

# UN Global Compact

## *Communication of Progress - 2019*



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## 1. Our Commitment to Economic Growth

### A. Assessment, policy and goals

Safic-Alcan is a global specialty chemicals distributor. We connect chemical manufacturers (our suppliers) and chemical users (our customers), we provide complete distribution solutions.

Bringing value tomorrow : In our constantly evolving world, we know that in order to remain competitive, we must stay ahead of the curve in finding sustainable solutions to everyday problems. Developing sustainable products drives our business growth and provides a foundation for our future success.

### B. Implementation & Outcomes

The paths we pursue with our sustainability strategy should enable Safic-Alcan to better meet the needs of our customers while fostering new levels of growth and financial success. We want to use Sustainability as a lens for guiding both organic and inorganic growth to meet customer demands across the globe.

**Key Initiative No 1:** *Continue delivering value creating growth.*

Growing organically means that we are working downstream with customers and brands to gain insights, which we then share with our principals/suppliers to drive the development of innovative, sustainable solutions. It is more than respecting regulations. It is also an opportunity to use our creativity and innovation to be part of the solution, for our world today and for future generations.

Inorganic Growth is characterized by our strategic goal of expanding in differentiated sustainably advantaged portfolio and deploying geographically.

- **Key Measure No 1:** Continue delivering value creating growth with a 10% compound annual growth rate (CAGR) for our earnings from 2015 through 2020.

From 2015 to 2017, our revenue has grown from 466 M€ to 565 M€, which represents a 10% compounded growth rate. Our earnings have followed a similar trend. All financials results are communicated to our employees, as approximately 80% are also shareholders.

**Key Initiative No 2:** *Collaborate with Principals and Customers to develop new business opportunities from new sustainability advantaged products.*

Our tagline: “Innovative Solutions” means understanding our customers needs to bring solutions. That is why we strive to provide our customers with solutions that improve performance, value and environmental footprint. We want to continue to build our portfolio of sustainably advantaged products to accelerate our efforts to deliver innovative, sustainable solutions to our customers throughout the world.

The impact of environmental constraints on ever-stressed natural resources is supporting our commitment to embed sustainability in our product portfolio and innovation processes. In order to increase our impact, we must move to a process where we identify those customers and suppliers with whom we can co-develop *innovative eco-conscious products*.

- **Key Measure No 2:** Develop “sustainable advantaged solutions” by setting a minimum of two Joint Development Projects with Principals and Customers.

One of the current projects is to contribute to the flagship initiative from Guerlain “Bee Respect” to build *transparency and traceability* on selected ingredients from our different suppliers.

Two other projects are to develop some new products with a specific key Principal to improve the naturality of the cosmetics products:

- based on Neossance® Hemisqualane (plant-sugar-derived emollient) at a UK Leading Cosmetics Brand
- based on non-petroleum related wax at a French leading Cosmetics Brand.

For each of those 3 projects, a Key Project Plan (KPP) is in place to measure the progress of this initiative.

## **2. Our Commitment to Environment Stewardship**

### **A. Assessment, policy and goals**

As a major player in the distribution of specialty chemicals to the formulation industries, Safic-Alcan takes environmental stewardship to heart and supports the UNGC environmental principles on the Environment. The principles have been included in our [Corporate Environmental Stewardship Policy](#) as well as our [Third-Party Code of Conduct](#). The documents are published on our website.

In addition, Safic-Alcan is also a signatory of the “Responsible Care®” Program from the Union Française du Commerce Chimique (UFCC). [Responsible Care®](#), launched in Canada in 1985, is the chemical industry’s global voluntary initiative. While the UN Global Compact is not focusing on a particular industry, many of the requirements from Responsible Care® support the principles of the UN Global Compact and are therefore quite consistent with its overall objectives.

### **B. Implementation & Outcomes**

This [Environmental Stewardship Policy](#) aims to integrate a philosophy of sustainable development into all the organisation’s activities and to encourage sound environmental practice in our operations.

Under [Responsible Care®](#), we ensure that we provide a safe environment to work in and make sure all our employees are suitably trained. We regularly assess and continually improve our operating systems, distribution network and understanding of the products, with respect to their impact on the health and safety of our employees, customers and the general public.

As a signatory of the French UFCC “Responsible Care®”, Safic-Alcan, once a year, fills in the UFCC Questionnaire on Key Performance Indicators (KPIs) and send it to UFCC. The first part of the questionnaire requires information on the implementation of “Responsible Care®”. The second part covers the elements of the 8 Guiding Principles such as Lost Time Injuries and Fatalities, Dangerous Occurrences (non-transport), Transport Incidents, Waste Disposal, Convictions.

**Key Initiative No 3:** *Join forces to promote industry-wide practices and standards that protect public health and the environment.*

Our commitment to the principles of “Responsible Care®” encompasses [Product Stewardship guidelines](#). We are committed to collaborate and communicate with our customers and our principals to manage chemical products, ensuring that supply chains gain access to the right support to meet the increasing demands for health, safety, security, environmental protection and sustainability along the supply chain.

One of our current objectives is to work with our principals to ensure that our products, especially cosmetics, have a preliminary product life cycle assessment (LCA) in order to quantify the potential environmental impacts of an ingredient throughout its life cycle. This is the way to help our customers to make “Eco-conscious” choices that are critical to both current and future generations.

- **Key Measure No 3:** Contribute to a minimum of 3 initiatives jointly with Customers and Principals by 2020.

Our first Key Project is “to assess the possibility to start an internal database with LCA’s as a Metric”. LCA’s are used to understand and evaluate the environmental impact and benefits of a product. As such it is an excellent approach to provide information on the Sustainability performance of products in order to promote “Sustainable Consumption”. We have a Key Project Plan in place to measure the progress.

Our second Key Project is “To develop and implement an internal database for our products based on ISO 16128” : Cosmetics products companies want full visibility and accurate data for the natural and/or organic content of their products. The standard ISO16128 provides common definitions and evaluation protocols that have a scientific basis. Being able to provide such information on the products that we sell, will create an opportunity to “Promote Sustainable Consumption”. A Key Project Plan with target dates is in place.

**Key Initiative No 4:** *Deploy Sustainable Procurement to improve the working and environmental conditions in our Supply Chain.*

We developed our [Third-Party Code of Conduct](#) as “Doing Business with Safic-Alcan” to ensure that “Suppliers & Third Parties Providers” (“Third-Parties”) are aware of Safic-Alcan’s expectations when working with our employees and for their own business conduct. Third-Parties are required to be acquainted with the code of conduct and to conform to its principles as long as they are in a business relationship with us.

- **Key Measure No 4:** Deploy Sustainable Procurement to improve the working and environmental conditions in our Supply Chain.

Our goal is to ensure that 80% of revenues are coming from suppliers who comply with our “Third-Party Code of Conduct” by 2020. The updated code has been published in December 2018 and we have an internal initiative to deploy it to our suppliers and third parties providers during quarter 1, 2019.

### **3. Our Commitment to Social/Human Rights Responsibility**

#### **A. Assessment, policy and goals.**

Safic-Alcan's goal is that our Employees and all our Business Partners respect the Universal Declaration of Human Rights and Environmental Protection.

Our Employees are the company's most valuable asset. It is not a coincidence if most of Safic-Alcan's Employees are shareholders of the Company. This is the foundation of our collective success. It is their commitment that has allowed us to consistently provide value to our Business Partners and Stakeholders.

Safic-Alcan strives to create a workplace that attracts top talents, retains Employees with engaging work, embraces differences and encourages all team members to reach their full career potential.

In addition to our Employees and Business Partners, our Stakeholders include the interest groups that are impacted by our business or who may be so in future such as Associations and Organisations, Governments, Authorities and local communities where we are present. As a member of relevant technical and industry associations at a local, regional and international level, Safic-Alcan maintains an active dialogue concerning industry-specific issues.

#### **A-1) Updated Code of Conduct & New "Third-Party Code of Conduct"**

Based on our commitment to the 10 principles of the UN Global Compacts we have updated our "[Code of Conduct](#)", as well as our "[Third-Party Code of Conduct](#)" (formerly called Suppliers Charter) and published them on our website to make our position clearer for all our suppliers, employees and partners.

The updated version clarifies Safic-Alcan's values on the following additional topics:

- Human Rights: Human Trafficking, Forced or Compulsory Labour, and Child Labour
- Records integrity : Fraud
- Business partners : Anti-corruption
- Business Integrity : Competition law, Export control

#### **A-2) Horizontal CSR Assessment**

For the past few years, Safic-Alcan has registered an increasing demand for information on how we deal with sustainability issues – particularly on the part of our customers. We are pleased to respond to these needs by making our principles and activities transparent and measurable in various ways.

In addition, to demonstrate its continuing commitment to behave responsibly by integrating social and environmental concerns, Safic-Alcan decided, as early as 2014, to implement an independent "Horizontal CSR assessment" to measure the quality of the company's CSR management system. The objective of this assessment is to get a clear picture of how well Safic-Alcan integrates the principles of CSR into its business.

## B. Implementation & Outcomes

**Key Initiative No 5:** *Maintain our strong commitment to our Company's culture for health, wellness and ethics.*

We have published our updated [Code of Conduct](#) on Internet.

The Code includes few important additions which apply to each Employee to the reasonable extent given to the Employee's level of impact. To that extend, each Regional Leader has been requested by the Board Members to roll it out to his/her area of responsibility and to get each employee to commit to the revised "code".

- **Key Measure No 5:** Achieve a 100% deployment for our [Code of Conduct](#) to our employees by end of 2019.

We actively informed all our employees of our updated "Code of Conduct" and asked them to commit as well. An internal system is in place where each employee is asked to sign this updated "Code of Conduct". A report on the percentage will be done per quarter, starting with Quarter 1, 2019.

**Key Initiative No 6:** *Pursue responsible business practices to combine the demands of Economy, Environment and Society.*

Safic-Alcan decided, since 2014, to implement a CSR ongoing assessment process. We are using the EcoVadis CSR rating methodology which is widely recognized and used by our Suppliers as well as our Customers.

The EcoVadis methodology framework assesses the policies and measures put in place as well as the reporting published by companies with regards to environmental, labor practices & human rights, fair business practices and sustainable procurement issues.

Safic-Alcan wants to use the EcoVadis overall score (0-100) to reflect the quality of the company's Sustainability Strategy with the objective to obtain the Gold rating.

- **Key Measure No 6:** Achieve and maintain EcoVadis (FR) scoring of 62 points and Gold recognition level by 2020.

To obtain the Gold rating, a company must score between 62 and 100.

In our first assessment in 2014, Safic-Alcan's France operations achieved a score of 42 points (Bronze Recognition Level). Its most recent EcoVadis assessment achieved a score of 57 points, thereby improving our 2014 score by 15 points. This result puts us in the silver status, well above the average within our industry sector (42.2) and ranks us among the first quartile in this category.

## **4. Our Commitment to Anti-Corruption**

### **A. Assessment, policy and goals**

Safic-Alcan supports the UNGC principles on anti-corruption. We work strongly against corruption in all its forms, including extortion and bribery. Based on our commitment, we have updated our old “Code of Conduct”, as well as our “Third-Party Code of Conduct” to make our position clearer for all our suppliers, employees and partners.

Safic-Alcan encourages responsible reporting of any potential Code violations (Whistleblowing rules). When faced with questionable business conduct, or legal uncertainties, Employees & Third-Parties have a right and an obligation to seek guidance from the Company. In addition, no disciplinary action or retaliation will be taken against an Employee for bringing a concern to the Company’s attention in good faith, even if the investigation determines that no violation could be found.

### **B. Implementation & Outcomes**

Both updated version of the “Code of Conduct” and the “Third-Party Code of Conduct” are published on our website.

Our [Code of Conduct](#) includes our policies on anti-corruption and payments and gifts. We also have an internal system in place for whistleblowing for any Code of Conduct guideline violation. A training was organised at the Management meeting on May 3<sup>rd</sup>, 2018 for the 42 Managers representing all key functions of the Safic-Alcan Group. An attendance sheet was established to register the presence of those managers.

Our updated [Third-Party Code of Conduct](#) was published in December 2018 and we have started an initiative to actively inform all our Suppliers and Third Parties Providers.

We have a process in place, described in our codes, that encourages employees, customers, suppliers and third parties to report back if they suspect any wrongful doing in regards to the Code of Conduct.

No reports have been filed since the system has been implemented.

+++++ End of our Communication of Progress – January 2019 +++++