manner*

In the spring of 2016, a Transformation initiative was established to rethink the annual review. **The initiative's objective was to devise a simpler annual review that features more collaboration and a scalability, to focus on achieving a more authentic exchange of views between employees and managers.**

The initiative was sponsored by a group made up of managers, employees, members of the Human Resources department and representatives of union organizations and was instrumental in gaining the support of the majority of participants in this new method, on an issue that formerly generated major tensions with the social partners.

Feedback from employees is now very positive:
"This new interview format allows more time for exchange of views."
"I was able to be a player in targeting my objectives."

• • •

A simpler annual review that features more collaboration and a scalability, to focus on achieving a more authentic exchange of views between employees and managers.

4.2 Promoting gender equality

Soitec has been committed since 2007 to a policy that promotes gender equality.

The objectives of actions implemented in this direction via agreements signed with the union organizations in 2007-2010 and 2011-2014 were:

- develop gender diversity and promote hiring of women,
- promote the development of women in the Company and increase the number of women in all levels of responsibility,
- guarantee equal pay between men and women,
- promote balance between professional and family life.

The guidelines of the latest agreement for 2015-2018 reinforce Soitec's determination in obtaining better representation of women in the Company at the highest levels of responsibility.

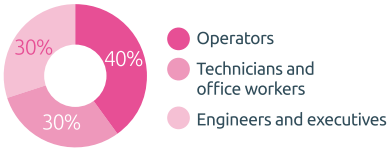
In this regard, several actions were implemented for 2016-2017.

> *Promoting diversity*

TO DATE, **WOMEN REPRESENT** **33%** of staff

and are present in all business lines

BREAKDOWN OF FEMALE EMPLOYEES BY CATEGORY

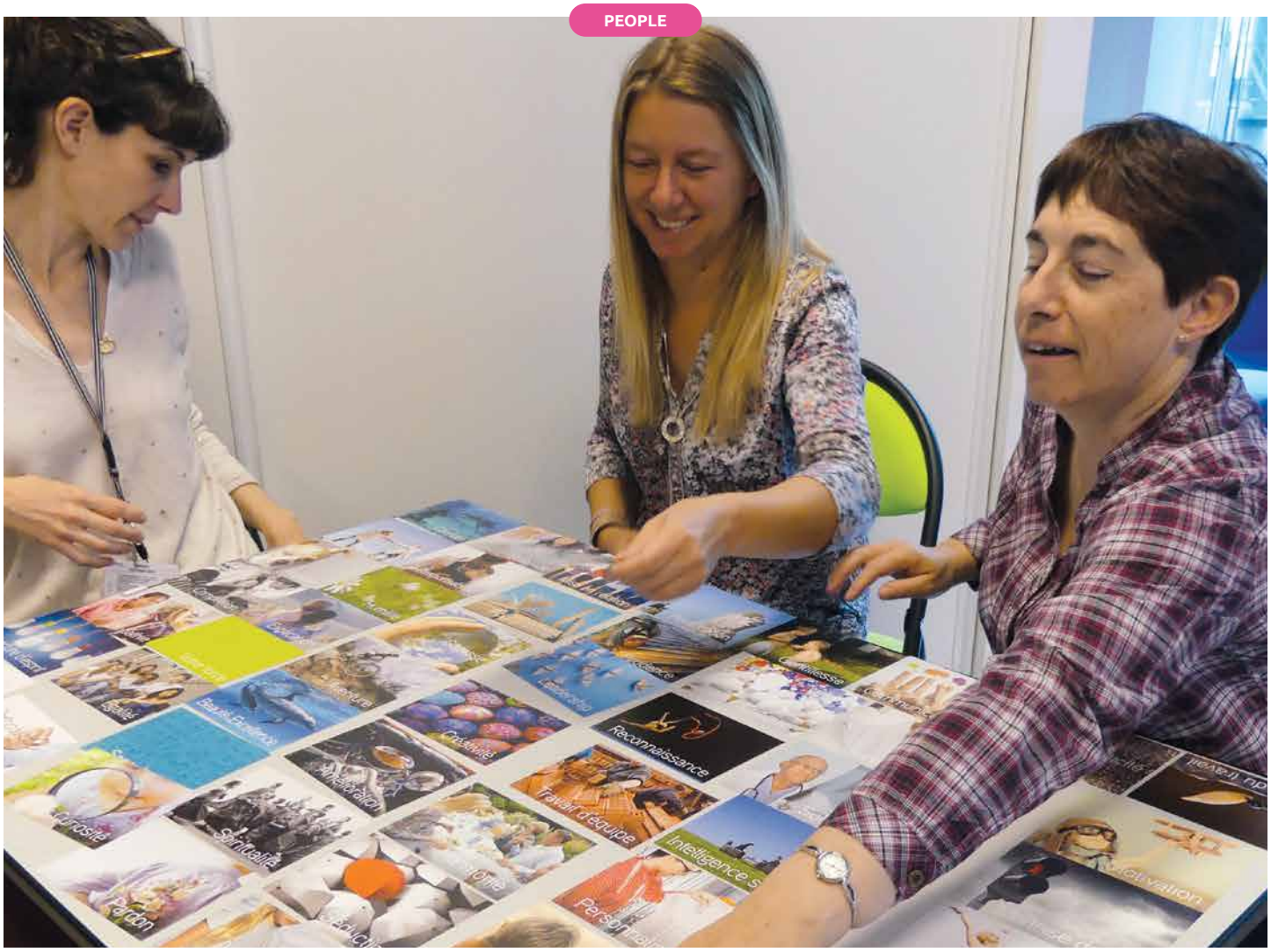


Although the proportion of women employed at Soitec is around 2% to 3% higher than the employment rate of women in the industry [1], the efforts to hire women, especially in the technical realm, remain constant.

To compensate for this lack of women in the technical areas, Soitec has undertaken different actions, such as:

- **Experimentation with a new hiring by simulation method (MRS)** in cooperation with Pôle Emploi (see chapter *4.4 Fighting all forms of discrimination*, page 37). Through this method, a work situation is simulated where candidates are evaluated for their aptitude to fit into the work environment at Soitec. By excluding past professional experience and focusing on candidates' aptitude, Soitec is determined to eliminate any bias that may occur in standard recruiting processes. The objective is to guarantee equal hiring practices, and more specifically, equal treatment of men and women. The MRS project was launched in the second half of the fiscal year, and the first hires through this method will take place in the new year.
- **For 10 years, Soitec has participated on the Inn.OTech initiative,** formerly "High Tech U," to introduce secondary school students to scientific or technical jobs (see chapter *Ethical business, 1. Getting involved in the regions, 1.2 For youth*, page 54). The objective of this initiative is to help them in their future choices and to spotlight the careers of technician and engineer. In selecting participants for the program, Soitec and the other partners put special emphasis on ensuring exact parity between girls and boys, as they are conscious of the stereotypes about career paths of young people, especially girls.

[1] *Source: Key figures-2015 Edition - Ministry of Social Affairs, Health and Women's Rights.*



› *Increasing the number of promotions to high levels of responsibility*

In the area of promoting women in the Company, Soitec's efforts in recent years have resulted in a representation of women in the various levels of responsibility close to the employment rate of their socio-professional category. These advances are especially visible in the promotion of operators and technicians.
With regard to women engineers and executives, recent years' results feature a rebalancing of the representation of women in the lowest levels of management, expertise and in the project management line. Nevertheless, major differences persist in the highest levels of management.

In order to act decisively on general types of behavior and on the cultural and societal obstacles to advancement, a program named "Toutes en action" has been established and put into an experimental phase. It targets female managers who wish to reinforce their leadership skills and their impact on the Company.
This program fed off of dialogue with women and managers on the issue of "women's careers." It borrows from the "Springboard" program that several women had a chance to try out and focuses on better awareness of the organizational, cultural and behavioral obstacles encountered by women in their careers. Each participant was challenged to reflect on her own behavior and to acquire or develop her own levers, such as assertiveness or working on increasing personal visibility and self-marketing.
A pilot program has been implemented and it will be included in the training catalog.

• • •

The "Toutes en action" program focuses on better awareness of the organizational, cultural and behavioral obstacles encountered by women in their careers.

Focus

DELPHINE TALKS ABOUT THE "TOUTES EN ACTIONS" PROGRAM

Delphine has worked at Soitec since 2002, where she has worked in various jobs in the IT department. She currently works as coordinator in Product Data Management. She participated in the first session of the "Toutes en action" program.

What does the "Toutes en action" program consist of?

I attended a group discussion on women's careers offered by our HR Manager. A group of women managers got together and discussed our career paths, the obstacles and the factors that helped our advancement.
Naturally, everybody's experience was different and personalities differed, but I noticed two points in common. The first relates to stereotypes. Many of us had been victims of stereotyping, especially the one that says that a woman favors her private life over her professional life and as she is therefore less reliable, there's a hesitation to give her greater responsibility.
The second is a strong desire to advance felt by all of these women, especially to management positions. Despite this, they were reluctant to do so because they did not feel comfortable with a management method based on power relationships and therefore hesitated to apply for those positions.
Of course, this caused me to reflect on my own experience and when an HR Manager offered to enroll me in the "Toutes en action" course, I agreed so that I could follow up on my reflections more in depth.

What does the "Toutes en action" program consist of?

It's a program for female managers. Our group has eight women. There are three phases:
- the first day is dedicated essentially to stereotypes,
- one half-day focuses on assertiveness: how to express one's opinion self-confidently but not aggressively,
- a second half-day concentrates on women's networks.
Each of these phases is spaced one month apart to give us the time to experiment with what we've learned. Each session begins with going around the table, to check the mood for the day. Each one of us talks about what occurred over the past month, on the subject of diversity.
I really enjoyed those times; it was a period of sincere discussion and above all a feeling of wanting to help each other, through advice.

Has this program made you change your personal and professional way of functioning?

The program has mainly boosted my self-confidence. I think that one gains a surge of confidence by going over all of our successes and the attributes that we put in play, and I noted that like many women, I had difficulty speaking about my successes, so I often hid behind indirect formulas, or devices like using "we" instead of "I", which I strive to avoid now in speaking of things I've been successful at.

In conclusion, what advice can you give to your female colleagues in the Company?

We spoke a lot about women, as this program addresses women, but to conclude, I'd like to speak to the men. I note that around me, men also want to reconcile their personal and professional lives. Some bring out masculine management/leadership stereotypes and get good results, so I'd like to encourage them to continue in that direction and to be proud when they get good results.

> *Equal pay*

The first two agreements in the area of gender equality resulted in major progress in the area of pay gaps.

Specific budgets were allocated with the primary objective of reducing the pay gap between men and women with like responsibilities.
Furthermore, we implemented mechanisms for compensating losses relating to maternity and parental leave.

At present, the pay gap between men and women has been fully eliminated in the Soitec office workers, technicians and operators categories.
Among executives, the pay gap between men and women was -8% at end March 2017. The main reason for this large difference is the continued paucity of women at the highest managerial levels. Over the 2016-2017 year, the pay gap between men and women managers nevertheless fell by one point to -8% at end March 2017, compared to -9% at end March 2016.

Soitec has not allocated a specific sum as a cure for irregular practices but rather required that managers, when handling pay raises, consider the issue of reducing pay gaps and proactively deal with this process.

PAY GAP BETWEEN EXECUTIVE MEN AND WOMEN
over the 2016-2017 year

- 8 %
at end March 2017
(- 9 % at end March 2016)

DECREASE OF
one point

> *Greater representation of women on our Board of Directors*

In order to prepare for the gender parity requirements in Boards of Directors designated by the Copé-Zimmerman law, Soitec's Board of Directors appointed five new women directors: three independent women directors and two who permanently represent the key shareholders: CEA Investissement and Bpifrance.

4.3 Disabled workers

EMPLOYEES RECOGNIZED AS HAVING DISABILITIES
AT DECEMBRE 31, 2016

41 employees

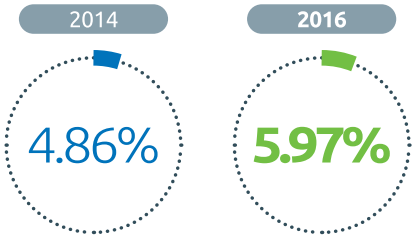
10 more than
at the beginning
of the agreement

The 2014-2016 agreement

Soitec's disabled workers policy is based on a 2014-2016 agreement that is currently being renegotiated; its actions have produced positive results.

As the employment obligations were achieved in 2015 in this area, all actions to promote disabled workers were financed from shareholders' equity in 2015 and 2016.

RATE OF EMPLOYMENT OF DISABLED WORKERS



Actions to promote employment

In 2016, two disabled workers were hired on work-study contracts for more than six months, and one disabled worker was brought into Soitec for two months via the GETH program (Employer's Group for Employing Disabled Workers). **This brings the number of disabled workers hired over the period of the agreement to nine**, two of whom have open-ended contracts.

In the area of recruitment, **representatives of the HR team participated in the annual Employment Forum set up by Exéco in 2016, LinkDay®.** This forum is an opportunity to accelerate and invigorate the hiring of disabled employees, while confirming Soitec's commitment to support these persons. The ambassadors of our disabled policy have gone to meet and advise the candidates via the Recruitment Area or through the Village Mission Handicap.

By renewing its membership in GETH, an organization for securing the integration and careers of disabled persons, **Soitec also confirms its determination to participate in the insertion of these persons in professional life.**

Actions to promote training

During the 2016-2017 period, one disabled intern was hosted for two weeks, prior to that person's work-study contract. As part of a consideration of a career change, one employee was assisted in carrying out a skills assessment report and a training program for building inspectors, which was co-funded by Soitec. Financial aid was also provided for the employee's accommodation during the training program.

Actions to promote integration and retain jobs

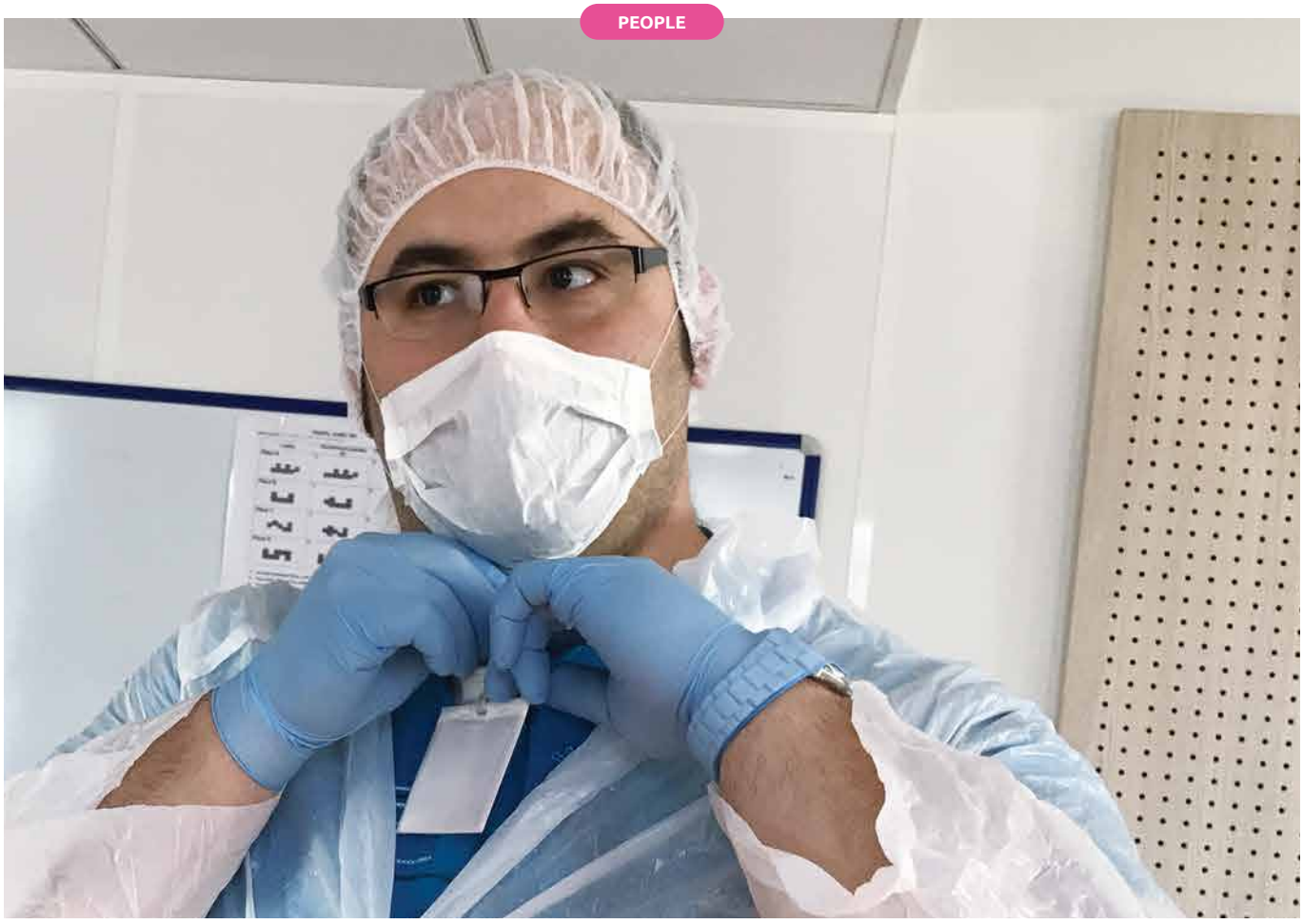
In 2016, 34 in-depth medical monitoring interviews were carried out by nurses at Soitec on disabled employees. As part of the support effort for the RQTH application process (recognition as a disabled worker), four persons were allowed paid absences to prepare an application for this status, and two persons were assisted by an external entity, Exéco.

Keeping people in jobs also means participating in improving living conditions. For this reason, Soitec covered the purchase of hearing aid batteries and part of the accommodation for a disabled person who went to Paris to get medical care.

In terms of upgrading and improving work conditions, Soitec continues to pay for a portion of the accommodation of an employee so that she can live near work, and brought in an entity called "Raisonnance Entreprise," which specializes in assisting companies and employees deal with mental handicaps. One way of strengthening our partnership with companies in the protected workers sector is to develop subcontracting services. Accordingly, landscaping services, provisioning administrative supplies and installing lighting are all subcontracted to companies in the protected worker sector.

A new agreement currently being negotiated

In early 2017, Soitec began the negotiation of a new agreement with its social partners to pursue a proactive policy of professional insertion of disabled workers. **A special effort will be made to recruit qualified employees and to keep employees in jobs over the long term.**



4.4 Fighting all forms of discrimination

Soitec is committed to fighting all forms of discrimination in its internal and external relations.

Soitec has always made it a priority to guarantee equal treatment of candidates in its hiring process.
This year, **the Company decided to reinforce this process by testing an innovative hiring tool developed by Pôle Emploi: the Recruitment by Simulation Method (MRS).**
While standard hiring is based on experience and educational qualifications outlined in a résumé, the simulation method emphasizes aptitude necessary at a workstation, which broadens the search for candidates and bypasses stereotyping. The process is currently in testing for the hiring of production operators, for which aptitude and motivation outweigh experience and education. After a review phase to determine key aptitude characteristics, Pôle Emploi set up exercises that reproduce job situations. Soitec bases its assessment of candidates on successful completion of these exercises and an interview without a résumé.

This process is useful in fighting against discrimination related to gender, race, age, experience, etc.
Regarding the recruitment of production operators, Soitec also contracts with a local partner, GRETA. This organization trains people, who are often undergoing a career change, awarding professional operator certificates in micro-nanotechnology. By allowing these persons to do their internships in the Company, Soitec opens up the possibility of hiring profiles with no experience and little proximity to the labor market.

Soitec has also adopted a Code of Conduct (see chapter *Ethical business, 2. Partnering for sustainable growth,* page 57)**.** It is emphasized that it is "absolutely forbidden to practice any form of discrimination or unequal treatment based on gender, sexual orientation, ethnic affiliation, descent, race, country of origin, skin color, nationality, political or philosophical opinion, religion, membership in a union, disability, age, civil status or family situation. Likewise, Soitec will not tolerate any form of harassment, intimidation, bullying or physical, psychological or sexual violence."

Soitec has always made it a priority to guarantee equal treatment of candidates in its hiring process.

4.5 Developing an employer brand

Since the beginning of the year, Soitec has been working to develop its employer brand in order to attract candidates and recruit better.

Due to the more difficult economic situation in recent years, Soitec became less attractive on the local level. The objective of this project is to lend value to the Company's results and its successes in order to regain a positive image locally, and to develop its reputation in France and abroad.

This project is being carried out through different avenues:

• **The social networks,** primarily LinkedIn and Twitter, where the Company's news events are shared regularly. A Facebook page has also just been created. The networks are useful for creating interaction with Soitec's stakeholders. The number of subscribers to Twitter and LinkedIn accounts is growing steadily,

• **Drafting of job offers,** which has undergone a change in style, becoming more specific regarding business lines, tasks and profiles sought. They are intended to address the emotional side and to be more relational.

• **Counting on the Company's employees to convey a truer and more authentic image of Soitec.** Employees express themselves through a group of video testimonials that have been produced. They provide specific explanations of their business lines and state why they choose to remain at Soitec. These videos are available on Soitec's website [1] and YouTube channel [2]. Communication formats for the recruitment forums have also been produced, putting Soitec employees at the forefront. Lastly, employees provide testimonials on the social networks, particularly Soitec's jobs page on LinkedIn.

LINKEDIN

+ 21%
subscribers
in the 2016-2017
fiscal year

71
publications

COMMITMENT RATE
1.97%

[1] https://www.soitec.com/fr/travailler-a-soitec [2] https://www.youtube.com/channel/UCRQ6yG3xI4sgWJjuTReo1lA

PLANET

1. AN ORGANIZED MANAGEMENT SYSTEM

Soitec has been committed to sustainable development from very early on. As early as 2001, Soitec obtained ISO 14001 certification, to which it added ISO 50001 certification in 2015. An environmental and energy management system makes it possible to accurately and regularly assess the Company's environmental impact and to implement continuous improvement actions.

2. CONTINUOUS AWARENESS RAISING AMONG EMPLOYEES

Convinced that employee engagement requires awareness, Soitec conducts yearly actions with its employees to discuss environmental and energy issues. Here is what has been achieved in 2016-2017.

2.1 A presentation on the environment during the welcome session for new employees

A welcome session is systematically organized for new hires and outside companies working at Soitec.
During this session, one of the presentations aims to inform them about the safety and environmental risks present at the Bernin site, as well as the actions taken to reduce energy consumption.

2.2 A training course on Energy and the Environment

A two-hour environmental/energy awareness training is carried out with new hires.
This training course educates them about the environmental regulations applicable to the site and shows them the prevention and protection measures put in place to avoid any environmental pollution.

2.3 A "Midi Soitec" dedicated to energy

"Midis Soitec" are a product of the Transformation initiative "Let's rethink internal communications." These in-house seminars are led by one or more employees on a topic that is relevant to Soitec: a project, application, product, a tip or trick, etc. These events aim to better connect everyone, to break down department silos, and to encourage information sharing. Four "Midis Soitec" were held in the 2016-2017 fiscal year.
One of these was dedicated to energy: "Energy: it's easy" was a seminar on understanding Soitec's energy consumption and the Company's plans to better manage and reduce it.

2.4 A video on better waste sorting

To improve the sorting of paper waste in offices, an awareness video was created by Soitec employees to explain the rules for the sorting and recovery of paper waste.

2.5 Environmental brochure

An environmental brochure that was produced in 2016 is available on the Soitec website.
Starting from the 2016-2017 fiscal year, this brochure was replaced by this CSR report.

3. LIMITING POLLUTION AT THE SITE

3.1 Atmospheric discharges

> *Characteristics and prevention*

The main gaseous discharges from the site originate from:

- **production activity related to the use of various chemicals which may include:**

> liquid products: hydrochloric acid, hydrofluoric acid, ammonia, isopropyl alcohol, slurry, acetic acid, etc.
> gaseous products: hydrogen chloride, ammonia, etc.
Such products are responsible for the emission of pollutants: volatile organic compounds, chlorides, fluorides, ammonia, etc.

- **boilers that emit nitrogen oxides, carbon monoxide and carbon dioxide.**

Three types of prevention have been put in place:

- **Collection:** the site has two extraction networks:
> a network for collecting effluents carrying acid and toxic gases,
> a network for collecting effluents carrying basic gases.
These different gases are treated in gas scrubbers specific to the type of effluent.
- **Treatment:** gaseous effluents are neutralized by spraying water and reagent in the scrubbers. The polluted wash water is recovered and is then either treated at an internal neutralization station or eliminated at an approved external treatment center. Some concentrated toxic gases are treated as soon as they exit equipment through scrubbers.
- **Monitoring chimney discharg:**

> Gaseous discharges from scrubbers are monitored quarterly by an approved body for the following parameters: acidity (H+), alkalinity (OH-), volatile organic compounds (VOCs), fluorine and inorganic fluorine compounds (HF), ammonia (NH_3), hydrogen chloride and other inorganic gaseous chlorine compounds. The results of the measurements taken are sent quarterly to DREAL.

> Gaseous discharges from boilers are monitored every three years by an approved body for the following parameters: dust, sulfur dioxide (SO_2), NOx in NO_2 equivalent. The results of these measurements are regularly checked by the competent authorities.

> *Results for fiscal year 2016-2017*

In March 2017, an ammonia flow exceedance was recorded at the Bernin 1/Bernin 2 chimney. A causal analysis did not reveal the reason for this exceedance. However, this exceedance has not had a significant impact on the natural environment. Details of the statements are available in chapter *CSR Performance, 1. Indicators,* page 60.

3.2 Aqueous discharges

› *Characteristics and means of prevention*

The different aqueous discharges from the site are sewage water (effluents from toilets and kitchen facilities), industrial effluents (effluents from production and technical facilities) and rainwater discharges.

Various means of prevention have been put in place at the site based on the type of discharge.

Sewage water discharge

Internal sewage water is collected by a separative network connected to the communal sewage network. Domestic wastewater is then treated by the Montbonnot wastewater treatment plant (SIZOV).

Industrial wastewater discharge

Concentrated industrial effluents are recovered in tanks and treated externally. Diluted industrial effluents are collected in internal neutralization stations. Diluted industrial effluents are neutralized by passing them through four successive neutralization tanks where the injection of an acidic or basic reagent returns the effluent's pH to neutral before final discharge into the communal network. A blocking tank diverts and stores the effluent in case of a malfunction of a neutralization station and thus avoids the discharge of a non-compliant effluent into the communal network. Bernin's communal industrial wastewater system discharges into the Isère.

Finally, discharges from the station are monitored as follows:

- continuous monitoring of pH, temperature and flow,
- monitoring every six hours of the ammonia nitrogen,
- daily self-checks for chemical oxygen demand (COD), fluoride (F-), total phosphorus (P) and ammonia nitrogen ($N\text{-}NH_4$) parameters,
- weekly monitoring of biological oxygen demand over five days,
- monthly check for total hydrocarbons (HC) and suspended solids (SS),
- comparative analyses of self-checks carried out once a year by an accredited laboratory,
- unplanned and planned checks by local authorities,
- results sent monthly to DREAL and the Bernin Town Hall,
- there is a signed agreement between Soitec and the Bernin Town Hall authorizing the discharge of industrial effluent into the communal network.

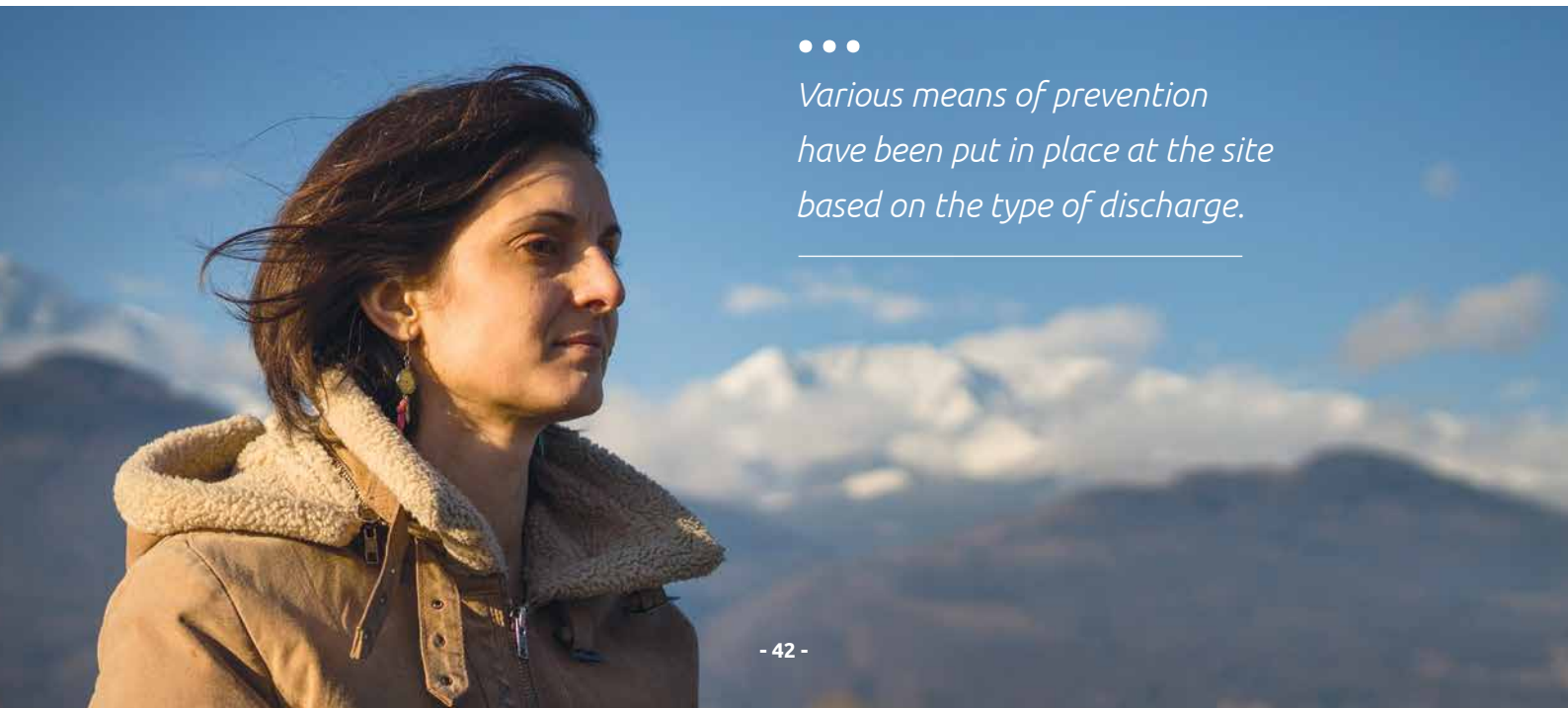
Rainwater discharge

Rainwater from rooftops and car parks is collected in two separate networks. Hydrocarbon separators have been installed to filter rainwater from car parks and traffic areas. Rainwater is then discharged into the site's three storm basins before joining the communal network or seeping into the ground.

Analyses of hydrocarbon concentration, water temperature and pH are carried out once a year on each of the two networks.

› *Results for fiscal year 2016-2017*

For the 2016-2017 fiscal year, six exceedances of the average monthly concentration and one exceedance of the average monthly flow of ammonia nitrogen were recorded.
Following a causal analysis, it was determined that one of the gas scrubbers, whose function is to trap the ammonia vapors contained in the exhaust discharge, showed abnormal flow toward the neutralization station due to a leaking valve.
The scrubber was brought back into compliance in February 2017 and thanks to this action the industrial wastewater discharge reverted to the values set by the prefectoral decree.
Details of the statements are available in chapter *CSR Performance, 1. Indicators,* page 60.



Various means of prevention have been put in place at the site based on the type of discharge.

3.3 Prevention of soil pollution

Soil pollution at Soitec may come from the following sources:

- vehicles in traffic areas and car parks
- leaks in chemical product storage systems,
- leaks during storage and decanting,
- chemicals or when transporting products on-site,
- water used for fire extinguishing.

To limit the risks, the Bernin site has several means of prevention:

- a rainwater collection system with oil separators is installed under the surface of traffic areas and car parks,
- the distribution of concentrated chemical products is done in dual-envelope conduits with leak detection,
- chemicals are stored in holding tanks made with a waterproof resin resistant to corrosive attacks,
- there is :
  > a leak detection system in the chemical holding tanks,
  > a sealed unloading area for storing and decanting chemicals,
  > valve closures in the rainwater networks to protect against accidental spills,
  > water catchment basins for Bernin 1, Bernin 2 and Bernin 3,
  > organization and procedure for emergencies,
- on-site firefighters are trained to deal with leaks of chemical products,
- an IOP (internal operating plan) is in place with exercises conducted each year,
- risks relating to work by external companies are managed through prevention plans. Safety inspections are organized by the contractors and site inspections by its firefighters.

3.4 The amount of provisions and guarantees for environmental risks, provided that such information is unlikely to cause serious harm to society in an ongoing dispute

Soitec has never recorded an industrial or environmental pollution incident critical to its human and natural environment.

Nevertheless, and in order to comply with the Decree of May 31, 2012, relating to the methods to determine and update the amount of financial guarantees, Soitec recorded provisions for hazards and pollution: a proposal to provide €339,000 of financial guarantees for this purpose was sent to DREAL in December 2013, and will be sent to the Prefect before the end of July 2019.

Soitec has never recorded an industrial or environmental pollution incident critical to its human and natural environment.

3.5 Measures to prevent, reduce and repair discharges into the air, water and soil seriously affecting the environment

Due to the storage and use of hazardous substances and preparations, the Bernin site is classified as low-threshold Seveso.

As such, the Seveso 3 Directive and the regulations relating to this type of facility apply to it.

Soitec has therefore carried out hazard studies for this site to identify sources of risk, possible accident scenarios, their effects on people and the environment, and their likelihood of occurrence.

Soitec has studied six major accident scenarios that could lead to one or more dangerous phenomena. These scenarios have led to the definition of the risk control measures (or safety barriers) that are currently in place. These are sets of technical or organizational elements necessary and sufficient to functionally ensure a reduction of the probability of an accident and a limitation of its effects and consequences.

These scenarios have shown that Soitec's Bernin site cannot be the cause of accidents likely to trigger consequences outside of the facility's walls, nor does it have a domino effect on a nearby facility.

Hazard studies are also an indispensable basis for drawing up emergency preparedness plans, called "Internal Operating Plans" (IOPs). To implement its IOP, Soitec has a team of in-house firefighters, a technical team and a crisis management unit that can be mobilized 24/7.
This IOP organization is tested annually to assess its level of performance in a continuous improvement process.

Since 2010, **Soitec has also implemented a Major Accident Prevention Policy (MAPP).** Awareness and training actions are regularly deployed at Soitec to ensure that its MAPP is appropriated at all levels, from management to operational staff, as well as by outside subcontractors and service providers.

Soitec has studied six major accident scenarios that could lead to one or more dangerous phenomena.

3.6 Taking into account noise disturbances and all other forms of pollution specific to an activity

The main activities contributing to the increase in noise levels are:
- inside technical facilities: refrigeration units, fresh air treatment plants, boiler rooms, ventilators for air recyclers, electrical rooms, etc.
- outside: cooling towers, exhaust fans.

The site is subject to the Decree of January 23, 1997, and to the requirements of the Prefectoral Decree authorizing its operation.

The operation of the entire site must meet:
- a maximum noise level at the site property line of 60 dB(A) during the day and 50 dB(A) at night in the regulated emergence areas (points 1 and 2) and 70 dB(A) during the day and 60 dB(A) at night in the uninhabited areas (points 3 and 4),
- a maximum emergence [1] of 5 dB(A) during the day and 3 dB(A) at night (points 5 and 6).

› *Results*

Noise measurement campaigns are carried out by an approved organization every three years or following the installation of new facilities or the significant modification of existing ones. The last measurement campaign was carried out in the previous fiscal year, in March 2016.

Measurement of sound levels in regulated emergence areas:
- daytime compliance (<5 dB(A)),
- nighttime compliance (<3 dB(A)).

Measurement of ambient sound levels at the property line:
- daytime compliance (<70 dB(A) or <60 dB(A)),
- nighttime compliance (<60 dB(A) or <50 dB(A)),

DETAILED RESULTS OF **THE MARCH 2016 MEASUREMENT CAMPAIGN**

PROPERTY LINE

MEASURING POINT	Period	Calculated ambient level (db(a)) [2]	Permissible ambient level (db(a))	Compliance
1	day night	57 49	60 50	YES YES
2	day night	47.5 45	60 50	YES YES
3	day night	57 56	70 60	YES YES
4	day night	64.5 59	70 60	YES YES

EMERGENCE [1]

MEASURING POINT	Period	Calculated emergence (db(a)) [2]	Regulated emergence (db(a))	Compliance
5	day night	2 1	5 4	YES YES
6	day night	0 0	5 4	YES YES

The site is not responsible for discernible noise levels outside the property lines. Projects requiring the installation of on-site facilities are subject to a study to determine whether these facilities are likely to emit noise and increase the perceived level at the property line. Based on the study's results, measures will be put in place to keep the noise level at the property line unchanged.

[1] Emergence: difference between site noise levels in operation and during idle periods. *[2] 2016.*

4. BETTER MANAGEMENT OF WASTE AND SUSTAINABLE USE OF RESOURCES

4.1 Waste management

The characteristics of waste and the resources employed

The main categories of waste generated at the site are:
- Non-hazardous waste (NHW): cardboard, paper, wood, plastics, glass, etc.
- Solid hazardous waste (SHW): batteries, solids contaminated by chemical products, etc.
- Liquid hazardous waste (LHW): hydrofluoric acid, ammonia, isopropyl alcohol, etc.

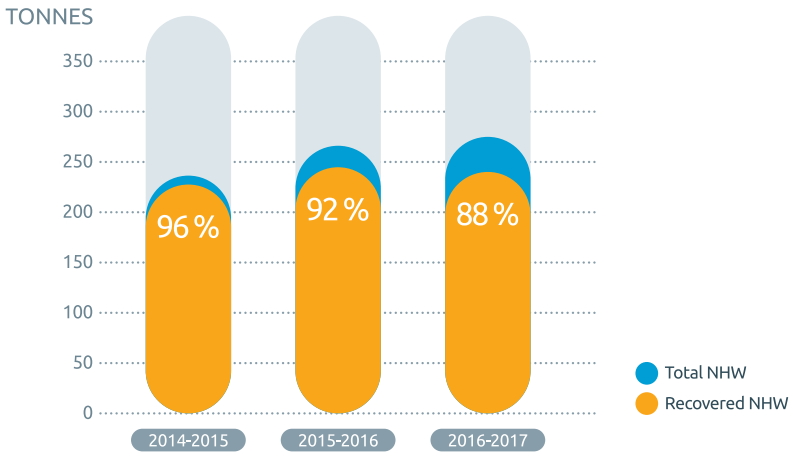
Sorting is necessary to recover waste. The resources in place to optimize sorting are:
- an on-site waste platform for sorting NHW,
- premises for recovering SHW,
- optimized segregation of LHW,
- sorting containers set up within the site's various premises,
- internal audits of Soitec staff and subcontractors,
- staff education.

Several processes are in place to ensure the proper recovery or destruction of waste after it leaves the site:
- creation of waste tracking slips,
- external audits of our waste treatment providers,
- sending of an annual summary of waste generation to DREAL.

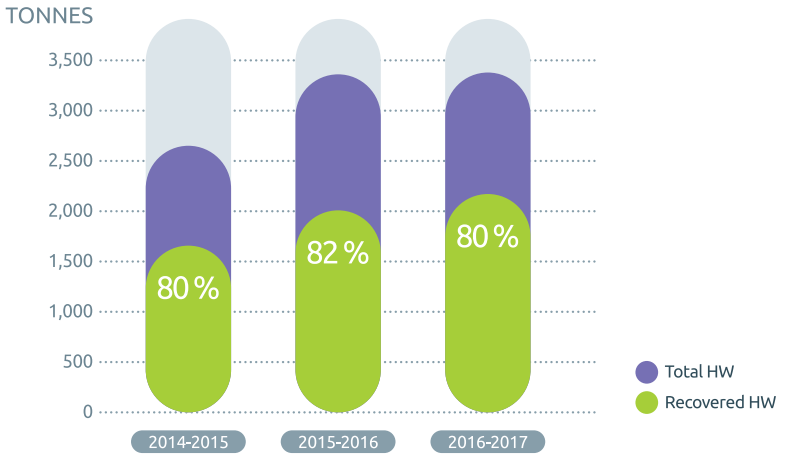
All waste is recycled, recovered or disposed of in approved centers.

Results and improvement actions

PERCENTAGE OF RECOVERED NHW



PERCENTAGE OF RECOVERED HW

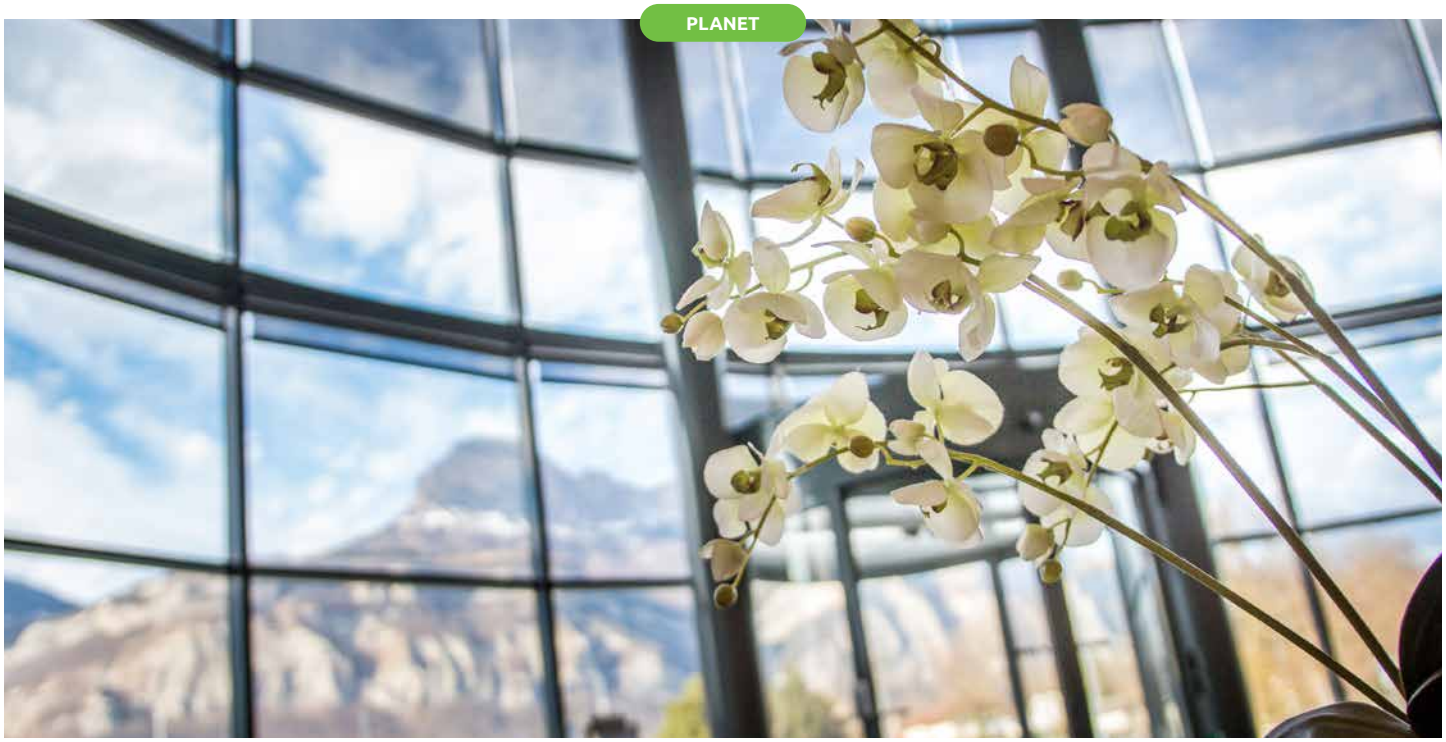


All waste is recycled, recovered or disposed of in approved centers.

Reducing waste at the source

Different actions have been undertaken according to the types of waste:

- polypropylene plastic chocks: they are collected and used by one of our raw material suppliers;
- paper: recycled paper is used and staff are encouraged to use double-sided printing. In 2016 the emphasis was on paper sorting in offices. An educational video was produced by Soitec employees on the rules for sorting and recycling waste;
- packaging: reusable containers for the transport of finished products have been implemented to reduce the tonnage of packaging waste.



Improving the recovery of particular forms of waste

Non-hazardous waste

Many types of NHW other than paper, cardboard and plastic are recycled:
- plastic containers which contained unclassified chemical products,
- stainless steel and aluminum waste,
- plastic cups,
- wooden pallets,
- food packaging,
- plastic bottle caps and bottles, aluminum cans. Bottle caps are donated to the charity *Les bouchons d'Amour*.

The printer fleet has been streamlined and staff are encouraged to reduce paper use.
An overall waste management service has been set up and a person assigned to handle waste sorting is present on-site.

Solid and liquid hazardous waste

IPA (isopropyl alcohol) is regenerated and reused as a reagent in the ONDEO treatment facility in Crolles.
Concentrated ammonia is incinerated with energy recovery which is used for heat at the chemical facility at Pont-de-Claix.
WEEE (waste electrical and electronic equipment) is recycled through the charity Solidarité Enfance.
We are working daily with the waste management service provider to achieve continual improvement in reducing transport of bulk hazardous waste to approved treatment centers.

The management of the waste storage platform is optimized to sort waste as well as possible.

Reducing waste volume

The Bernin site has:
- two cardboard and NHW compactors to reduce the volume of transport needed for such waste,
- an evaporator/concentrator to reduce the volume of bulk ammonia and fluoride HW. The concentrate is sent for incineration with energy recovery, and the distillate is sent to a site neutralization facility.

The management of the waste storage platform is optimized to sort waste as well as possible.

4.2 Combating food waste

At the Company restaurant, waste is sorted by the users, and biowaste is sent for methanization.

The restaurant operator has conducted several awareness campaigns on bread waste. For the last two years, there has been a charge for the second piece of bread.
Over the 2017-2018 fiscal year, two days will be set aside for the topics of the environment and energy, with employee workshops devoted to food waste.

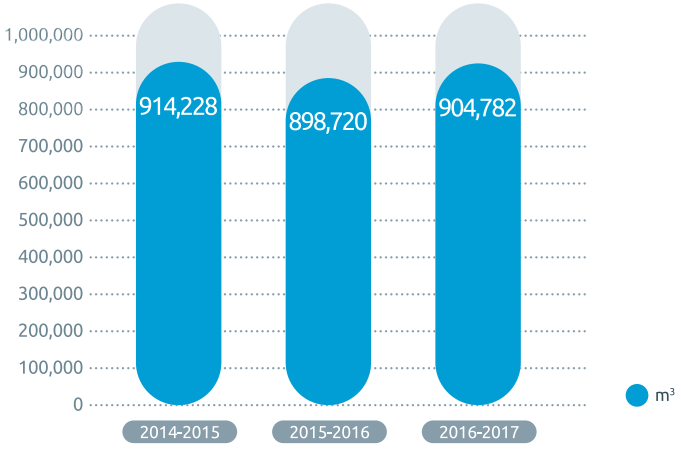
4.3 Sustainable use of resources

Water consumption and supply in accordance with local constraints

Soitec's water comes from the public drinking water supply managed by the town of Bernin.

Bernin has three 900 m³ tanks to provide water to the companies present downstream from the *Chemin des Franques*. This represents 86% of the volume delivered to the town. The tanks are supplied by SIERG waters, coming from the Romanche water catchment of the underground alluvial aquifer located in the towns of Vizille and Saint-Pierre-de-Mésage. SIERG withdraws 49% of the authorized flow from these waters.
The amount taken is offset by river seepage. SIERG has a security capture on the Olle at Oz-en-Oisans basin.
Technically, SIERG's current water distribution network functions effectively and its yield is excellent.
Pursuant to a prefectoral order, the annual maximum withdrawal from the public water network is 1,350,000 m³.

WATER CONSUMPTION



Consumption of raw materials

To manufacture its products for its customers, Soitec uses silicon, sapphire, lithium tantalate, chemicals and gas and, for shipping, cardboard, tape, foam, pallets and reusable containers. Silicon, which is the main raw material used, is not subject to any risk of shortages due to its inherent composition.

To recycle the unused wafers exiting the SOI line by cleavage, Soitec has a so-called refresh process. This consists of polishing and cleaning these wafers to give them a level of defects, uniformity and thickness equivalent to the initial wafers that Soitec buys from its suppliers.
They are thus reintroduced to the SOI line to undergo a new manufacturing cycle.

This process has a dual purpose for Soitec: to increase profitability and preserve the silicon raw material.
Waste silicon is sold to solar energy manufacturers to make solar panels.

At the supply chain level, **new, smaller packages have been approved** to consolidate more products into the same volume shipped, which has reduced overall transport volume by one-third.

Data pertaining to raw materials quantities are confidential and are therefore not provided in this report.

Energy consumption and measures taken to improve energy efficiency and use of renewable energies

As part of the energy management system, an energy review is carried out annually.

For 2016-2017, the energy review highlighted the following significant energy uses (SEUs):

- heat production,
- cold production,
- production of ultrapure water (UPW),
- production equipment,
- air recyclers.

Several actions were carried out on these SEUs during the year:

- variable speed drives were installed on the recyclers at Bernin 1 and Bernin 3, and on the PCW (process cooling water) pumps at Bernin 1. This has led to a 1% reduction in the site's electricity consumption,
- the burners of the Bernin 1 boilers have been replaced; the efficiency of the boilers has thus been improved by 15%,
- the operation of the Bernin 1 cooling units has been optimized; the efficiency of these cold units was improved by 7%,
- hydrogen generators are being installed on the Quantum furnaces of Bernin 1, resulting in a 15% gain to date on the current energy consumption of these furnaces,
- employees were educated during a "Midi Soitec" dedicated to energy (see chapter *2. Continuous awareness raising among employees, 2.3 A "Midi Soitec" dedicated to energy* , page 40).

Numerous actions have been carried out since the implementation of the energy management system and its ISO 50 001 certification in November 2015. Today, they allow us to control our energy consumption and not be penalized by Soitec's volume growth.
The chart on the right shows that the energy consumed to manufacture one production unit has decreased significantly over the last three years.

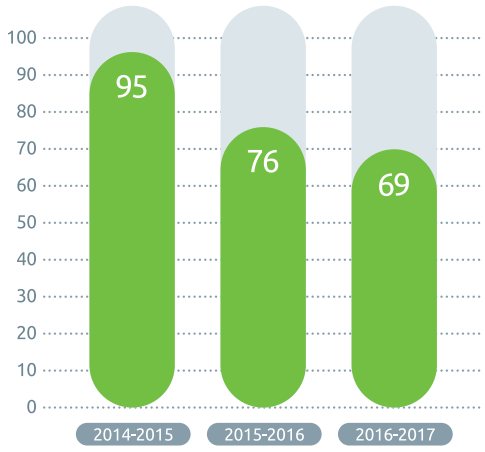
AT CONFIRMED ISOPERIMETER
IN 2016-2017

- 5.6%
gas consumption

- 2.2%
electricity consumption

EQUIVALENT PRIMARY ENERGY PERFORMANCE
3.35%
HIGHER THAN THE 3% TARGET SET FOR THE YEAR

CONSUMPTION kWh/ PRODUCTION UNIT



5. REGULATING IMPACTS ON CLIMATE CHANGE

5.1 Greenhouse gas emissions

Soitec's carbon footprint report was updated in December 2015 and sent to the Isère Prefecture.

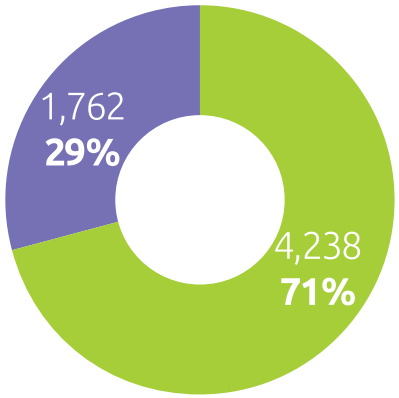
In order to comply with the Decree of January 25, 2016, relating to the IT system for sending greenhouse gas emission reports, Soitec's 2015 carbon footprint report was recorded on the ministry's IT platform. It relates to the limits set by Law no. 2010-788 of July 12, 2010, relating to the National Commitment to the Environment and complies with the specifics described in the implementing decree no. 2011-829 of July 11, 2011.

The tables below refer to the measurements taken from January 1, 2014, to December 31, 2014.
Therefore, only scopes 1 and 2 (direct and indirect emissions relating to electricity and heat consumption) are recognized as follows.

GREENHOUSE GAS EMISSIONS

CATEGORIES OF EMISSIONS	Types of emissions	Total (tCO_2e)	Uncertainty (tCO_2e)	Uncertainty %
DIRECT GHG SCOPE 1 EMISSIONS	> Fossil fuel heating, etc.	3,818	270	7.1
	> Vehicle fuel	94	15	16
	> Refrigerant fluids and medical gases	326	96	29.4
	TOTAL	**4,238**	**287**	**6.8**
INDIRECT EMISSIONS ASSOCIATED WITH SCOPE 2 ENERGY	> Electricity	1,762	279	15.8
	TOTAL	**1,762**	**279**	**15.8**

GHS SUMMARY:
GHG EMISSIONS BY SCOPE
IN tCO_2e AND AS %



For the 2016-2017 fiscal year, the significant greenhouse gas emissions items generated by Soitec's business are the result of gas and electricity consumption.

In the category of "Direct emissions from stationary combustion sources", greenhouse gas emissions amounted to 3,875 tCO_2eq, for gas consumption of 18,995 MWh.

In the category of "Indirect emissions related to electricity consumption", greenhouse gas emissions stood at 1,986 tCO_2eq, for electricity consumption of 60,177 MWh.

[1] The total corresponds to the square root of the sum of the squares of each uncertainty.

[2] The total corresponds to the total uncertainty in tCO^2e divided by the total emissions.

THE RESULTS OF SOITEC'S BILAN CARBONE™ (CARBON BALANCE SHEET)
RESULTED IN DEVELOPING A THREE-YEAR ACTION PLAN:

ACTION PLAN PROPOSAL		Emissions	Weight	Degree of implementation	Reduction potential by scope	Curtailment 2017	Residual 2017	Maximum reduction potential by scope	Maximum reduction
N°	*DESCRIPTION OF THE ACTION*	*tCO_2e*	*%*	*Difficult(5) Medium(3) Easy (1)*	*%*	*tCO_2e*	*tCO_2e*	*%*	*tCO_2e*
	TOTAL	**6,000**			**8%**	**489**	**5,511**	**11%**	**675**
1.x	**SCOPE1.P1: Fixed combustion sources**	**3,818**	**64%**		**10%**	**389**	**3,429**	**13%**	**512**
1.1	Awareness raising of staff and users on energy savings			1	1%	38		2%	76
1.2	Implementation of energy consumption monitoring indicators, Smé actions			1	1%	38		3%	115
1.3	Use the compressor cooling to preheat the UPW B2 water			3	3.4%	129		3.4%	130
1.4	Modification of the clean room parameters			5	4.8%	184		5%	191
2.x	**SCOPE1.P2: Mobile combustion sources**	**94**	**2%**		**2%**	**2**	**92**	**4%**	**4**
2.1	Widespread use of video-conferencing			1	1%	1		2%	2
2.2	Driver awareness and training Eco-driving course			1	1%	1		2%	2
4.x	**SCOPE1.P4: Direct fugitive emissions**	**326**	**5%**		**1%**	**3**	**323**	**2%**	**7**
4.1	Checks and regular maintenance of the air conditioning			1	1%	3		2%	7
6.x	**SCOPE2.P6: Supply of electricity**	**1,762**	**29%**		**5%**	**95**	**1,667**	**9%**	**153**
6.1	AHU: Shutdown of the air humidifiers in the summertime			3	0.2%	4		0.2%	4
6.2	Eliminate air leakage (awareness raising of contractors, staff)			1	0.3%	5		0.5%	9
6.3	Modification of the clean room parameters (overpressure, HR% (summer-winter), air flow, temperature, class/overpressure/exhaust)			5	3.7%	66		4%	70
6.4	Lighting (LED + optimisation)			1	0.1%	2		1%	18
6.5	Awareness raising of staff			1	1%	18		3%	53

5.2 Adaptation to the consequences of climate change - example of the pollution peak in December 2016

On December 15, 2016, the Isère prefecture informed Soitec that the pollution threshold of 9 out of 10 had been reached.

Several measures were taken immediately by Soitec to participate in a group effort to respond to this atypical situation:

- **Industrial discharge was reduced by:**

> a technical stoppage on Friday at 6:30 pm for maintenance of Bernin 3's clean room, which was initially scheduled for Monday, December 19, in the morning. This allowed the reduction in the heat requirements necessary to maintain the clean room's parameters.

In addition, as all production equipment was idled, there was no release of chemicals into the atmosphere.

> a reduction in the temperature of the premises.

All these actions helped to reduce the generation of heat by the boilers and thus to reduce the atmospheric emissions.

- **In order to reduce car traffic in the Grésivaudan Valley, employees have been encouraged to:**

> choose public transport first,
> carpool, with the setup of special sign-up sheet,
> in some cases, work remotely.

A document explaining the measures was sent to employees.

6. PROTECTING BIODIVERSITY

Soitec has three storm tanks at its Bernin site. These are buffer basins that collect rainwater during rainy periods from the site's rooftops and covered areas so that it gradually seeps into the soil or runs off toward the town collector. The sizing of these basins is standardized according to the site's surface area and the region's weather data.

To comply with regulations, Bernin 1 and Bernin 3 have been transformed into a catchment basin for firefighting water. The purpose of the fire basin is to recover the extinguishing water potentially polluted by chemicals present at the site and by products of materials combustion.

In contrast, the Bernin 2 storm basin has been preserved to protect the flora and fauna that have developed there.

A project to preserve the flora and fauna of the Bernin 2 storm basin has been set up in collaboration with the Horticultural School of Saint-Ismier (Lycée horticole de Saint-Ismier).

As such, in the context of preparing for the vocational diploma in the management of natural areas and wildlife, about 20 students come to the Bernin site each year to restore the Bernin 2 storm basin. Their first task was to identify the flora and clean the basin. Since then, each year, students maintain the pond, prune trees and plant new species. Moreover, in order to help promote local biodiversity and restore the balance of the food chain, an insect hotel was created by the school's students and set up near the basin. Insect hotels create habitat for and foster helpful insect species (ladybugs, earthworms, earwigs), which are precious allies in controlling plant pests. The objective is to attract such insects and encourage them to stay there, so that they feed on harmful species or ensure pollination. Nest boxes for wagtails and sparrows have also been installed near the basin by the school's students to encourage the nesting of species that normally build their nests in a natural cavity.

A forest ranger from the National Forest Office came to the site to inventory the animal species.

These various actions were complemented by a fauna/flora study to create a full list of the species present at the basin.

Lastly, **the students created a wooden observation deck near the storm basin with access for people with reduced mobility.** This has been enhanced with information panels on the fauna/flora species found in the area.

A project to preserve the flora and fauna of the Bernin 2 storm basin has been set up.

ETHICAL BUSINESS

1. GETTING INVOLVED IN THE REGIONS

Soitec is located in a dynamic economic area and is committed to developing employment, bringing scientific communities together, and sharing its passion for innovation, especially among youth.

1.1 In matters of employment and regional development

> *A revitalization plan following the jobs savings plan (PSE)*

In 2013, Soitec was faced with economic difficulties related to the international economy and setbacks in the adoption of its products. At the end of 2013, Soitec implemented a cost-reduction plan that included a reduction in operating expenses, a freeze on one production line, and new measures to reduce the payroll, based primarily on voluntary departures and an employee transfer plan.

It was against this backdrop that **the revitalization agreement was signed with the Isère Prefecture.** Soitec committed to financing the exploration phase of a lighting demonstrator project, which was decided on as part of the Regional Strategic Committee for the Microelectronics sector. The study was carried out in close collaboration with a consortium of manufacturers such as Hewlett-Packard, Schneider Electric and STMicroelectronics.

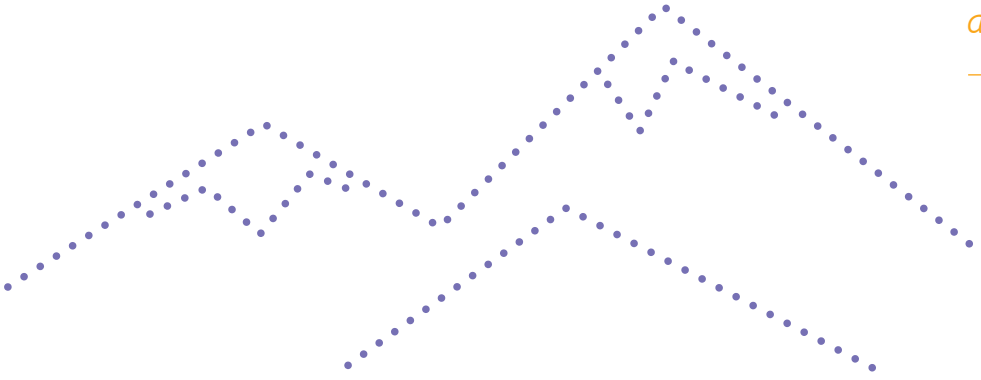
The work done by Soitec in 2014 on the exploratory phase of the demonstrator was in line with that provided for in the revitalization agreement, and the resources put in place were slightly higher than the projected working schedules.
In 2014, a number of changes at the municipal level and at local and regional institutions made it impossible to implement the budget required for this ambitious project. However, the project did increase collaboration between the participants and showed their ability to combine forces and build a major project together.

For its part, Soitec announced in January 2015 its intention to end its diversification strategy to refocus on its core business: the production of semiconductor substrates for the electronics markets.
This led to **a process of disengagement from its Solar Energy, Lighting and Equipment businesses.**

In addition, **Soitec successfully completed two capital increases, which strengthened its balance sheet** (restoration of its shareholders' equity and a sharp reduction in debt) and its shareholder structure. Soitec has the means to finance its future growth and in particular to make new capacity investments at its Grenoble site to take full advantage of the potential of its technologies.

A report on Soitec's revitalization was presented on March 17, 2017, by CEO Paul Boudre to the Prefect of Isère, detailing Soitec's revitalized position, the stabilization of its jobs and the beginning of a phase of gradual growth of its workforce.

Soitec has the means to finance its future growth and in particular to make new capacity investments at its Grenoble site.



Social benefits co-funded by Soitec

Universal service jobs vouchers were established at Soitec by a collective bargaining agreement on January 1, 2009. This benefit was renewed in 2016 with a credit of €44,000 per year allocated by Soitec. These vouchers are available to all employees with more than six months' seniority and a child less than four years old.

They may be used to pay for personal services. **This measure enables Soitec to support parent employees in their quest for work-life balance, while helping to foster local employment.**

Sponsorship actions

Soitec reinforces its local presence through agreements with well-known and active local partners contributing to the life of the Grenoble region. In particular, in 2016-2017, Soitec was involved in a partnership with the Grenoble rugby club (FCG). Partnerships and sponsorships create a feeling of belonging for employees, bring together employees in a shared corporate culture, and maintain relations with the local community. Game seats were offered to employees of the Bernin site throughout the year, via drawings. The partnership also allows for customers and partners to be invited.

Other partnerships are being studied. They are expected to unify employees around a specific leisure activity or a common cause.

Other actions

Soitec is also a member of the Ecobiz community within the Grenoble Chamber of Commerce and Industry (CCI). As such, department heads regularly attend workshops organized by the CCI to share best practices and participate in local economic initiatives.

Finally, it should be noted that **Soitec is Bernin's largest taxpayer** through its payment of the business tax and the water tax. In this way, it contributes to the municipality's development.

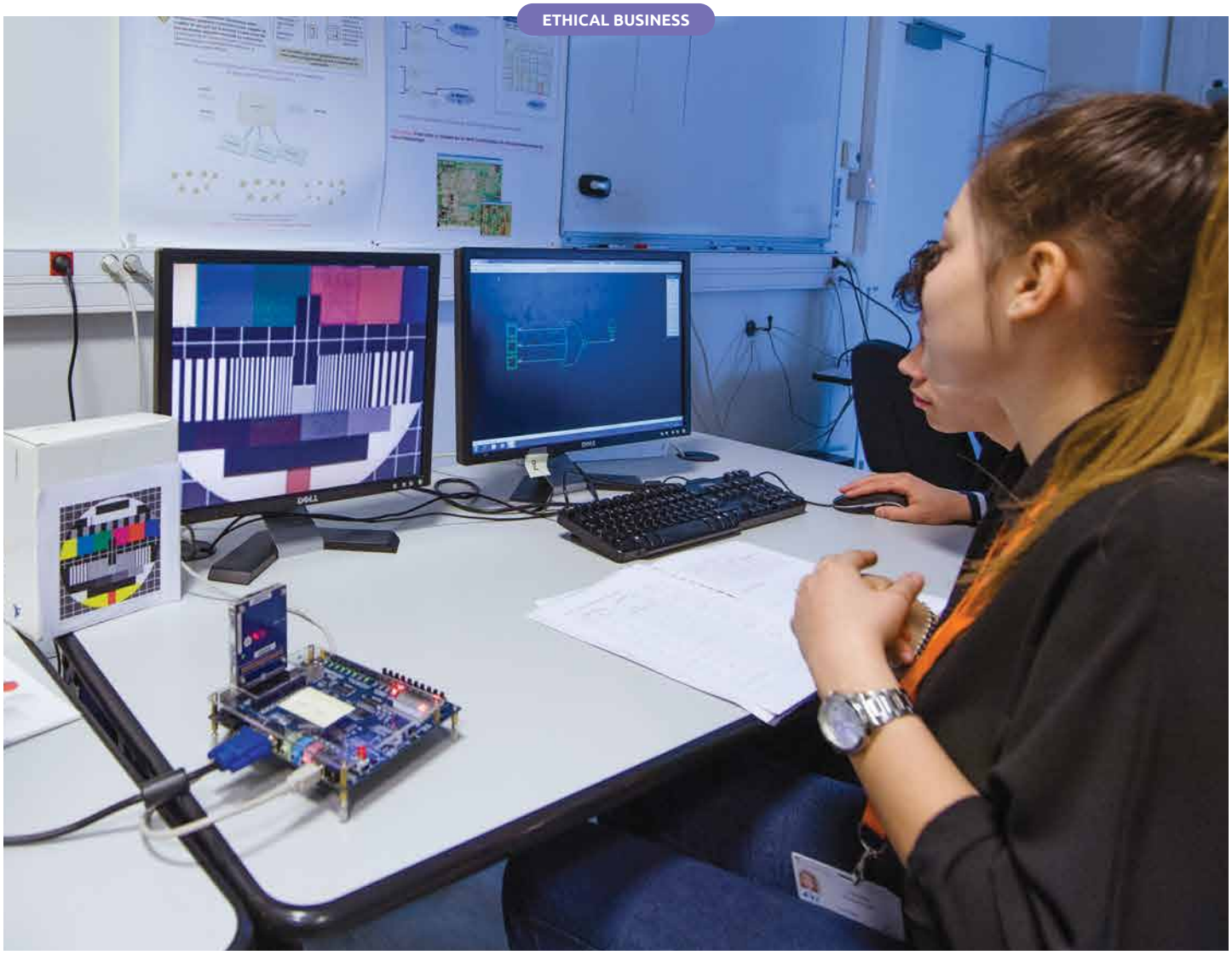
Soitec reinforces its local presence through agreements with well-known and active local partners contributing to the life of the Grenoble region.

1.2 For youth

Inn.OTech

For a number of years, interest in postsecondary study in the industrial sectors has been falling. Secondary school students specialize in scientific subjects, but few in the technological field of semiconductors, which remains unknown, despite the Company's rising digitalization.

In order to encourage secondary school students to consider professions in high technology after graduating, Soitec and its partners, STMicroelectronics and Grenoble-INP, launched the Inn.OTech program. Other companies in this sector have joined this initiative. This involves holding sessions for 36 secondary school students at a time, with an even female-to-male ratio, from two secondary schools in the Grenoble area.



Two sessions are held each year for four secondary schools. Each session lasts three days, and each day takes place at a different site, which gives the students an opportunity to get a feel for the various industrial and academic environments: STMicroelectronics Crolles, then Grenoble-INP, and finally at Soitec's Bernin site. Each day is comprised of fun workshops led by the companies' employees or by university students.
Ultimately, Soitec and its partners aim to reinvigorate the pool of graduates and motivate them to consider these technical fields, which offer great opportunities also to young women.

Inn.OTech's success is measured by questionnaires filled out by the students at the end of each session, as well as by the interest shown by the faculty in participating in the program. Students at each school report back; this helps to maintain their enthusiasm to have their schools participate again the following year.

Through this project, Soitec is locally engaged and it builds fruitful partnerships with schools, engineering schools and technology companies in the area.

Ultimately, Soitec and its partners aim to reinvigorate the pool of graduates.

› *School Open Houses and other school visits*

Soitec regularly hosts groups of students who come to learn about the Company, the clean rooms, the products and know-how of Soitec. When relevant, they also meet employees in the form of "speed dating" to better understand the microelectronics professions. These gatherings are often very enriching and the feedback from the schools is extremely positive.

Over the past year, several classes visited, including:

- students from the ESCA School of Management in Casablanca, Morocco, as part of a partnership between ESCA and the Grenoble School of Management;
- second-year students in the industrial training program of Moirans;
- students of the Lionel Terray Middle School in Meylan, as part of the School Open House initiatives co-led by the Grenoble CCI.

2. PARTNERING FOR SUSTAINABLE GROWTH

Soitec strives to act globally in accordance with demanding social and ethical principles. The Company has adopted a Code of Conduct that outlines the broad principles and guidelines that define its business practices and internal relationships.

It defines a corpus of rules that, in accordance with the legal, regulatory and cultural framework of the countries in which the Company operates, are expected to govern the daily individual and collective actions carried out on Soitec's behalf.

It also provides useful benchmarks for Soitec employees so that they can make decisions and adopt appropriate measures in the context of their professional actions and conduct their activities in the most upright and exemplary manner possible.

This code applies to all countries where the Group's entities do business and is aimed at all Soitec employees in their relations with one another, as well as with shareholders, investors, government agencies, authorities, customers and suppliers. It is appended to the Company's internal regulations and is communicated to all employees. **An e-learning module is also being developed to educate employees about all of the code's provisions.**

This Code of conduct also applies to subcontractors working on the Soitec premises. Beginning this year, Soitec has included verification of this standard's application in its internal audit planning.

2.1 Promoting and respecting the International Labor Organization's Fundamental Conventions

Soitec is a member of the Electronic Industry Citizenship Coalition (EICC), which sets standards to ensure safe working conditions in the electronics supply chain, dignified and respectful treatment of employees, and ethically and environmentally responsible operations. This includes: respect for freedom of association, non-discrimination in employment and the prohibition of forced labor and child labor.

2.2 Anti-corruption measures

Soitec adheres to the principles of the OECD Convention and prohibits any practice of corruption. The Company also undertakes to comply with the anti-corruption regulations. Soitec's commitment to this point is highlighted in its Code of Conduct:

> *"Soitec supports international action to prevent corruption. It fully endorses the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the 2009 OECD Recommendation to reinforce these measures. Soitec prohibits all forms of corruption in business relationships as well as any complacency with respect to this offense, regardless of the country where business is being done. Soitec also attaches the utmost importance to compliance with the rules prohibiting money laundering."*

As part of Soitec's adherence to the standards of the Electronic Industry Citizenship Coalition (EICC), a whistle-blowing process is in place. It defines the terms and ensures confidentiality for the whistle-blower, in accordance with local laws.

An e-learning module is also being developed to educate employees about all of the code's provisions.

2.3 Preserving consumer health and safety

Soitec follows and applies the RoHS 2 (2011/65/EU) directive, which aims to limit the use of certain hazardous substances in electrical and electronic equipment in order to improve consumer health and protect the planet.

Soitec requires of its suppliers of wafers, first packaging and packing materials, i.e., everything the customer will receive, **that their products comply with the "Green Partner" notice** (JGPSSI standards and directives - Japan Green Procurement Survey Standardization, RoHS - Restrictive of Hazardous Substances, JIG - Joint Industry Guide), which ensures the absence of prohibited substances that are hazardous for health and the environment (and regarding recycling management).

2.4 Incorporating societal and environmental concerns into the purchasing policy and in relations with suppliers and subcontractors

Soitec has issued a Quality policy with its major suppliers and subcontractors which send their employees to work at Soitec sites.

This policy includes a list of requirements for ethics, safety, health and sustainable development.

With a view to sustainability, Soitec continuously seeks to streamline its logistics flows and rationalize its shipping containers. Soitec suppliers and subcontractors are systematically involved in such initiatives.

Several projects were carried out during 2016-2017:

- **To reduce greenhouse gas emissions,** Soitec worked with its transport providers, parts suppliers, raw materials suppliers and customers to aggregate transport on specific days rather than multiplying shipments of small quantities.
- **New, smaller packages** were approved to consolidate more products into the same volume shipped, reducing overall transport volume by one-third.

In the last three to four years:

- **When we negotiate agreements, our suppliers,** partners and customers are automatically directed toward delivery solutions using reusable containers.
- **If deadlines allow, maritime transport is favored** for equipment transfers, and for some consumables supplies.

With regard to Simgui, Soitec's Chinese partner, shipments directly to the customer will be the preferred option in order to minimize the distances traveled by the products.

Regarding its supply of raw materials, Soitec ensures that its suppliers of materials like lithium tantalate comply with the "Conflict free smelter program". It sets out a list of active smelters and refineries that have adequate systems to ensure the supply of "conflict-free minerals" in accordance with the OECD Duty of Care directive and the US Dodd-Frank Act.

Soitec applies strict conditions on the selection and monitoring of critical suppliers in relation to their use of energy, the environment, and in particular waste disposal companies. The safety performance criteria are integrated in the selection table for on-site assessment of service providers.

Soitec has issued a Quality policy with its major suppliers and subcontractors which send their employees to work at Soitec sites.

CSR PERFORMANCE

1. INDICATORS

EMPLOYEES AND BREAKDOWN BY AGE AND WORK REGION

STATUS OF REGISTERED EMPLOYEES	Electronics France	Electronics United States	Electronics Asia	Other businesses United States France[1] Germany[1]	Group
WORKFORCE AT MARCH 31, 2017	**911**	**13**	**13**	**5**	**942**
> of which fixed-term contracts	71	-	-	-	**71**
> of which work-study contracts	6	-	-	-	**6**
AVERAGE AGE	**40.2**	**49.3**	**46.7**	**34.3**	**40.5**
BREAKDOWN BY CATEGORY					
> Operators	31%	0%	0%	0%	**30%**
> Technicians and office workers	35%	15%	15%	80%	**34%**
> Engineers and executives	34%	85%	85%	20%	**36%**
BREAKDOWN BY ACTIVITY					
> General Management and administrative staff	14%	38%	54%	0%	**15%**
> Sales and marketing	1%	54%	46%	0%	**3%**
> Research and development	19%	8%	0%	0%	**19%**
> Production	66 %	0 %	0 %	100 %	**63%**
BREAKDOWN BY AGE BRACKET					
> Under 25	3%	0%	0%	0%	**3%**
> 25 to 35 years of age	23%	8%	15%	60%	**23%**
> 35 to 45 years of age	47%	31%	31%	20%	**46%**
> 45 to 55 years of age	23%	31%	46%	20%	**23%**
> Over 55	4%	31%	8%	0%	**5%**

[1] *At March 31, 2017, the Paris and Freiburg sites were closed and no employees are registered in either of them.*

SOITEC HEADCOUNT BREAKDOWN

	2016-2017	2015-2016
> Production	563	623
> Research and development	166	187
> Sales and marketing	25	41
> General Management and administrative staff	139	179
TOTAL HEADCOUNT IN JOBS HELD	**893**	**1,029**

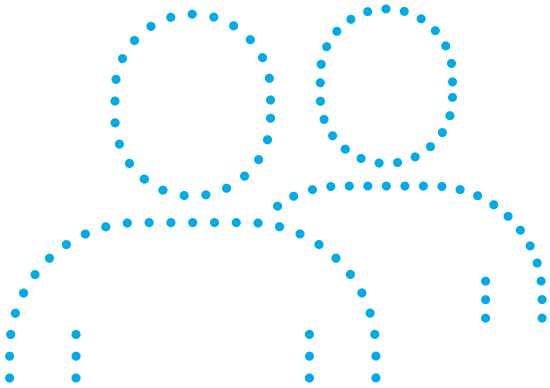
STABLE WORKFORCE AND LOWER TURNOVER

	Electronics France	Electronics United States	Electronics Asia	Other Businesses United States France [1] Germany [1]	Group
CHANGES IN HEADCOUNT IN 2016-2017	17	(4)	3	(23)	**(7)**
> of which operators	11	-	-	(1)	**10**
> of which technicians and office workers	10	-	1	(5)	**6**
> of which engineers and executives	(4)	(4)	2	(17)	**(23)**
NEW HIRES	130	1	5	2	**138**
Permanent work contracts	40	1	5	2	**48**
Fixed-term contracts	90	-	-	-	**90**
> of which outgoing	113	5	2	25	**145**
RESIGNATIONS	15	1	2	2	**20**
GROUP DEPARTURE PLAN	-	4	-	23	**27**
DISMISSALS	16	-	-	-	**16**
TERMINATIONS BY MUTUAL AGREEMENT	12	-	-	-	**12**
END OF FIXED-TERM CONTRACT	57	-	-	-	**57**
OTHER REASONS FOR DEPARTURE	13	-	-	-	**13**
TURNOVER RATE [2]	4.7%	28.6%	16%	77.4%	**5.7%**
RESIGNATION RATE [2]	1.7%	7.1%	16%	38.7%	**2.2%**

[2] Turnover and resignation rates are defined in chapter CSR Performance, 3. Reporting methodology, 3.2 Calculation methods, page 69.

PAYROLL

PAYROLL IN 2016-2017	**68,722 k€**
> of which employer contributions	24,354 k€
AVERAGE SALARY INCREASES	**2.16%**
AVERAGE ANNUAL SALARY IN EUROS	**40,107 €**



PROFIT-SHARING AWARDS AND CONTRIBUTIONS IN PAST YEARS

YEAR	Profit-sharing awards (in thousands of euros)	Contributions to employee savings plans (in thousands of euros)
2001-2002	15	65
2002-2003	0	0
2003-2004	0	58
2004-2005	189	127
2005-2006	629	253
2006-2007	1,775	483
2007-2008	0	0
2008-2009	973	517 [1]
2009-2010	294	113
2010-2011	1,322	937 [2]
2011-2012	557	2,138
2012-2013	38	1,096
2013-2014	1,456	383
2014-2015	0	214
2015-2016	745	328
2016-2017	909	542

[1] Includes contributions under BSAAR warrants in the amount of €317,000.
[2] Includes contributions under BSAAR warrants in the amount of €182,000.

CHANGE IN THE TYPOLOGY OF LOST-TIME ACCIDENTS

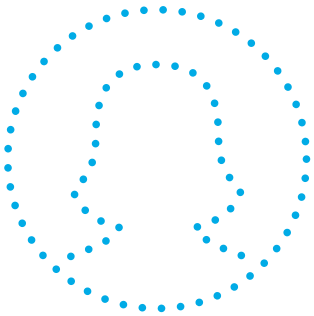
	2014-2015	2015-2016	2016-2017
ERGONOMICS	4	0	0
TRAVEL	4	4	2
MECHANICS	1	1	0
PSYCHO-SOCIAL RISKS	0	1	0
CHEMICAL	0	1	0
TOTAL	**9**	**7**	**2**

CHANGE IN DECLARED WORK ACCIDENTS AND TREATMENT

Work accidents and treatment	2014-2015	2015-2016	2016-2017
ERGONOMICS	3	5	2
TRAVEL	1	3	3
MECHANICS	7	3	8
ELECTRICAL	1	0	1
CHEMICAL	2	7	6
PHYSICAL ENVIRONMENT	0	0	2
OTHER	0	1	0

NEAR MISSES

	2016-2017
ERGONOMICS	2
TRAVEL	37
MECHANICS	13
ELECTRICAL	0
CHEMICAL	8
ENVIRONMENT	0
COLLISIONS	37
OTHER	3



BREAKDOWN OF FEMALE EMPLOYEES BY CATEGORY

	2016-2017
OPERATORS	40%
OFFICE WORKERS AND TECHNICIANS	30%
ENGINEERS AND EXECUTIVES	30%

ATMOSPHERIC RELEASES

	Atmospheric emission parameters	Regulatory limit value		Number of measures	Annual average			Number of exceedances	
		Flows (g/h)	Concentration (mg/Nm³)		Discharge point	Flows (g/h)	Concentration (mg/Nm³)	Flows (g/h)	Concentration (mg/Nm³)
2016-2017	Acidity	50	0.5	4	Chimney B1 / B2	0	0	0	0
	Alkalinity	850	10			35.2	0.15	0	0
	NH_3 [1]	500	10			238.2	1.65	1	0
	VOC [2]	1,700	20			380	1.03	0	0
	HCl [3]	300	5			34.6	0.15	0	0
	HF [4]	110	1			19	0.08	0	0
	Acidity	10	0.5	4	Chimney Bldg. K	0	0	0	0
	Alkalinity	100	10			2.7	0.12	0	0
	NH_3 [1]	100	10			6.1	8.35	0	0
	VOC [2]	350	20			200	0.27	0	0
	HCl [3]	100	5			3.7	0.15	0	0
	HF [4]	30	1			0.85	0.04	0	0
	Acidity	30	0.5	4	Chimney Bldg. 3	0	0	0	0
	Alkalinity	500	10			5.3	0.04	0	0
	NH_3 [1]	1,000	10			12.5	1.5	0	0
	VOC [2]	900	20			172.5	0.11	0	0
	HCl [3]	300	5			49.75	0.43	0	0
	HF [4]	50	1			4	0.035	0	0
	Acidity	10	0.5	4	MOCVD heat extractor	0	0	0	0
	Alkalinity	130	10			0	0	0	0
	NH_3 [1]	100	10			0.22	4,4	0	0
	VOC [2]	270	20			40.5	0.02	0	0
	HCl [3]	60	5			0.9	0.1	0	0
	HF [4]	10	1			0	0.015	0	0

[1] *VOC: volatile organic compounds* [2] *NH_3: ammonia* [3] *HCl: hydrochloric acid* [4] *HF: hydrogen fluoride*

AQUEOUS RELEASES

		Regulatory limit value				Number of measures	Annual average		Number of exceedances	
		Flows (kg/j)		Concentration (mg/l)			Flows (kg/d)	Concentration (mg/l)	Flows (kg/d)	Concentration (mg/l)
		Monthly average	Daily max	Monthly average	Daily max					
2016-2017	DBO5	32	78	10	20	52	8.1	3.2	0	0
	COD	96	234	30	60	365	16.1	6.75	0	0
	Fluorides	22	46	7	12	365	12.61	5.17	0	0
	Total hyd.				0.1	12		0.1	0	0
	SS	16	39		10	365	5.75	2.2	0	0
	Ammonium	32	58	10	15	365	24	9.89	1	6
	Phosphorus	3	19	1	5	365	0.63	0.7	0	0
	pH	5.5 < pH < 8.5				365	5.5 < pH < 8.5		0	

GREENHOUSE GAS EMISSIONS

CATEGORIES OF EMISSIONS	Types of emissions	Total (tCO_2e)	Uncertainty (tCO_2e)	Uncertainty %
DIRECT GHG SCOPE 1 EMISSIONS	> Fossil fuel heating, etc.	3,818	270	7.1
	> Vehicle fuel	94	15	16
	> Refrigerant fluids and medical gases	326	96	29.4
	TOTAL	**4,238**	**287**	**6.8**
INDIRECT EMISSIONS ASSOCIATED WITH SCOPE 2 ENERGY	> Electricity	1,762	279	15.8
	TOTAL	**1,762**	**279**	**15.8**

[1] The total corresponds to the square root of the sum of the squares of each uncertainty.

[2] The total corresponds to the total uncertainty in tCO_2e divided by the total emissions.

2. CONCORDANCE TABLE WITH THE GRENELLE II LAW

Decree n° 2016-1138 of August 19, 2016, for the application of Article L. 225-102-1 of the French Commercial Code and relating to environmental information contained in the management reports of companies.

	Page number in the present CSR report
SOCIAL INFORMATION	
Employment	
• Total number and breakdown of employees by gender, age and geographical area	14 > 15
• New hires and dismissals	15 > 16
• Compensation and changes in compensation	17
Labor organization	
• Organization of working time	18 > 19
• Absenteeism	18
Labor relations	
• The organization of social dialogue, including procedures for informing, consulting and negotiating with staff	20
• Report on collective agreements	21
Health and safety	
• Occupational health and safety conditions	22 > 29
• Review of agreements with trade unions or employee representatives on health and safety in the workplace	21
• Work accidents, including their frequency and severity, as well as occupational illnesses	26 > 28
Training	
• Training policies implemented	30 > 31
• Total number of training hours	31
Equal treatment	
• Measures taken to promote gender equality	32 > 35
• Measures taken to promote the employment and integration of the disabled	36
• Anti-discrimination policy	37
Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization on:	
• Freedom of association and the right to collective bargaining	57
• The elimination of discrimination in terms of employment and profession	57
• The elimination of forced or mandatory labor	57
• The effective abolition of child labor	57

Page number in the present CSR report

ENVIRONMENTAL INFORMATION

General environmental policy

• The Company's organization to take account of environmental issues and, as appropriate, the environmental assessment or certification steps 40
• Training and information of salaried employees on environmental protection 40
• Resources allocated to preventing environmental risks and pollution ..... 41 > 43
• The amount of provisions and guarantees for environmental risks, provided that such information is unlikely to cause serious harm to society in an ongoing dispute 43

Pollution

• Measures to prevent, reduce and repair discharges into the air, water and soil seriously affecting the environment 44
• Taking into account noise disturbances and all other forms of pollution specific to an activity ..... 42 > 45

Circular economy

Waste prevention and management

• Measures for prevention, recycling, reuse, other forms of recovery and disposal ..... 46 > 47
• Actions to combat food waste 48

Sustainable use of resources

• Water consumption and water supply in accordance with local constraints 48
• Consumption of raw materials and measures taken to improve efficiency in their use 49
• Energy consumption and measures taken to improve energy efficiency and use of renewable energies 49
• Use of soil 48

Climate change

• The significant amounts of greenhouse gas emissions generated as a result of the Company's business, in particular through the use of the goods and services it produces ..... 50 > 51
• Adaptation to the consequences of climate change 51

Protection of biodiversity

• Measures taken to protect or develop biodiversity 52

Page number in the present CSR report

INFORMATION RELATING TO SOCIETAL COMMITMENTS FOR SUSTAINABLE DEVELOPMENT

Territorial, economic and social impact of the Company's business

- In matters of employment and regional development ..... 54 > 55
- On the neighboring or local populations ..... 54 > 55

Relations with persons or organizations interested in the Company's activity, particularly outsourcing agencies, educational institutions, environmental defense organizations, consumer populations and the neighboring populations

- Conditions of dialogue with these people or organizations ..... 55 > 56
- Partnership or sponsorship actions 55

Subcontracting and suppliers

- Taking into account social and environmental issues in the Company's procurement policy 58
- The importance of subcontracting and the taking into account of suppliers' and subcontractors' social and environmental responsibility in relations with them 58

Ethics in practice

- Actions taken to prevent corruption 57
- Measures taken in favor of the health and safety of consumers 58

Other actions taken in favor of human rights

- Other actions taken in favor of human rights ..... 56 > 58

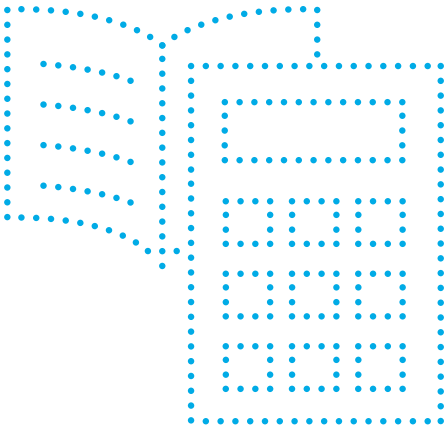
3. REPORTING METHODOLOGY

Soitec's corporate social responsibility reporting process is based on Articles L. 225-102-1, R. 225-104 and R. 225-105 of the French Commercial Code.

3.1 Scope of consolidation

For Chapter "People," the workforce is calculated for all Soitec sites worldwide. It includes all employees, including the executive corporate officer. All data starting with paragraph *1.3 Better payroll management* is calculated for Soitec SA, which represents 97% of the workforce.

For Chapter "Planet", data are calculated for the Bernin plant, as it is Soitec's only industrial site.



3.2 Calculation methods

Figures are given by fiscal year, unless otherwise stated.
Soitec's fiscal year starts on April 1 and ends on March 31.

› *Social data*

Social data are calculated based on the registered workforce and on the jobs held (not including suspended employment contracts):
• **registered workforce:** breakdown of employees by age, geographical area, change in headcount, ratio of women to men,
• **jobs held:** breakdown of employees by job, turnover and resignation rate, absenteeism, hardship.

The turnover rate corresponds to the sum of resignations, dismissals, terminations by mutual agreement and departures as part of the collective employee departure plans over the previous 12 months, relative to the average annual workforce under open-ended contract. It is calculated based on the number of jobs held.

The resignation rate corresponds to the sum of resignations over the last 12 months, relative to the average annual workforce under open-ended contract. It is calculated based on the number of jobs held.

Absenteeism is the number of hours of absence for sickness, occupational illness and therapeutic part-time work divided by the number of theoretical hours.

The number of hours of training per employee is obtained by dividing the total number of hours of training by the average number of jobs held during the year.

The frequency rate (FR) corresponds to the number of lost-time accidents in the fiscal year multiplied by one million and divided by the number of hours worked over the period.

The severity rate (SR) is the number of calendar days off work multiplied by 1,000 and divided by the number of hours worked.

The **Frequency rate** and **Severity rate indicators** are tracked and published monthly. They are presented in graph form and calculated on a rolling year basis to capture their change over time. **They are accessible to all staff** on the intranet as well as in the monthly *Safe* newsletter.

Lost-time accidents correspond to the number of accidents resulting in at least one day not worked, not counting the day of the accident.

Treatment corresponds to the number of accident events that resulted in medical treatment provided by the internal medical team or firefighters.

Near misses are "unexpected" and sudden events or circumstances putting a person or persons in dangerous situations without causing bodily harm.

The share of workers with disabilities is calculated based on the regulations in force.

Environmental information:

Energy and water consumption is based on invoiced consumption.

To calculate greenhouse gases, the factor used for electricity is the "factor per use - industry" issued by Ademe: 0.033 kgCO_2/kWh, and the one used for natural gas is Ademe's French emission factor for gas consumption in kWh HHV: 0.204 kgCO_2/kWh.

Noise measurements are carried out at the property line and at the regulated emergence zones (REZ), during daytime and nighttime periods.
The measurements are carried out in accordance with AFNOR NFS 31 010, "Characterization and measurement of environmental noise - specific methods of measurement" from December 1996, using a Class I integrating sound-level meter, 01dB ACOEM mark, in accordance with NFS 31-109.

- **Flow measurement:** before discharge into the natural environment, a speed measuring probe and an ultrasonic probe for height measurement were set up. These two probes enable measurement of the discharge rate of industrial wastewater after neutralization. The flow rate is measured daily.
- **Sampler:** A sampler was also installed on this same point of discharge. The sample is controlled by volume. An average sample is recovered over 24 hours (a given day at midnight until the following day at midnight). Such samples are taken daily. They enable analysis of the following parameters: COD, fluoride, phosphate, ammoniacal nitrogen, pH, flow rate. Weekly analyses (BOD5) and monthly analyses (suspended solids, hydrocarbons) are carried out by an external laboratory.

Waste is handled by an external service provider. Upon receipt at the storage or processing center, each container is weighed in order to obtain a real tonnage.

Atmospheric emissions: the samples and the analyses are carried out by the APAVE.

• Sampling strategy

In accordance with NF EN 15259 and LAB REF 22, the sampling strategy with respect to the homogeneity of the gaseous effluents is as follows:

> for particulate and vesicular pollutants: measurement by grid of the section to be measured,

> for gaseous pollutants with isokinetic sampling: grid measurement of the measuring section,

> for gaseous pollutants with non-isokinetic sampling:

- measured at any point of the measuring section when the measurement section is considered to be homogeneous,
- measured at a representative point when the measurement section is heterogeneous and has a representative point,
- measured by grid of the measurement section when this section is heterogeneous and does not have a representative point.

• Method of sampling and analysis:

> Non-isokinetic removal by bubbling/filtration method:

- Principle: Non-isokinetic sampling of the fumes using a borosilicate glass probe equipped with a device for measuring the volume taken from dry gas with filtration. The probe temperature is maintained above the +20°C dew point temperature of the gases. Gaseous pollutants are trapped by bubbling with scrubbers equipped with diffusers.
- Applicable standards, sampling materials and methods of analysis:

Component researched	Corresponding standard	Absorption solution	Yld [1]	No. [2]	Rinsing	Analysis	Analyse
HCl	NF EN 1911	Demineralized water	> 95%	2	Sintered	Absorption solution	Ion chromatography
HF	NF X 43-304	NaOH 0,1 n	> 90%	2	Sintered	Absorption solution	Basic extraction (NaOH solution) followed by ion chromatography
NH_3	NF X 43-303	H_2SO_4 0,1 N	> 95%	2	Sintered	Absorption solution	Ion chromatography
Acidity / Basicity	NF X 43-317	Buffer solution at pH 5.5	-	2	Sintered	Absorption solution	Titrimetry

> Sampling by analyzer:

- Principle: The analysis is done continuously. The analyzer is calibrated before and after each test from a certified standard gas mixture. The watertightness of the line is checked by injecting the standard gas at the top of the line. Before entering the analyzer, the gases are taken out by stainless steel probe. The analog output of the analyzer is connected to a recorder.
- Applicable standards, sampling materials and methods of analysis:

Component research	Corresponding standard	Measurement principle	Packaging	Type of line
TVOC	NF EN 12619	Flame ionization detector	-	Heated

Industrial wastewater discharges: a discharge point was identified. It is located downstream of the neutralization station and is equipped with flow measurement equipment and a sampler controlled by the flowmeter.

[1] Absorption efficiency . *[2] Number of scrubber flasks.*

4. REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended March 31, 2017
Soitec S.A. - Parc Technologique des Fontaines - Chemin des Franques - 38190 Bernin
This report has 3 pages.

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

Soitec S.A.

Headquarters:
Parc Technologique des Fontaines
Chemin des Franques
38190 Bernin
France
Share capital: 60,623,020 €

To the Shareholders,

In our capacity as Statutory Auditor of SOITEC, (hereinafter named the "Company"), appointed as independent third party and certified by COFRAC under number 3-1049 [1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended March 31, 2017, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the procedures used by the Company (hereinafter the "Procedures"), summarised in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

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

STATUTORY AUDITORS' RESPONSIBILITY

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Procedures (Conclusion on the fairness of CSR Information).

[1] *Whose scope is available at www.cofrac.fr.*

Our work involved five persons and was conducted between September 2016 and June 2017 during a two week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000[2] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

> *Nature and scope of our work*

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.
We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.
For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.
We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note "reporting methodology", presented in section 28 of the Reference Document.

> *Conclusion*

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

> *Nature and scope of our work*

We conducted fifteen interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

• assess the suitability of the Procedures in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;

• verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

[2] *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information .*

Regarding the CSR Information that we considered to be the most important[1]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at Bernin industrial site level, selected by us on the basis of its activity, its contribution to the consolidated indicators, its location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. Our work represents 97% of headcount considered as material data of social issues and 100% of environmental data[4] considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Procedures.

[1] ***Social indicators:*** *Total headcount by March 31, 2017 and distribution by gender and age, recruitments and dismissals, share of women in the workforce, and distribution of female staff by category (Operators, Office workers and technicians and Engineers / Executives), work accidents, including accident frequency and severity.*

Environmental indicators: *Electricity consumption, gas consumption, water consumption, direct emissions from stationary combustion sources (scope 1), indirect emissions linked to electricity consumption (scope 2).*

Qualitative information:

Social themes: *Organization of social dialogue including information procedures, consultation and negotiation with the employees, policies implemented regarding training, measures implemented to promote gender equality, employment and integration of disabled workers.*

Environmental themes: *The organization of the company to integrate environmental issues and, if appropriate, the assessments and certification process regarding environmental issues, measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment*

Societal themes: *Integration of social and environmental issues into the company procurement policy, Importance of subcontracting and consideration, in the relationship with subcontractors and suppliers of their social and environmental responsibility, territorial, economic and social impact of the company activity regarding regional employment and development.*

[2] *See the list of environmental indicators mentioned in footnote 3 of this report.*

JULY 2017

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