

# Novacap Communication on Progress

UNITED NATIONS GLOBAL COMPACT

17/02/2017



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# Novacap President Introduction

"With 15 facilities and close to 1,700 employees worldwide at end of 2016 , Novacap is more than ever a global company, among the top three players in each of our major markets. We offer a wide range of high performance products to our customers in response to their increasing challenges.

Our ambition is clear: to provide our customers with innovative, efficient and sustainable solutions thanks to our specific know-how and state-of-the art technology.

Our growth strategy relies on organic development through investments and operational excellence initiatives as well as targeted acquisitions or solid partnerships worldwide with companies whose technologies or products can create new opportunities.

In the past five years, we have significantly expanded our international footprint especially through acquisitions in China and Germany, completing our product portfolio and expanding our service offer.

Being increasingly a key player in the pharmaceutical and cosmetics markets, we will continue to commit capital and operating expenditures in all our cGMP (current Good Manufacturing Practices) facilities in order to comply with increasing cGMP requirements and to achieve the highest standards in the industry.

The strong growth we have experienced in recent years requires to ease and structure the communication of Novacap governance spirit and guidelines. By implementing homogeneous business processes and deploying them through the group, our objective is to provide the best practices of each site to everyone. Our new majority shareholder Eurazeo will bring us the best practices in terms of governance they have developed and successfully implemented as a listed company.

Corporate social responsibility remains of course at the heart of our vision and we aim to be a reference in this field among our industry in the way we manufacture, do business and manage people. We are always convinced our economic performance will be sustainably successful if, and only if, we also integrate in our ambitious strategy a social responsibility and environmental respect and protection. These core values are shared by the whole Novacap team and embed in our entrepreneurial spirit.

We have therefore made of Sustainable Development a key priority focusing on these 3 mains axis as confirmed by our active Global Compact membership, our adhesion to Charter of "Responsible care" and successful ExFI-Partners ESG assessment.

Through this report, we would like to share our vision and demonstrate our participation to the Sustainable Development and our support to the 10 principles of United Nations Global Compacts".

I want to thank our employees for their strong commitment and their mobilization around a common culture of responsibility and performance."

Pierre Luzeau,  
Chief Executive Officer



**Economic  
performance**



**Environmental  
protection**



**Social  
responsibility**

# Novacap supports United Nations Global Compact initiatives

**Novacap as a signatory of the UN GC since 2008, is committed to do everything possible to develop its business sustainably within the respect of the ten principles of the United Nations Global Compact**



In order to succeed in this approach, to share and convey this vision within its organization, Novacap deploys its strategy related to sustainable development through putting in place specific governance principles and implementing its roadmap on the fields of social and societal responsibility, environment protection and economic performance.

The aim of this document is to present a large number of the actions carried out within Novacap, without claiming to be exhaustive, and to demonstrate how Novacap assumes its societal responsibility and integrates year after year the principles of the global compact and the unavoidable concepts of sustainable development.

## The Ten Principles of United Nations Global Compact:

### ▪ Human Rights:

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights
- **Principle 2:** Businesses should make sure that they are not complicit in human rights abuses.

### ▪ Labor:

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** Businesses should uphold the elimination of all forms of forced and compulsory labor
- **Principle 5:** Businesses should uphold the effective abolition of child labor;
- **Principle 6:** Businesses should uphold the elimination of discrimination in respect of employment and occupation.

### ▪ Environment:

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges
- **Principle 8:** Businesses should undertake initiatives to promote greater environmental responsibility;
- **Principle 9:** Businesses should encourage the development and diffusion of environmentally friendly technologies.

### ▪ Anti-Corruption:

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery

*The UN Global Compact's Ten Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.*

# Quick Novacap Business overview ... a global diversified chemical group which produces and distributes essential chemicals used in everyday products...

... THROUGH 3 DIVISIONS:

## PHARMACEUTICAL & COSMETICS

N°1 Worldwide  
aspirin & salicylic acid

N°2 Worldwide  
para-aminophenol

## MINERAL SPECIALTIES

N°2 European  
sodium bicarbonate

N°3 European  
soda ash

## PERFORMANCE CHEMICALS

N°3 European  
phenol & oxygenated solvents

Major player in southern Europe  
hydrochloric acid, ferric chloride  
& other derivatives



c. **1,600** PEOPLE ... MORE THAN 50% IN ASIA:



**15** FACILITIES



**633.9** MILLION  
2015 proforma net revenue

We enjoy leading positions in our target end-markets:  
pharmaceuticals & healthcare, food & feed, environmental  
services, cosmetics & fragrances and home care.



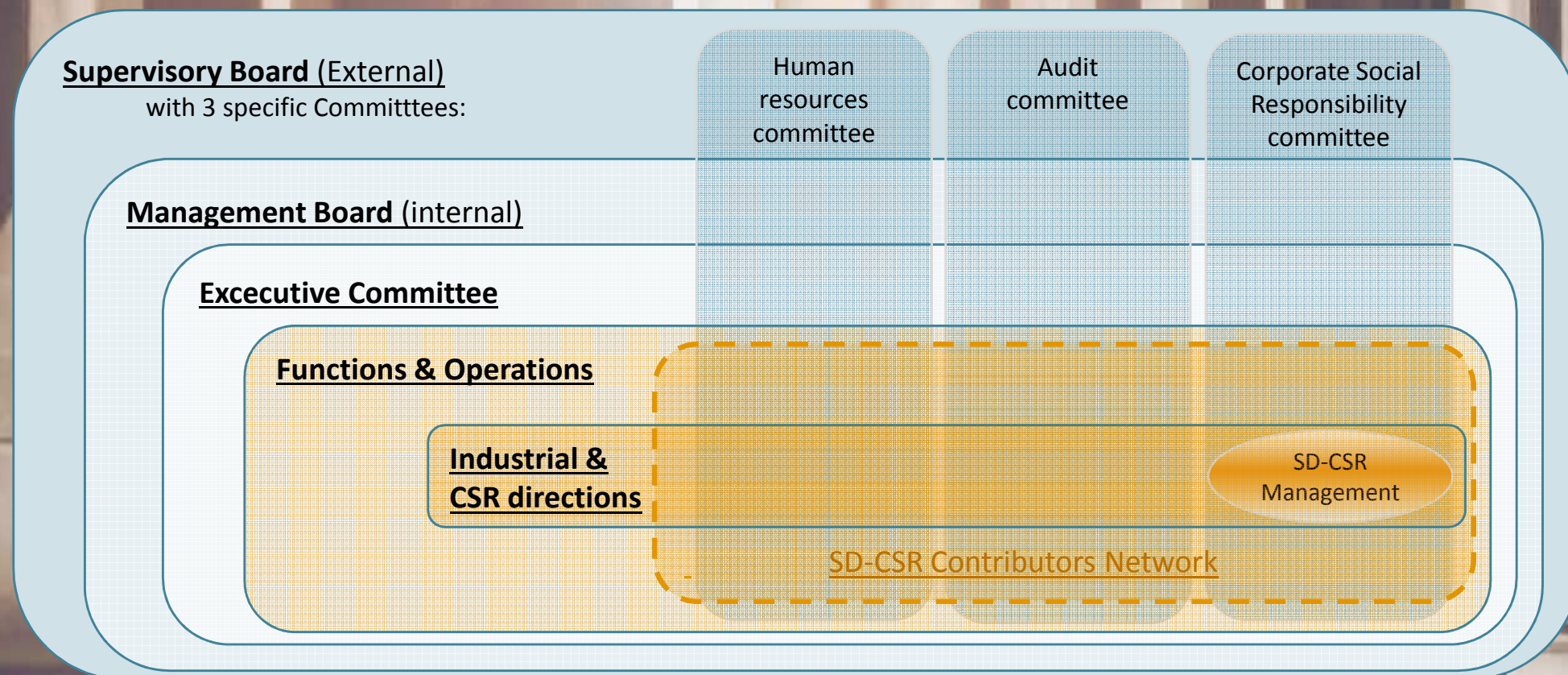
## Section 1

# Novacap CSR Governance



# Novacap Governance bodies integrating Corporate Social Responsibilities management (CSR)

Novacap activities are managed by various governance bodies having their specific responsibilities and expertises whose CSR



# Governance Principles

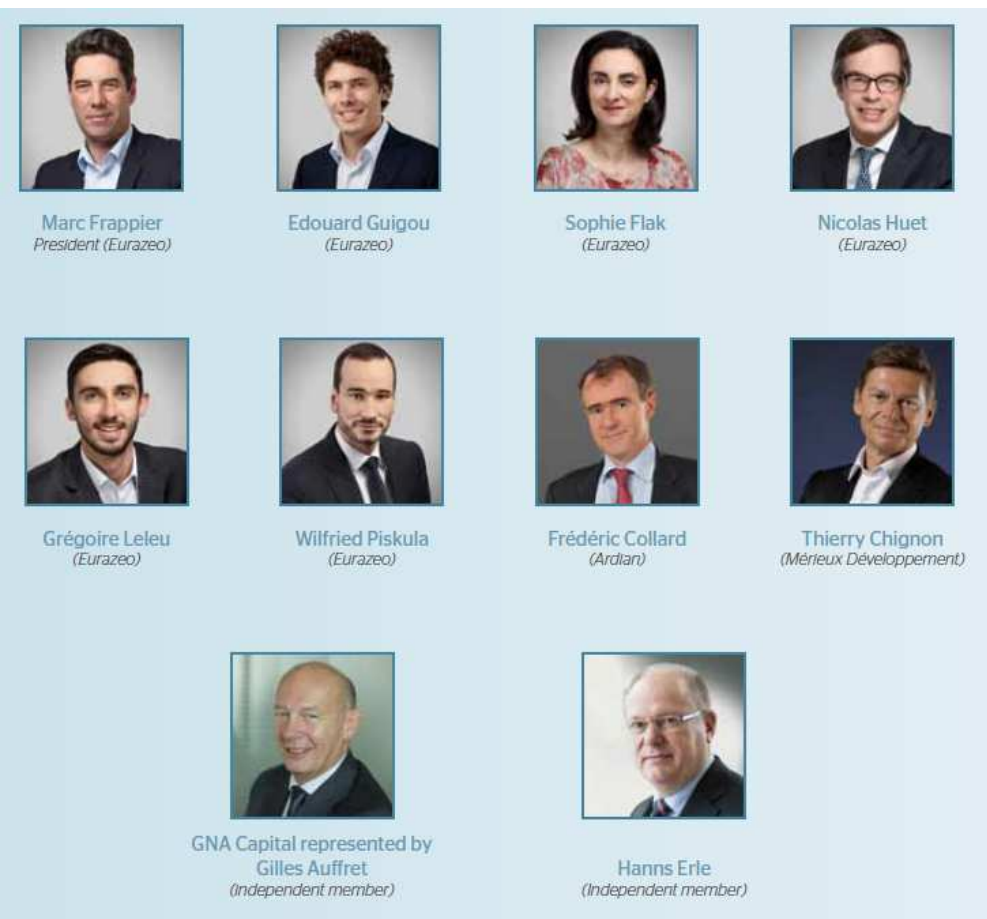
## Novacap Supervisory Board functions and its CSR supervision

The Supervisory board formed by 8 shareholders representatives and 2 independent members integrates CSR supervision through a specific CSR committee

The Supervisory Board is a non-executive Board, responsible for supervising and controlling the activity of the Management Board and the CEO in order to ensure Novacap's long-term sustainability.

To manage certain areas of focus, the Supervisory Board has implemented 3 specific committees:

- **Human resources committee:**  
The Human Resources committee has the responsibility to assist board members and advise them regarding appointment and compensation of Novacap's key managers.
- **Audit committee:**  
The Audit committee helps board members fulfill their responsibilities regarding production and control of financial information, risk management and external audit.
- **Corporate social responsibility committee:**  
The Corporate Social Responsibility committee provides to Novacap team expertise and recommendations on Novacap CSR strategy and actions to be implemented.





# Governance Principles

## Novacap Management Board & Executive committee functions includes CRS management

SD-CSR management is under Industrial Direction supervision which works transversally with all functions and divisions managements to deploy SD-CSR strategy through a structured program

### Management Board Functions

The management board is responsible for the day-to-day governance of the group and shall implement the appropriate management within the group to ensure the deployment of the policies and decisions approved by the Supervisory Board. In addition, it shall report to the Supervisory Board on the main topics listed above and provide all relevant information needed by the Supervisory board to be able to take the appropriate decisions.

### Executive Committee Functions

The executive committee is responsible for steering the strategic roadmap defined with the Supervisory Board to meet group improvement and development objectives.

- Shaping and preserving Novacap' strategy, values and assets: its mission includes formulating and implementing the group's strategic vision and objectives. The ExCo also steers the group's business portfolio and is responsible for fulfilling the group's value creation objectives
- Managing Performance: for each of the ExCo members within his(her) scope, to manage performance of BU or Function leaders, allocating group-wide resources and governing the Functions' activities

### Management Board Composition:



Pierre Luzeau  
Chief Executive Officer



Vincent Milhau  
Chief Financial Officer



Guy Delorme  
General Secretary



Marc de Roquefeuil  
VP Business Services



Jennifer Lau  
VP Zone Asia Pacific



Jean-Louis Martin  
Industrial Director



Vanessa Michoud  
General Counsel



Alexandra Nowak  
Group HR Director



Laurent Castor  
VP Performance Chemicals



Marie-Alex Premier  
VP Pharmaceutical & Cosmetics



Raymond Sinnah  
VP Mineral Specialties

### Executive Committee Composition:

# A management book have been published to share and convey within Novacap a common vision and a clear framework to ensure its business development and sustainability

This document contents:



1. Principles, Values and Behaviors
2. Organization & Responsibilities
3. Commitments & Objectives
4. Governance & Framework



- Governance bodies
- Reporting
- Group rules & framework including the 3 part below:

## 1 Compliance

To do business in full compliance with local and international rules and regulations which Novacap has to comply with

## 2 Golden Rules

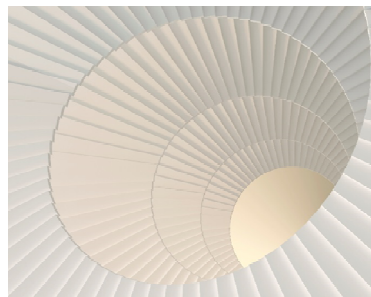
- Mitigate major risks
- Protect the group's human capital and assets
- Avoid any action that may be detrimental to the group's image and/or reputation

## 3 Approval Matrix

Reflect the delegations granted to the businesses and functions in the context of the current organization of Novacap

The Executive Committee has designed this Management Book in order to help collaborators in his day-to-day work.

It provide the best practices of each site to everyone.



### Next steps securing implementation:

- Division VP promotes Document during the site CODIR as well as Corporate functions withib their team
- **Site managers** leads the onsite deployment



## Section 2

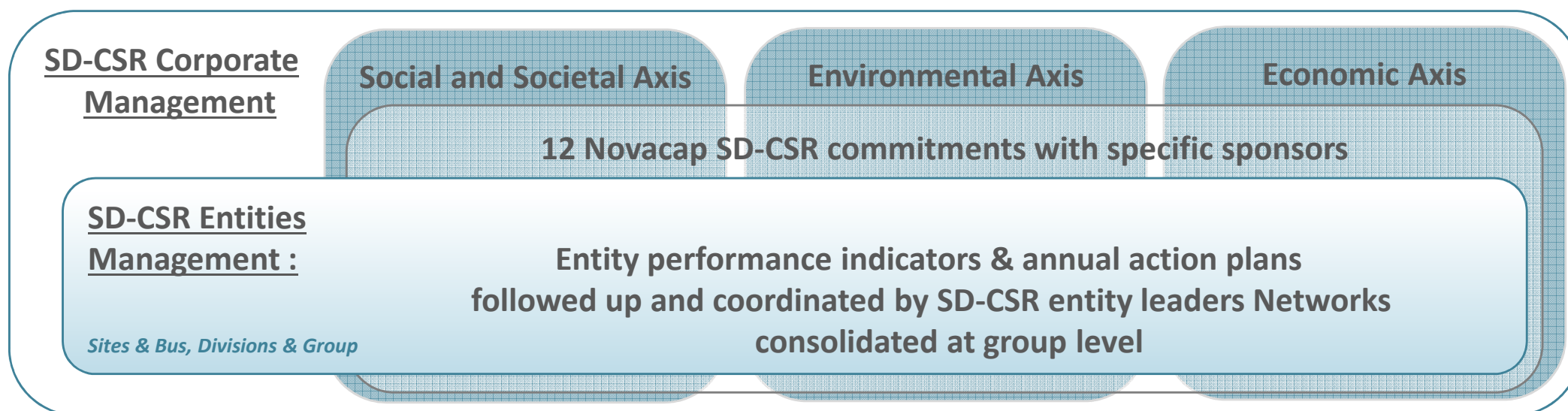
# Novacap SD-CSR strategy deployment

# Novacap Sustainable Development and Corporate Social Responsibility Approach

**A voluntary approach oriented towards progress and transparency, a clear commitment toward actions and results.**

Novacap has established a comprehensive sustainable development and corporate social responsibility strategy which relies on:

- The sustainable development policies at group and subsidiary levels
- The implementation roadmap based on a shared sustainable development framework (3 axis, 12 commitments)
- The monitoring of main sustainable development stakes through the implementation of relevant management process including action plans and performance indicators follow-up.
- A network of “12 commitment” Sponsors and site SD-CSR Leaders under group SD-CSR director coordination.



# Novacap has clear commitments and policy on Sustainable Development (SD) and Corporate Social Responsibility (CSR)

Novacap Safety charter and Sustainable Development Policy in addition to its commitments under the Global Compact and Responsible Care Initiative underline its voluntary drive toward alignment and progress on an international scale



## Safety Charter


Safety of people and properties is a priority that is not open to compromise

- Safety is to ensure the integrity of all, employees and members of the community, as well as industrial units and their environment.
- Safety is firstly the responsibility and exemplarity of Management but also the first priority of each of us.
- Safety is to respect rules and rigorously apply defined procedures.
- Safety is to master our individual and collective behavior, adapted to each situation.
- Safety is to correct immediately any dangerous behavior or situation. It is an individual duty and everyone has the authority to do it.
- Safety is to treat with rigor and transparency any observed or avoided malfunction, even if minor, in order to use it as a source for continuous improvement.
- Safety is not an experience... We must earn it... We must build it... Let's do everything to preserve it.

**Safety,  
a Value for Life!**



Novacap Safety charter



## SUSTAINABLE DEVELOPMENT POLICY

February 2016

**At the heart of our business activities**

A renowned international player in the chemical and pharmaceutical industry, the Novacap Group is committed to making sustainable development a top priority as part of a structured and responsible three-point approach.

As part of our social responsibility, the health and safety of our employees and partners is our highest priority and a constant focus. We work to promote labour rights and human rights, to develop constructive social dialogue, to increase our employees' skills, and to ensure that our sites and businesses are fully integrated into local communities.

As part of our respect for the environment, we integrate environmental protection into every element of our daily work and we are committed to achieving a consistent reduction in the environmental impact of our activities, while preserving natural resources and ensuring that our industrial sites and transportation vehicles are safe.


As part of our economic performance, our first priority is complete and long-term customer satisfaction through a reliable, high-quality product offering with no risk to consumers. In order to maintain our group's competitiveness, we have made a number of essential commitments, including guaranteeing conformity with regulatory requirements, quality standards and current good manufacturing practices, behaving ethically within our businesses, responsible purchasing practices, promoting and protecting our innovations, and seeking out operational excellence by continuously improving and identifying efficiencies.

At the operational level, all of our entities have implemented relevant OHS&E management systems in order to achieve this. The certification (ISO 9001, ISO 14001, ISO 50001, OHSAS 18001, HACCP, GMP, etc.) achieved by each of our entities in accordance with their needs demonstrates the rigorous approach we take in complying with the recommendations and requirements of current international standards.

For each line of action, 40 drivers have been identified to help roll out the group's roadmap within our various entities through specific action plans, which are drawn up based on each entity's individual priorities and are periodically reviewed.

On a daily basis, every one of Novacap's employees and those of its partners who work on behalf of Novacap or one of its subsidiaries, work in accordance with these commitments, and all of our managers are responsible for rolling out this policy within the group.

Our membership of the United Nations Global Compact as an active member, and of Responsible Care, the charter created by the European Chemical Industry Council (CEIC and UIC), is a testament to our commitment and our work in this field.



Pierre Luzeau  
CEO

Novacap SD Policy



## THE GLOBAL COMPACT WE SUPPORT

Déclaration de soutien aux principes du Global Compact

Secrétaire Général  
Nations Unies  
New York – NY 10027  
Etats Unis

Lyon, le 20 octobre 2015

Monsieur le Secrétaire Général,

J'ai le plaisir de vous confirmer que Novacap, membre actif du Pacte Mondial des Nations Unies depuis 2008, soutient les dix principes fondateurs concernant les droits de l'homme, les droits du travail, la protection de l'environnement et la lutte contre la corruption.

Dans l'optique de notre stratégie de développement durable, valeur fondamentale de Novacap, et sous l'impulsion de son comité de direction, nous poursuivons le déploiement d'un programme basé sur trois piliers structurants : la responsabilité sociale et sociale, le respect sans équivoque de l'environnement et la performance économique. Au travers de ce programme, l'ensemble de nos collaborateurs et moi-même cherchons au sein de nos propres domaines d'influence, à garantir systématiquement la mise en application de ces dix principes dans chacune de nos opérations quotidiennes.

Akteur responsable et transparent, nous nous engageons à rendre publique annuellement les résultats de nos actions et les progrès réalisés en faveur des dix principes du pacte mondial et à en informer régulièrement nos employés et nos partenaires, qu'ils soient clients, fournisseurs, actionnaires ou acteurs de notre communauté.

En conséquence, vous trouverez ci-joint le rapport Cof de Novacap (Communication on Progress), fruit de cet engagement.

Meilleures salutations,




Pierre Luzeau  
CEO

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100 rue de la République 69100 CEDEX 03 - 69100 CEDEX 03 - 69100 CEDEX 03

Novacap GC commitment





## THE INTERNATIONAL COUNCIL OF CHEMICAL ASSOCIATIONS Responsible Care® Global Charter

Responsible Care is the global chemical industry's unifying commitment to the safe management of chemicals throughout their life cycle, while promoting their role in improving quality of life and contributing to sustainable development.

As a signatory to the Responsible Care Global Charter my company will actively strengthen the Responsible Care Initiative worldwide and is committed to:

1. A Corporate Leadership Culture that proactively supports safe chemicals management through the global Responsible Care Initiative
2. Safeguarding People and the Environment by continuously improving our environmental, health and safety performance; the security of our facilities, processes and technologies; and by driving continuous improvement in chemical product safety and stewardship throughout the supply chain
3. Strengthening Chemicals Management Systems by participating in the development and implementation of lifecycle-oriented, sound-science and risk-based chemical safety legislation and best practices
4. Influencing Business Partners to promote the safe management of chemicals within their own operations
5. Engaging Stakeholders, understanding and responding to their concerns and expectations for safer operations and products and communicating openly on our performance and products
6. Contributing to Sustainability through improved performance, expanded economic opportunities and the development of innovative technologies and other solutions to societal challenges

 Company

 Date: 01/10/2015

CEO Signature

Approved by the ICCA Board of Directors, May 28, 2014

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Only the English language version is the official document.

Novacap RC Charter signatory



# Novacap is specifically committed to support the UN Global Compact Principles

The United Nation Global compact, a strong commitment shared by all collaborators.

Novacap president  
Commitment letter  
English translation:



To: Secretary General \_United Nations  
New York - NY 10017  
United State

Lyon, November 10, 2016

**Subject: Statement in support of the Global Compact principles**

“Mr. Secretary General,

I am pleased to confirm that Novacap, an active member of the United Nations Global Compact since 2008, is renewing its support for the ten founding principles related to human rights, labor rights, environmental protection and fight against corruption.

As part of our sustainable development strategy, a core value of Novacap, and under the leadership of its management committee, we are continuing to deploy a program based on three key pillars: social and social responsibility, unequivocal environmental respect and economic performance. Through this program, all of my colleagues and I seek within our own areas of influence to be systematically in accordance with these ten principles in each of our day-to-day actions.

Responsible and transparent, Novacap is committed to publishing annually the results of its actions and the progress made towards the ten principles of the Global Compact and to inform on a regular basis all its stakeholders whoever they are (employees, partners, customers, suppliers, shareholders or members of the community)

As a result, you will find attached the Novacap CoP report (Communication on Progress), the result of this commitment.

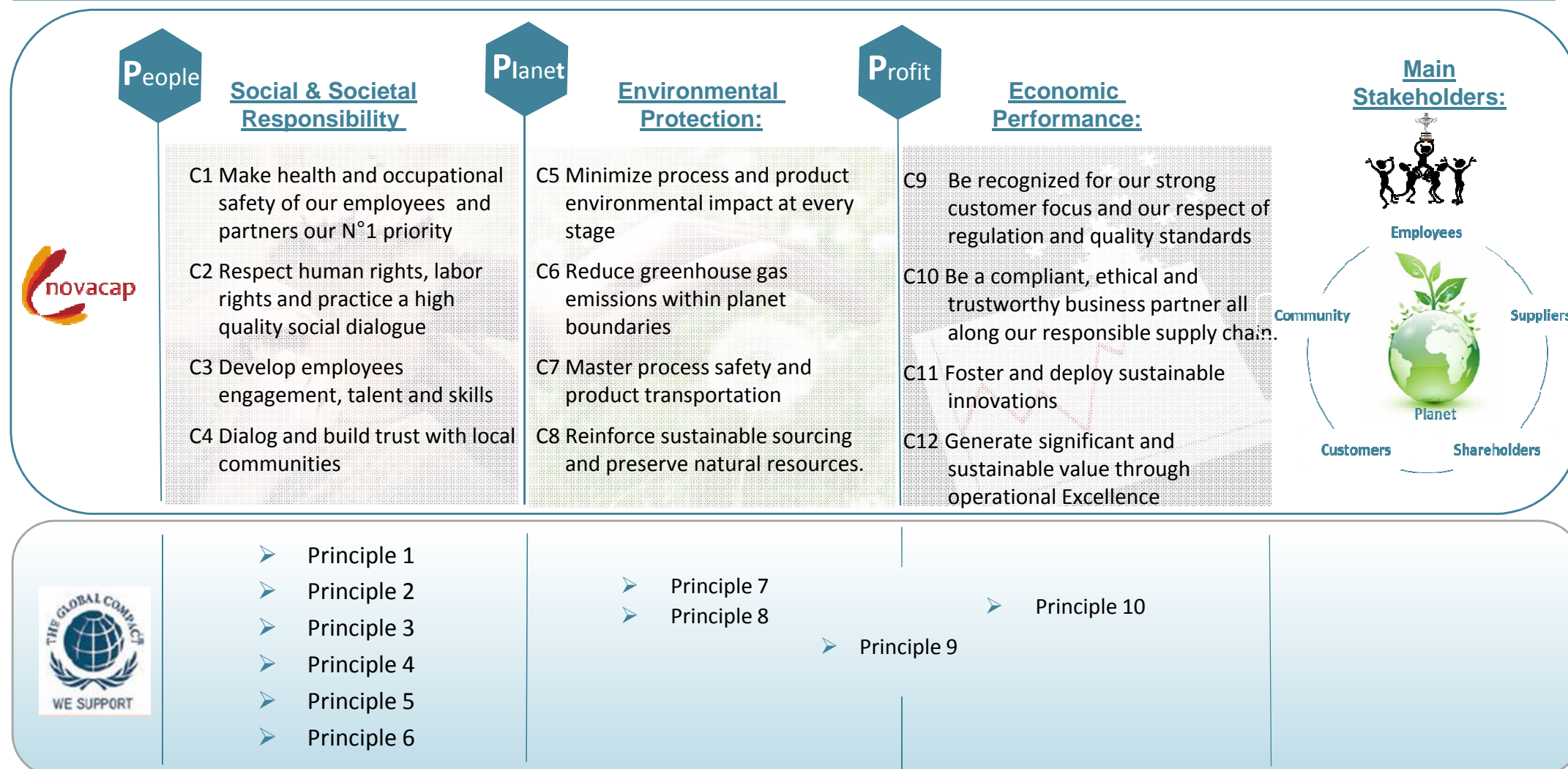
Best regards,

Pierre Luzeau, Chief Executive Officer”



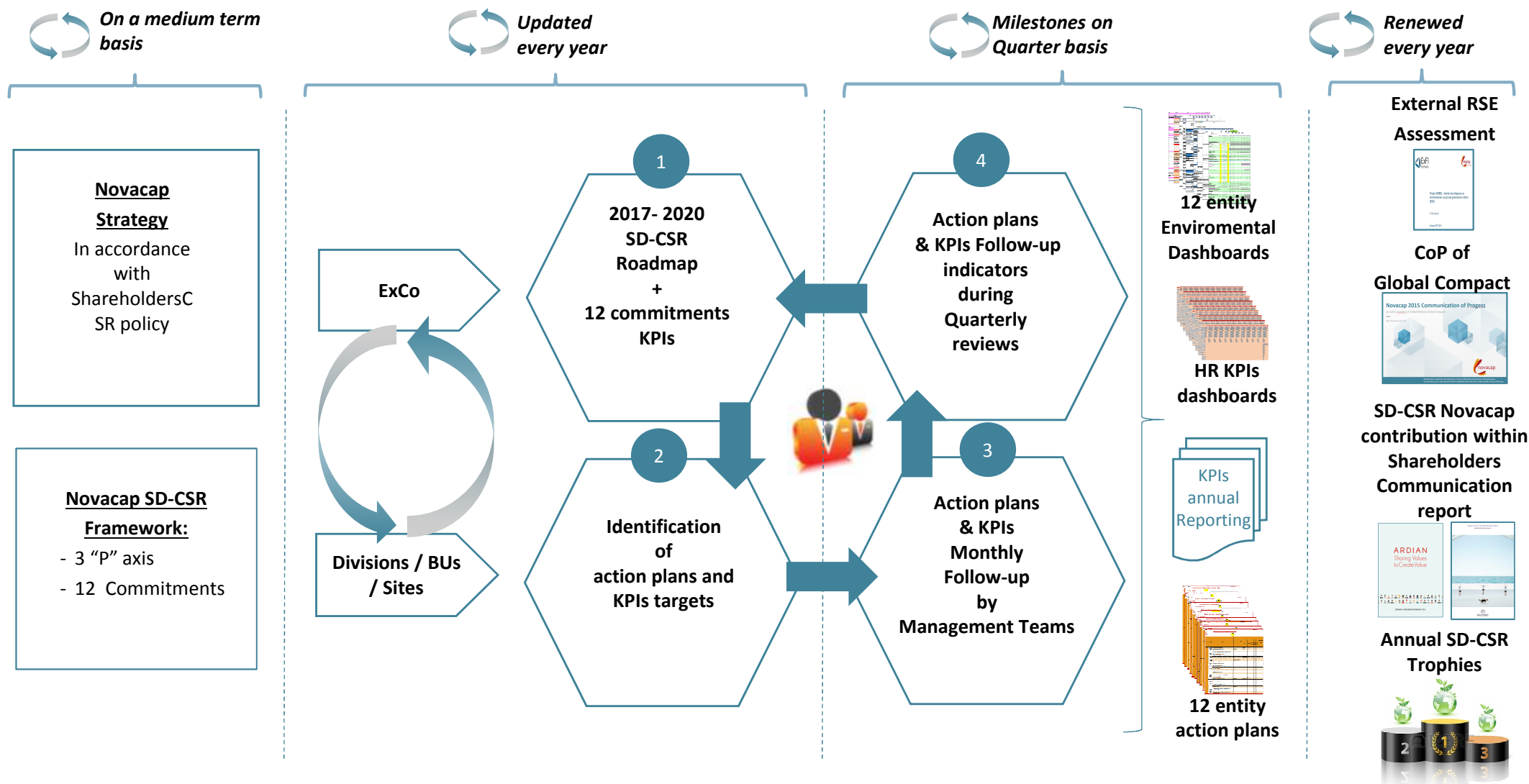
# Novacap SD-CSR Framework structures the deployment of its SD-CSR strategy in accordance to United Nations Global Compact principles

With the 3 « P » axis and its 12 commitments, Novacap has a structured approach to deploy its SD-CSR strategy and to get a « win-win » relationship with all its stakeholders . This approach is totally aligned with UNGC principles .



# Novacap's SD-CSR strategy is decided at top level and irrigates all management layers, thanks to a top-down & bottom-up approach

a voluntary structured approach focused on progress and transparency





Section 3

## Social and societal Axis

# Social and societal responsibility is strongly embed in Novacap culture



## Human Rights:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

## Labour:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor

Principle 5: Businesses should uphold the effective abolition of child labor;

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

## People

## Social & societal Responsibility

C1 Make health and occupational safety of our employees and partners our N°1 priority

C2 Respect human rights, labor rights and practice a high quality social dialogue

C3 Develop employees engagement, talent and skills

C4 Dialog and build trust with local communities



As a global leader in the chemical and pharmaceutical industries, Novacap is committed to conducting its business with integrity everywhere it operates in the world, in strict compliance with its fundamental beliefs in the respect of values and people, earning our partners' trust, and protecting and properly using company assets.

The Compliance Department aims to go beyond our corporate culture to lay the framework for a clear, shared code of ethics reflecting the company's policies and cohesion when it comes to ethics, which play a determining role in the success of our business and our people.

Our goal is to lay out the guiding principles and requirements for daily responsible and ethical conduct, through group Policy and the Code of Conduct both easy to understand and practical to ensure its enforceability.

Everyone who works for or on behalf of Novacap must adhere to this common foundation of ethical principles and agree to adopt and promote exemplary conduct in line with these principles.

*"Maintaining the highest standard of ethical conduct is absolutely essential to achieving the steady, ambitious growth of our company."*

Pierre LUZEAU, Novacap CEO





# Health and occupational safety , our first priority

## People

Novacap makes health and safety of all of its employees and sub-contractors the N°1 priority so that none of them falls victim to an accident, either in its factories or when in transit or anywhere else .

To do so, Novacap takes the necessary and essential steps to provide training and verify compliance with guidelines and procedures. Convinced safety is managed on shop floor, line management safety inspections are regularly conducted at each of our industrial facilities. Particular attention is paid to preventing workplace accidents by carefully identifying risks in order to prevent them from occurring and, when they do occur, to prevent them from recurring.

### Some activities and results among a numerous ones performed in 2016 :

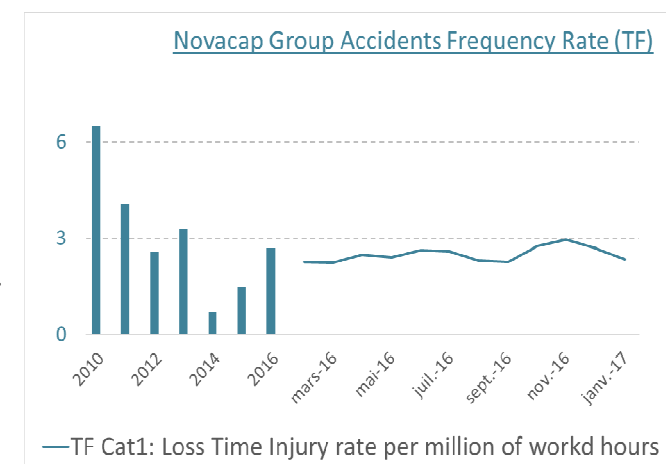
All sites completed their own ESH action plan with success and specifically:

- Mapping of all critical tasks has been performed on each plant ( 2 sites are finalizing its mapping) → More than 340 tasks have been registered and a substantial number already analyzed.
- Improvements of work permits procedures
- Implementation of visit of ESH and Quality by Hierarchy (VSQH) → More than 4 VSQH per Executive Committee member in 2016.

In addition to these actions some other noticeable ones have been performed as:

- Trainings on ESH principles at Yangzi and Puyuan sites & at Novacarb (1/2 day for all)
- Specific Asbestos roof elimination with specialized company at Roussillon
- Pursuit of Near misses implementation process in Asia sites with specific analysis for high potential ones
- Occupational health risks evaluation and medical exam for all staff of Yangzi and Puyuan
- Implementation of common tool for all Novacap accident registration with a effective communication process which allows a flash publication in less than 24 hours
- Implementation of "Safety days" within the same week for all Novacap sites.

**Novacap stabilized its accident rate to less than 2,5 and aims to be a benchmark in next 4 years**



### 2017 engagements:

- TF cat1 <2
- 50% of out critical task will be analyzed with corrective and /or preventive action to reduce or eliminate the risks.

### Social & Societal Responsibility

# Novacap respect human rights, labor rights and practice a high quality social dialogue

## People

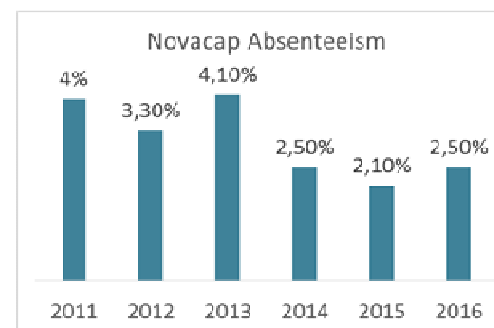
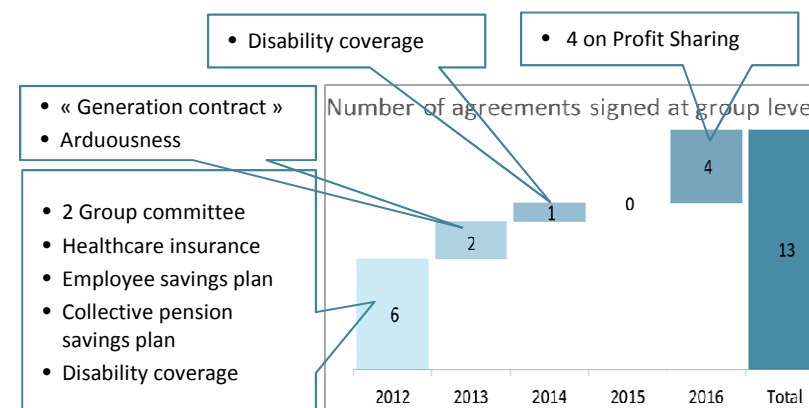
Respecting and protecting human rights is a fundamental value for Novacap everywhere in the world where the company operates and does business.

At Novacap, no form of harassment, intimidation, or discrimination, whether sexual, physical, psychological, or otherwise, is tolerated.

As an adherent to the founding principles of the United Nations Universal Declaration of Human Rights, the International Labor Organization, and the United Nations Global Compact since 2008, Novacap is committed to promoting and ensuring compliance with all of these rules by all of its stakeholders, including its suppliers and subcontractors.

### Some activities and results among a numerous ones performed in 2016 :

- In addition to its Code of conduct, Novacap published its Management book in several languages . It has been shared during Novacap Leaders seminar in September 2016 and a communication plan is on going.
- Novacap has implemented social dialogue bodies in every sites, even those with less than 50 employees (with the exception of Bangpoo).
- 4 negotiations at group level have been successfully finalized by social agreements with unions.
- Actualization of recruitment letter standard to include equality employment without discrimination in Wuxi -China
- Puyuan site in China deploys its plan to become compliant with overtime management regulation
- Aiming a well-being at work, a health insurance and welfare benefit plan are accessible for French employees.



As a consequence of our goodwill, absenteeism has decreased and became stable around 2,5% relatively low

### 2017 engagements:

- Absenteeism at 2,2% or lower
- 100% of negotiated collective agreements successfully signed per year in France
- Perform an employees Survey within all Novacap.
- Communication plan on Management book to share governance principles and golden rules in terms of management

## Social & Societal Responsibility





# Novacap is committed to develop employees engagement, talent and skills

## People

### Equality and diversity

Novacap ensures that everyone has access to equal opportunities in terms of recruitment, training, pay, social protection, internal mobility, and professional development, regardless of their origin.

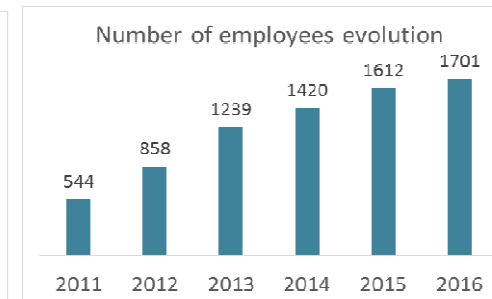
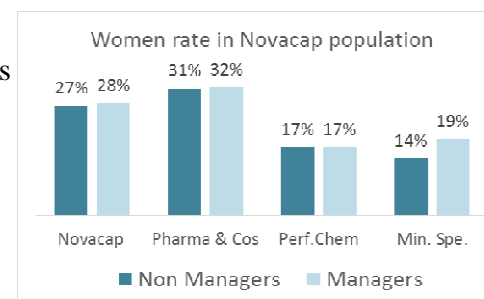
The group offers its employees a stimulating, creative, and non-discriminatory work environment that encourages their personal and professional development and allows them to meet their goals. Novacap takes the necessary steps to promote and develop teamwork and cultural diversity within its organization and encourages cross-functional dialogue among those working in different professions.

Novacap puts the necessary structures and processes in place to allow constructive social dialogue, both with trade unions and employee representatives.

- **Management is aware gender equality is an issue.**

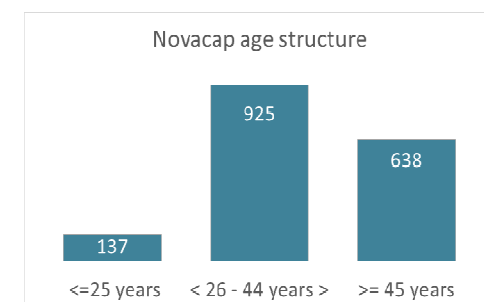
Agreements have been signed in France regarding equal opportunities between men and women, in conformity with French laws.

The ratios of women among managers and non managers are aligned an in accordance with our peers in Chemicals and pharmaceutical's industries



### Some activities and results among a numerous ones performed in 2016 :

- **Novacap has triple its number of employees in 5 years** due to several acquisitions and more than 70 jobs creation. The most contributors are Novabay unit in Singapore, Yangzi in China with 2 new workshops aiming reduction of environmental impacts. Regarding the structure of age, it is "in favour" of seniors.
- **Novacap has publicly committed to promote diversity and equal treatment** through its Global Compact membership. It also mentions discrimination issues in its Code of conduct and commits to prevent those risks in its various processes (hiring, remuneration, training, promotion, dismissal or retirement).



### 2017 engagements:

- **Novacap yearly appraisal rate higher than 80%**
- Implementation of a survey on employees satisfaction focusing relevant topics linked to people management, people development and well-being

## Social & Societal Responsibility

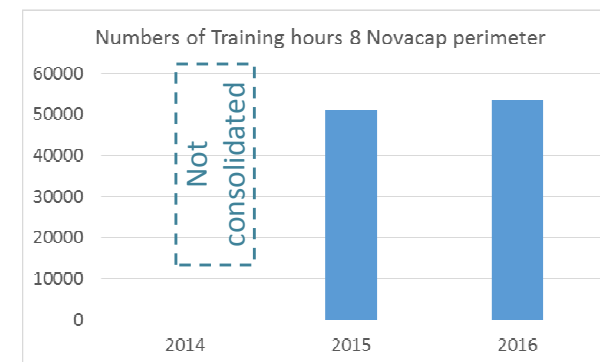
- **As an example of local initiatives**, Novacarb implemented a specific Charter on discrimination and diversity

# Novacap is committed to develop employees engagement, talent and skills (2/2)



**Novacap has developed training programs (safety, technical, FDA, management, languages, career development, lean six sigma, etc.)** . These internal and external programs are offered to all categories of employees and of all functions. All employees are going through an annual appraisal review. In accordance with their specific needs, all sites completed successfully their own training plan. In 2016 Novacap delivered 53500 hours of specific trainings whose a third related to Safety. It's more than 4 days per employee in average.

**Remuneration and incentives. Novacap is committed to align its policies with local regulations.** In France, employees can benefit from a profit sharing agreement, time saving account and saving plan according to their function Furthermore, managers benefit from a variable remuneration system which can include ESG criteria (health and safety performances for instance).



The number of training hours demonstrate Novacap put people clearly in the center of its development strategy.



## 2017 engagements:

- Maintain or increase training level (internally/ externally) to secure people competencies development
- Deploy succession plan
- Work for parity.

# Novacap believes strongly in dialoging and building trust with local communities



Chemical companies must work on their reputation and act transparently in order to improve current perception by civil society (pollution, hazardous substances, health and safety risks). Chemical activities may harm the quality of life of its direct neighbours (people as well as other industries).

Through its UN Global Compact membership, Novacap commits to promote CSR and Human Rights within its sphere of influence.

Novacap is engaged in various industry-specific initiatives to promote responsible chemistry.

- The Group is member of Responsible Care, an initiative developed by chemical actors and stands for the development of responsible practices in the sector.
- At local scale, Novacap is involved in the European Chemical industry Council (CEFIC) and in several committees of the “Union of Chemical Organisation” (UIC).

Novacap develops a direct dialogue with its neighbours and local stakeholders through open days or school visits.

## Some activities and results among a numerous ones performed in 2016 :

- Osiris Platform annual meeting on Sustainable development with participation of local authorities and many Novacap platform partners
- Engagement of Roussillon entities within local program called « Vallée de la Chimie »
- Yangzi is recognized to be within the Top 10 of the enterprises of Taixing industrial platform.
- Wuxi is helping local residents and students facing risk to loss education rights due to financial difficulties .
- At Novacap perimeter, the donations and charities overpassed in 2016 36 k€ worldwide, and were mainly dedicated to educational and social organizations as well as French Chinese institute at Lyon France .
- Novapex inaugurated its new Isopropyl acetate workshop in presence of numerous authorities representatives.
- Novacap increase its impact within several local communities through employment generated by new workshops as (Unit of Bicarbonate at Singapore, Salty Unit and incinerator of Yangzi in China).

## 2017 engagements:

Each entity has to manage an action plan regarding dialogue improvement with administration and local community including at least:

- one donation (or charity) action
- corrective action and preventive actions relative to each neighbor or local community complaint, if any.

## Social & Societal Responsibility

**Reminder :** Novacap organized the signature of a partnership between Osiris (an Economic Interest Grouping in Roussillon) and Taixing Chemical Park (China)



Section 4

**Environmental Axis**

# Novacap is committed to respect the environment by limiting the environmental impact of its activities in accordance to UNGC principles N°7, 8 and 9



**Environment:** Principle 7: Businesses should support a precautionary approach to environmental challenges  
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility;  
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies..

## Planet

### Environmental Protection:

- C5 Minimize process and product environmental impact at every stage
- C6 Reduce greenhouse gas emissions within planet boundaries
- C7 Master process safety and product transportation
- C8 Reinforce sustainable sourcing and preserve natural resources.

At Group level, environmental management is under the responsibility of the ESH director, who is under supervision of group industrial director. At local level, subsidiary directors and facilities directors are in charge of the implementation of the policies and management process.

- Environmental Management System (EMS) have been set up in each subsidiary. 8 sites over 13 have been certified against ISO 14 001 standards.
- Environmental KPIs objectives with associated action plans are set up each year within each subsidiary and quarterly monitored at upper level.
- Environmental issues are monitored and overseen by HSE-SD managers.

Novacap conducts crisis management exercises on a regular basis in partnership with local authorities. Some specific training are periodical performed for new comers and in case of necessary recycling.

#### **The mains ESH priorities are:**

- to avoid any loss of containment or release of hazardous substances or/and stored energy being able to create environmental impacts
- to monitor and reduce:
  - energy consumptions & GHG emissions
  - water consumption
  - waste water effluents
  - air emissions

.... through implementation of action plans and key performance indicators follow-up whose some initiatives are ongoing based on recommendations of Ramboll Environ ESH assessment performed at end of 2015

**Promoting local projects:** Regarding solid wastes, raw materials consumptions, production recycling monitoring and reduction, specific initiatives when relevant are launched locally. Example: Incinerator of Yangzi for waste burning (Tars) New process flow of external treatment of wastes at Wuxi, Lean Six Sigma projects on many sites...

# Novacap works to minimize process and product environmental impact at every stage

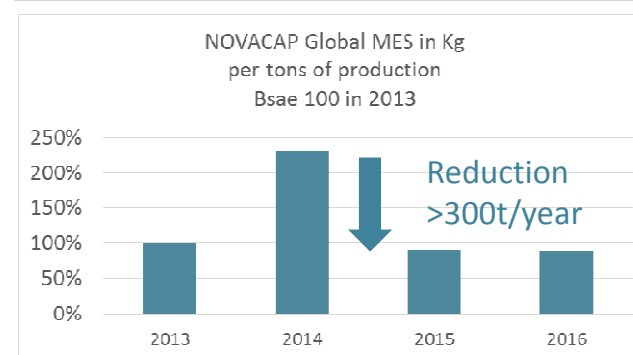
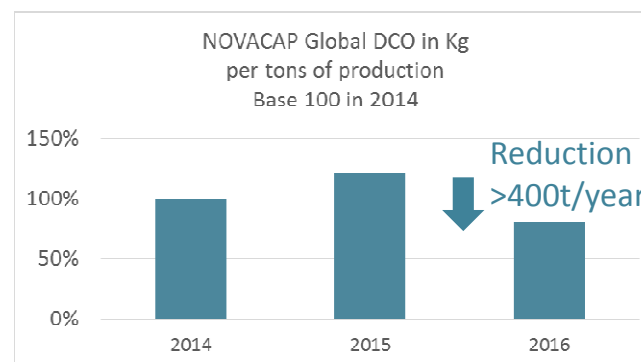
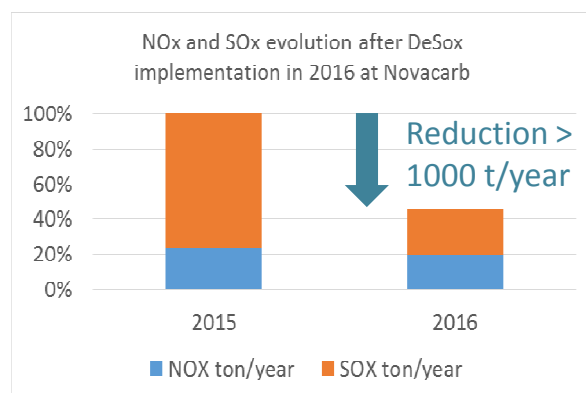
## Planet

By this commitment, every entity has to work for reducing its activity environmental impact. As a chemist, this It's well integrated in all employee culture through ESH management system in accordance with ISO 14001.

### Some activities and results among a numerous ones performed in 2016 :

We monitor some main environmental KPIs to secure our compliance with regulatory requirements and improve as far as possible our production costs by reducing or better eliminating all wastes. All our sites are monitoring air emissions as COV , NOX and SOX and waste water effluents as MES and OCD or equivalents. The graphs below as examples represent the positive evolution of Oxygen chemical demands (OCD or DCO) and suspended materials in Water effluents (MES)

Apart this monitoring , Novacarb implemented a new process to treat gas emissions of its coal boilers with a DeSox. It has been launched last year with already first positive results to be confirmed and put under control in 2017



### 2017 engagements:

- 25% reduction of the sum of COV, OX, SOX, MES, OCD in tons
- comparison will be done at same level of production
- Secure the ISO 14001 certification of 2 other plants



## Environmental Protection:



# Novacap works to reduce greenhouse gas emissions within planet boundaries

## Planet

**Energy Management systems have also been implemented.** To comply with French regulation transcribing the European legislation 2012/27/UE on Energy efficiency, several sites (Novapex, Novacarb) are certified ISO 50 001.

- **The Group monitors CO2 emissions for relevant sites (scope 1 and scope 2).** 2 sites are directly concerned by the European Union Emission Trading Scheme (EU ETS): Novacarb/Novacogé (Nancy) and Novapex (Roussillon).
- As per French regulation, those two sites annually report, after certification by accredited controlling companies, their CO2 emissions to the authorities.
- Novacarb is emitting CO2 from its energy production process supplied mainly by Coal or gas and also from its production process. Novacarb is thus mainly a direct emitter
- Novapex purchased vapour to Osiris Roussillon platform, which itself has an energy production plant. Novapex is therefore mainly an indirect emitter.

**Novacap and its platform partners have implemented various energy-efficiency initiatives at local level to reduce its carbon footprint.**

Novacap owns several cogeneration units fueled by natural gas (Novacogé in Nancy, Osiris cogeneration shared plant in Roussillon)

The Company has also implemented or supported various renewable energy solutions as Robin project in Roussillon

Based on all sites measurements and some calculations using recognized factors by energy, we estimated our emissions sites by site and consolidated the result at group level on Scope 1 , Scope 2 and accessible topics of Scope 3 .

Scope 1 + Scope 2 + Scope 3.1 (specifically Novapex Vapor bought to Osiris platform) represent more than 95% of the estimated global emissions



### 2017 engagements:

- Control CO2 emission measurement to secure the balance
- Succeed the 2017 milestones of the two key projects aiming a significant reduction of CO2 at 2020 horizon (less 20% in 2020)

## Environmental Protection:

# Novacap is dedicated to master permanently process safety and product transportation

Planet

As already mentioned previously, Process safety risks management is a priority of Novacap under the supervision of our ESH organization.

Based on its returns of experience, the regulatory compliance and international standards recommendations and also on several initiatives performed in the last 2 years with the support of external experts as:

- Chilworth process safety assessment,
- Ramboll Environ ESH assessment,
- FM global Insurance assessment,

each site has a clear action plan to be performed to reduce process safety and environmental risks.



## Mains activities and results among a numerous ones performed in 2016 :

### **For process safety risks:**

All our sites have a mapping of its process risks with only 10% considered as high potential risk whose 2 thirds come from new acquisitions. For these high potential risks preventive action plan is ongoing on each site to mitigate them.

To support the sites, several corporate actions have been launched or programmed:

- Record, classification and investigations of process safety incidents
- Process safety training
- Follow-up and coordination of global plan
- Expertise and support on specific projects.

### **For safe transportation:**

we audited some of transport suppliers and get some randomized controls at our own loading stations. These actions have to be reinforced and will integrate the global action plan in construction aiming responsible supplies.



### **2017 engagements:**

- 50% of high and medium priorities (P1 + P2) process risks will be closed through effective CAPA
- Treatment of Insurance company recommendations
- Process Hazard Analysis with standard corporate approach and tool.

## **Environmental Protection:**



# Novacap reinforce year after year sustainable sourcing and preserve natural resources.

## Planet

As a global player in chemical and pharmaceutical industry, Novacap has always been concerned by this objective and works mainly on 3 topics:

- Efficiency of our intensive energies activities
- Reduction of raw materials and packaging consumption
- Control and reduction of water consumption

### Some activities and results among a numerous ones performed in 2016 :

#### Efficiency of our intensive energies activities:

More than 80% of our energies consumption is coming from to production plants from Novacarb et Novapex. These two plants have already performed some huge improvements. Convinced continuous improvement is never finished, we performed on these two sites energetic efficiency assessments by an external consultant in energy efficiency. Their results confirmed our operations are well managed in terms of energy consumption. Despite this good results, these two sites are also engaged in an improvement actions plan on some specific improvements in accordance to ISO 5001 certification obtained last year.

#### Reduction of raw materials and packaging consumption.

Novacap monitors the specific consumption of all its raw materials and has, at each site level, due to their own processes specificities, an action plan to reduce these consumption, focusing, among several, on process improvements, waste generation or internal recycling reduction.

#### Control and reduction of water consumption.

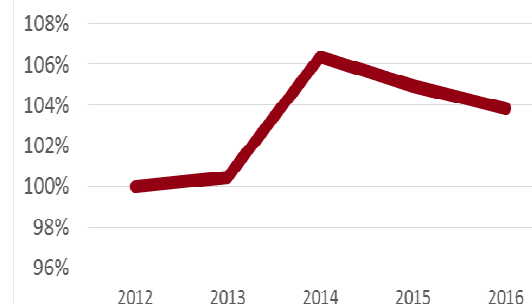
Water is, as energy one of the most important resources for any chemical process and Novacap put on this resources all the necessary attention to avoid any waste and non optimized utilization. The saving of this year compared with 2015 consumption was around 400 ktons.

### 2017 engagements:

- Master water consumption and pursue continuous improvement plan
- All sites manage a water consumption reduction plan starting with a water mass balance

With 2 years of improvements we are convinced we can recover the 2012 level of specific consumption based on continuous improvement approach (target Less 5% up to 2020)

NOVACAP Global WATER CONSUMPTION in m3  
Base 100 in 2012



## Environmental Protection:



Section 5

**Economical Axis**



# Sustainable Business passes necessarily through best practices implementation



Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

## Profit

### Economic Performance:

C9 Be recognized for our strong customer focus and our respect of regulation and quality standards

C10 Be a compliant, ethical and trustworthy business partner all along our responsible supply chain.

C11 Foster and deploy sustainable innovations

C12 Generate significant and sustainable value through operational Excellence

In terms of our economic performance, our first priority is a complete and long-term customer satisfaction through a reliable, high-quality product offering with no risk to consumers. In order to maintain our Group's competitiveness, we have made a number of essential commitments, including:

- guaranteeing conformity with regulatory requirements, quality standards and current good manufacturing practices;
- behaving ethically within our businesses in accordance with our code of conduct, our management book and responsible purchasing practices;
- fostering and deploying our innovations through:
  - technological benchmark,
  - good connection to R&R ecosystems,
  - innovation process ( INOVA) and tools implementation for project management
  - internal transversal team work,
  - communication and rewards,
 .... within an administrative, financing and legal environment;
- seeking out operational excellence by continuously improving efficiencies through implementation of:
  - rigorous management system
  - good practices and tools in technical processes including problem solving's and improvement projects
  - robust people competencies development system



# Customer satisfaction is embed in Novacap values with a voluntary implementation of practices consistent with regulatory requirements and quality standards recommendations

Profit

Novacap is convinced customers satisfaction passes necessarily through the following activities:

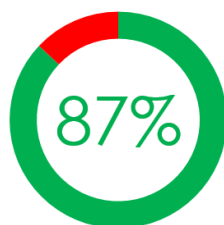
- Manage activities through a comprehensive Quality Management System (QMS) in compliance with international standards (cGMP / ISO) and applicable regulations and guidelines;
- Meet all their expectations;
- Perform operations in a manner which ensures product quality and safety;
- Continuously improve the efficiency and reliability of operations;
- Develop the qualification, skills, behaviors and effectiveness of our personnel through training programs designed to develop the individual potential of each person.

## Some relevant activities and results among a numerous ones performed in 2016 :

- Most of our operational entities have implemented an effective management system and are so far certified regarding relevant standards as ISO 9001 , ISO 14001, ISO 18001, ISO 50001, cGMP, HACCP, ... All those which are not already certified are working to be, according their Schedule.
- Regarding customers satisfaction:
  - we've launched an internal program relative to process stability in order to secure and improve capability of our processes to serve customers with the desired quality
  - We performed a customers survey within the perimeter of Novacyl, a Business Unit of Pharmaceuticals and Cosmetics division. This survey has targeted 6 fields of quality: product \_ Business relationship \_ Order & Delivery \_ Technical support \_ Communication and price.

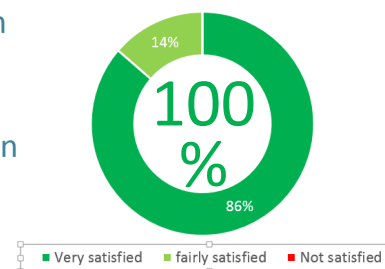
## 2017 engagements:

- 100% success of inspections & audits
- Completion of sites production process stability program in accordance with their plan.

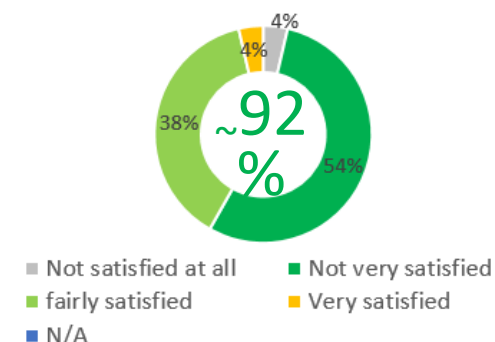


... It's the satisfaction rate expressed by our "very" or "fairly" satisfied customers among a population of around 95 over 334 targeted customers . This acceptable result \_ to be compared with the Novapex and Novacarb surveys \_ shows once again our good image on the market despite some specific points to be addressed.

Novacyl satisfaction survey (2013)



Novacarb satisfaction survey (2013)



■ N/A  
Novapex satisfaction survey (2014)



# Novacap is permanently focused to be a compliant, ethical and trustworthy business partner all along our responsible supply chain. (1/4)

## Profit

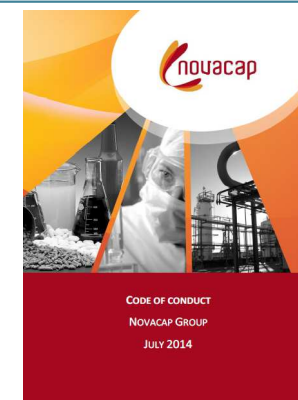
Very concerned to be a recognized partner for its ethics and compliance practices, throughout its business, Novacap created a compliance committee to supervise this activity. Following the edition and the trainings on our Code of conduct as well as the mapping of Novacap risks, both done in 2014, some new key actions have been carried in 2016:

- The edition of Novacap management book
- The edition of a booklet and the implementation a training program (12 sessions) on all sites related to Guidance and Good Practices in relation to Competition & Corruption and in the case of searches (DO's and DO NOT)

In addition to these realizations, the compliance committee decided to update the Novacap risks mapping with a specific focus on evaluating control processes of non conformity risks.

Based on a series of interviews with Novacap Management, which helped to identify and pre-evaluate the risks, Compliance team is currently updating with MAZARS company, the risk matrix on four modules:

| Societal  | Environment   | Business Conduct   | Assets protection   |
|---|---|--|---|
| <ul style="list-style-type: none"> <li>▪ Respect for individuals: illegal work and equal treatment;</li> <li>▪ Health - Safety: risk of occupational accidents; Asbestos exposure and compliance with ICPE standards</li> </ul> | <ul style="list-style-type: none"> <li>▪ use and control of polluting and hazardous substances;</li> <li>Quality: compliance with quality rules;</li> <li>product Compliance, compliance with the recommendations of the authorities</li> </ul> | <ul style="list-style-type: none"> <li>▪ Corruption ;</li> <li>▪ Competition;</li> <li>▪ Embargos;</li> <li>▪ Subcontractor and suppliers: compliance with CSR standards and risk of laundering</li> </ul> | <ul style="list-style-type: none"> <li>▪ Intellectual property ;</li> <li>▪ Personal data ;</li> <li>▪ Strategic information;</li> <li>▪ Risk of insider trading</li> </ul> |



### 2017 engagements:

- Finalize the update of the risks mapping
- Define and implement the associated roadmap to mitigate these risks if not already performed.

# Novacap is permanently focused to be a compliant, ethical and trustworthy business partner all along our responsible supply chain. (2/4)

In addition to the mapping of the risks, Novacap need to get a compliance system to prevent and detect violation

## Preventing violation

The management book and the codes of conduct and other policies have been approved by Novacap's executive and supervisory boards. Every manager should display exemplary conduct in terms of complying with basic ethical principles and promoting the rules of compliance among their staff, ensuring that employees understand these principles. Every manager is responsible for identifying risks and putting the necessary processes and organization in place to mitigate them. Any employee who believes in good faith that a law, regulation, or principle laid out in this charter has been or could be violated must report it to his or her supervisor or to Novacap's compliance department. Novacap will protect the employee's anonymity and keep the information confidential. No employee may be penalized or discriminated against for having reported an infraction, as long as the report was made in good faith and without malicious intent, even if the facts reported prove to be inaccurate or no further action is taken.

## Detecting violation

Any employee may freely use the email address [codeofconduct@novacap.eu](mailto:codeofconduct@novacap.eu) to ask questions or report suspicious behavior. Any employee may also directly contact his or her manager, the compliance department, the internal audit department, or the human resources department. Every Novacap employee is required to uphold the highest standards when it comes to respecting the ethical principles laid out in this charter. Every employee must:

- Read and understand the information provided in this charter and the associated codes and policies
- Attend and participate in the training provided to help you better understand risks and suspicious situations
- Make use of the whistleblowing system in the event of suspicious behavior
- Contact his or her supervisor or the legal and compliance departments, or the inspection and internal audit department or the human resources department, if he or she has any questions concerning the application of these rules (particularly concerning the charter, the anti-bribery and the antitrust codes, and Novacap's policies).



# Novacap is permanently focused to be a compliant, ethical and trustworthy business partner all along our responsible supply chain. (3/4)

Earning our partners' trust to create lasting relationships requires not only complying with regulation on free competition but also prevention of all forms of corruption and interest conflicts

## Preventing all forms of corruption and conflicts of interest

Novacap does not tolerate any form of corruption and vigorously condemns any payment or practice that violates international and national anticorruption laws, in any country where the company operates. Any person who violates these laws on behalf of Novacap exposes the company and its management to serious penalties and exposes him or herself as an individual to significant criminal penalties, including imprisonment.

Knowing that any employee may be confronted with situations in which his or her personal interests could conflict with those of the company, Novacap encourages its employees to be aware of situations in which the objectivity of their professional decisions could be compromised.

Novacap provides all of its employees and partners with a code of conduct describing risky situations and rules to follow when faced with them.



## Complying with regulations on free competition

Novacap ensures compliance with laws and rules on free competition. Any practice that distorts competition, and particularly the exchange of any sensitive information (price, volumes, strategic plan) with a competitor is prohibited, as is any pricing agreement with one or more competitors on a small or large scale. We select our suppliers based on objective criteria such as quality, reliability, price competitiveness, and behavior. Complying with rules on free competition is in everyone's interest in order to promote and encourage innovation, ensure the quality and integrity of the products we manufacture, and build a relationship of trust with our customers, suppliers, and partners. Any violation of these regulations exposes Novacap as well as its employees and representatives to serious penalties, including imprisonment.

## Novacap is permanently focused to be a compliant, ethical and trustworthy business partner all along our responsible supply chain. (4/4)

Earning our partners' trust to create lasting relationships requires also rules on donations and sponsorship, securing the financial process to avoid any money laundering and being able to apply embargos.

### Sponsorships and donations

A sponsorship is the company's support of a person, organization, or charitable activity for business purposes. Any sponsorship must be part of the company's marketing and communications policy. Eligible sponsorships must meet the criteria approved by the human resources and communications departments. Donations made in accordance with laws and regulations are authorized and even encouraged by Novacap, particularly for certain causes, such as child abuse prevention, education, medical development, etc. However, as a politically neutral company, Novacap strictly prohibits any donation of a political nature with the primary goal of disseminating political or religious information or ideas. Novacap has developed a donations policy with which all employees must comply.

### Money laundering and embargos

Money laundering is a process that aims to disguise the origin of funds acquired by the perpetrator of a felony or misdemeanor (drug trafficking, terrorism, etc.). Novacap condemns any direct or indirect involvement in money laundering activities and ensures the integrity of the service providers with whom the company works. Novacap asks its employees to pay attention to how payments are made in order to identify any irregularities or suspicious behavior by a partner. For this purpose, Novacap has developed a kyc/aml policy that establishes the necessary procedures for reporting any suspicious situation. All employees must comply with the KYC/ AML policy. Novacap agrees to comply with local, national, and international laws and regulations and any similar provisions establishing embargos or other restrictions on the sale of goods or services. For that purpose, Novacap has established a procedure to verify the company's business activities with countries under embargo. Any employee involved in an international business activity must comply with this procedure and, where necessary, check with corporate counsel to ensure that he or she fully understands it. Any violation of this rule could result in serious penalties for Novacap and the individuals concerned.



# Novacap defines and implements rules governing the protection and use of company assets

**Protecting company assets** Which are either tangible assets (equipment, vehicles, computers, telephones) or intangible assets (knowledge, confidential information, reports or documents distributed inside or outside the company, intellectual property, copyrights and trademarks owned by Novacap and its partners). requires rules and permanent surveillance

## **Respecting the confidentiality of information and protecting sensitive information**

Confidential information produced and collected by Novacap for internal use is a valuable asset to the company. Protecting this information plays an essential role in the company's strategic development. Any employee who has access to this type of information in the course of his or her professional duties, regardless of whether it belongs to the company or to its partners or customers, must respect the confidentiality of said information in connection with its transmission traceability), handling, and use. This requirement applies to both tangible and intangible assets.

## **Integrity of financial information**

Novacap ensures that its accounting books and records always reflect the reality of the company's economic and financial situation. The company's consolidated financial statements are audited and approved by its auditors.

## **Insider trading**

Any person who, in the course of his or her duties, has access to privileged information that could influence the listing of securities is considered an insider.

Privileged information is information (most often financial or strategic information, but not exclusively) that is not public and that, if it were made public, would likely have a significant impact on security prices.

The disclosure and use of privileged information, particularly for the purpose of trading securities, is illegal.

Employees who have access to privileged information concerning Novacap or its partners may not use it, either directly or indirectly, for their own benefit or to speculate on securities.

Any practice in violation of these legal principles may result in serious penalties.

## **Communicating with banks and investors**

Novacap applies the principles of transparency, consistency, and equality when it comes to financial information.

The provision of financial information to analysts, agencies, investors, banks, or any other third party in the field of finance is managed by the finance department in conjunction with the communications department.

Any request for financial or strategic information you may receive should be sent to the finance department, which will handle the request directly, possibly in conjunction with the communications department.





# As Novacap protects company assets to secure its economic performance, Novacap is also committed to protect personal data of its employees.

## Protecting personal information, a good practice respecting values and people

Novacap pays particular attention to protecting the personal information of its employees and partners in accordance with national and international regulations.

Personal information may only be collected for legitimate purposes and may only be used for the purposes for which it was originally collected, and by individuals whose positions and responsibilities absolutely require it. These individuals, with the right to access the information, are listed.

The handling and protection of personal information is closely supervised by two designated compliance officers, responsible for Europe/U.S. and Asia, respectively, in order to ensure compliance with local laws.

Personal information may not be kept longer than the legal time limit.

Any individual whose personal information is handled in a file has the right to have a say on how said information is handled.





# Novacap Foster and deploy sustainable innovations with several initiatives related to “Green Chemistry” according to UNGC principle N°9

Profit



## Reminder : Products intended for environmental protection

Novacap produces and sells products used in environmental protection:

- **Performance Chemicals - Novacid:**
  - Novacid has created a JV with Ferralco named Ferracid.
  - Ferracid produces ferric chloride used in sewage treatment plants, for suspended matters.
  - Moreover, ferric chloride replaces aluminium-based controversial products (assumed to be harmful).
  - Ferric chloride account for roughly 20% of Novacid production in tons.
- **Mineral Specialties:**
  - The Division sells Sodium Bicarbonate that enters into the composition of environmental protection products: water treatment, fume treatment, waste treatment, manufacture of “Green tyres”, detergent
  - These materials account for approximately half of the Division activity.

## Process improvements

- **Novacap is committed to reduce its energy consumptions by enhancing its energy efficiency:**
  - Several energy audits were conducted by external and specialized auditors (Okavango and Apave). The latter concluded that Novapex has already implemented the most efficient measure to optimize its consumptions.
  - The two main energy consuming subsidiaries, Novapex and Novacarb, have undertaken a certification process against ISO 50 001 standards.
  - Novacap owns several cogeneration units fueled by natural gas (Novacogé and Osiris)
- **Novacap is engaged in circular economy:**
  - Yangzi site in China invested in reduction of effluents by circular economy through a new workshop which valorized 24kt of salted effluents in Sodium chloride which are then consumed on site after a supplier purification. This new unit is operated by 17 new operators.
  - New IPAC production have been launched with success at Roussillon France and Novapex received in 2016 the Pierre Potier prize which rewards Innovative solution for sustainable development (See next slide)

## Vegetal-based chemistry

- **Novacap is looking forward to develop vegetal-based chemistry, mainly in its Pharmaceutical & Cosmetics division.**
  - The Group is committed to develop bio sourced ingredients for the cosmetic sector to meet an increasing demand.
  - Indeed, major cosmetic actors are eager to find suppliers who offer bio sourced materials.
- **The Group has an innovation corporate coordination whose a part of its mission is to develop partnerships with companies specialised in R&D, including green chemistry development.**
  - At the time of this report, one first partnership has been signed with a micro algae French player, Alganel, another being finalized and a third one under discussion with a plant based surfactants producer.

# Novapex awarded Pierre Potier Prize for IPAC production

## *A new unit of Novapex – Performance Chemicals Division*

June 29th 2016 - Novapex has received in the presence of Emmanuel Macron, the French Economy, Industry Sector Minister, the Pierre Potier Prize for the "Process" and "Product" categories

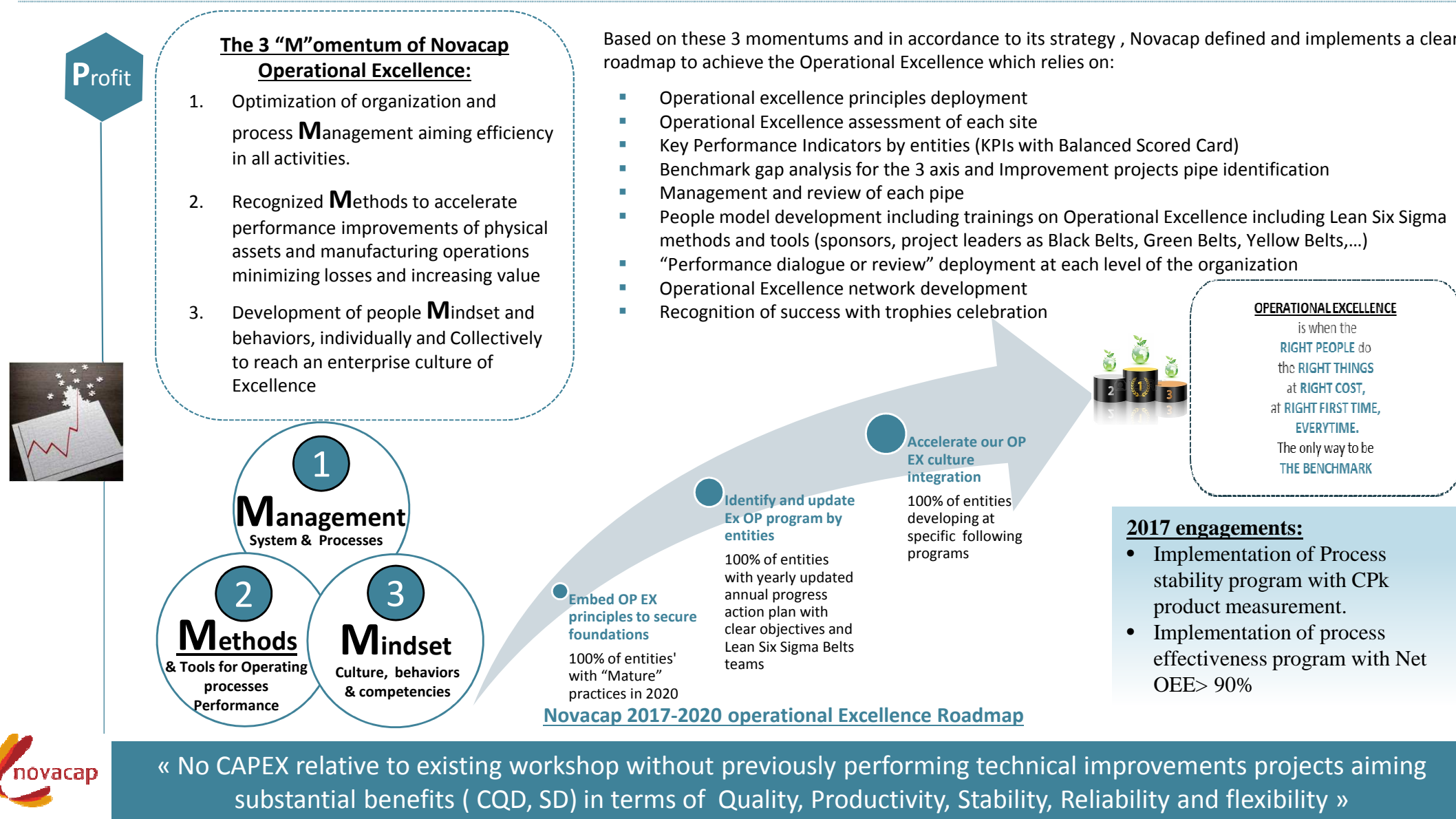


The Pierre Potier Prize rewards innovation for sustainable development. Realized for the development of the business of Novapex subsidiary in the market of high-end oxygenated solvents, this investment has perfectly integrated the three components of the CSR-SD: The process developed in partnership with IFPEN is innovative and based on the intensification of processes (reactive distillation and heterogeneous catalysis); A circular economy was achieved through the use of a co-product, hitherto little valued, of another subsidiary of the group; This process does not use primary energy derived from virgin steam and consumes only secondary steam (recycling). It therefore preserves natural resources. The construction of this new unit integrated the Operational and ESH recommendations ESH of the future operators of the unit and no accident has been reported during the implementation, launch and production phases. This new workshop provided an opportunity to demonstrate the group's health and its strong involvement in the local economy through its inauguration with the presence of the authorities, many media and our main partners.

- Science and technology Pierre Potier Prize was created in 2006 by the French State Department for Economy and Industry with the French Federation for Chemistry Sciences (FFC) and Union for Chemical Industries (UIC)
- The aim of the prize is to highlight innovations in chemical industries supporting sustainable development and the development of eco-responsible approaches



# Novacap generate significant and sustainable value through Operational Excellence



## CSR-SD trophies are organised every year to promote good CSR initiatives and strengthen employees' sense of belonging to Novacap



! STRICTLY PRIVATE AND CONFIDENTIAL !

### Novacap CSR-SD Trophies quick overview

Profit

- Since 2014, Novacap organized CSR-SD Trophies at Group level. In September 2016 occurred the third edition in presence of all leaders of the group and
- This event aims at awarding relevant projects regarding their sustainability impacts:
  - Projects are eligible in 5 categories: Safety, social, environment, innovation and economic. 3 projects are awarded in each category.
  - Each site was enabled to submit up to 2 projects by category.
- A jury of 10 members from various Divisions and functions is established and chaired by Sophie Flak, Eurazeo
- Selection criteria relied on the 12 commitments framework defined in Novacap SD Strategy; moreover, “implementation criteria” were also considered:
  - Method used and implementation quality
  - Commitment of stakeholders and employees participation
  - Ability to be transposed within the Group
  - Clarity of the communication / documentation
- CSR-SD trophies participation show a successful involvement of Novacap employees
  - In 2014, 37 projects were submitted with 260 employees involvement.
  - In 2015, 33 projects were submitted by 218 employees involvement.
  - In 2016, 37 projects were submitted by 255 employees involvement.
- In 3 editions, (from 2014 to 2016) we succeed to double the consolidated savings obtained through the achievement of the submitted projects.

### Novacap HSE- SD trophies – winning projects 2014 & 2015 & 2016.

|      | CATEGORY            | ENTITY            | PROJECT  |
|------|---------------------|-------------------|--|
| 2014 | Social              | Novapex           | Improve Safety behaviour                                   |
|      | Environment         | Novacarb          | Upgrade of the Limestone Pagny's Quarry                    |
|      | Economic (ex-aequo) | Yangzi            | PAP recovery   |
|      | Economic (ex-aequo) | Novacyl           | Wuxi-Energy savings  |
| 2015 | Safety              | Puyuan            | Puyuan 5S deployment                                       |
|      | Social / Societal   | Novacyl           | Tolling process development                                |
|      | Environment         | Novacyl           | Decrease of waste water                                    |
|      | Economic            | Novapex           | IPA yield and debottlenecking                              |
|      | Innovation          | Novapex           | Phenol sub product   |
| 2016 | Safety              | Yangzi            | Security surveillance in tank farm                         |
|      | Social / Societal   | Novapex & Novacid | Social barometer   |
|      | Environment         | Puyuan            | Complete separation of wastewater and rainwater collection |
|      | Economic            | Novacyl           | Roussillon Reliability Improvement                         |
|      | Innovation          | Novabion          | Nabion, an eco-friendly builder for detergents             |



## Many Thanks to all contributors of this document

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