



CORPORATE SOCIAL RESPONSIBILITY REPORT

**SNF**

# TABLE OF CONTENTS

Business model	3
Our labour policy	4
Our environmental policy	9
Our social policy	15

## Growth that respects People and the Environment



SNF aims to be a key player in the water treatment sector and in all related applications. The many initiatives we have undertaken in recent years to promote Sustainable Development, particularly in the environmental, social and economic fields (energy balance sheet, carbon balance sheet, sustainable development report, social balance sheet, etc.), are closely related to our business activities.

Our policy on Sustainable Development is based on our pledge to deliver on our key commitments:

- ✓ To operate in accordance with applicable environmental laws and regulations, as well as all other applicable requirements at the social and economic levels.
- ✓ To develop a culture of integrity, loyalty and honesty.
- ✓ To minimise the environmental impacts of our activities, including by optimising our energy consumption (gas, electricity and water).
- ✓ To promote measures aimed at preventing environmental degradation, limiting our carbon footprint and reducing our dependence on natural resources.
- ✓ To raise awareness among employees and partners and encourage them to conduct their activities responsibly.
- ✓ To provide training tailored to the requirements of each job.
- ✓ To communicate and inform on the impact of our activities both internally and externally.
- ✓ To adhere to values inspired by fundamental principles as set out in the Declaration of the Rights of Man and the United Nations Global Compact.

Delivering on these commitments requires periodic performance reviews, which we publish on a regular basis through information and communication campaigns aimed at all employees and partners.

As part of our continuous improvement and prevention process, our goals are periodically reviewed and revised based on the results achieved, new scientific knowledge, new available technologies and changes in the economic and social environment.

To achieve these goals, we have defined and implemented Management Systems to ensure compliance with environmental, social and economic standards.

Pascal REMY  
Chief Executive Officer

## BUSINESS MODEL

With its headquarters in France, the SNF group is the world's largest manufacturer of polyacrylamide, accounting for 47% of global production and positioned as the market leader on all continents. Our water-soluble polymers are used in the production of drinking water, wastewater treatment, enhanced oil recovery, mining, the paper industry, agriculture, the textile industry and cosmetics. A key driving factor for the Group's activities is the increasing scarcity of resources, including water, minerals and hydrocarbons. We treat the water of more than 750 million people around the world and help thousands of industrial sites to recycle their water. The group manufactures over a thousand products that help preserve natural resources, promote recycling and improve the efficiency of industrial processes. The group has customers in over 130 countries.

To minimise the risks associated with transportation, we have diversified our industrial sites with our customers at the forefront of our mind to meet their specific needs. We operate 20 industrial sites on four continents across the world, including six main plants:

- Two in the USA: RICEBORO, Georgia and PLAQUEMINE, Louisiana);
- One in France: ANDREZIEUX;
- One in China: TAIXING;
- One in South Korea: ULSAN;
- One in India: VIZAG.

The group has approximately 6,000 employees working in its various subsidiaries around the world. Our growth policy has always sought to be respectful of people and the environment.

Our group aims to be a key player in the water treatment sector and in all related applications. The many initiatives we have undertaken in recent years to promote Sustainable Development, particularly in the environmental, social and economic fields (energy balance sheet, carbon balance sheet, sustainable development report, social balance sheet, etc.) are closely related to our business activities.

Our policy on Sustainable Development and corporate social responsibility is based on our pledge to deliver on our key commitments:

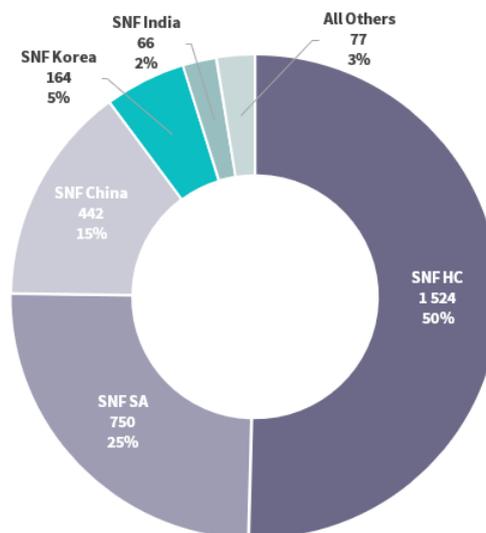
- To rank among the highest-performing companies in terms of safety.
- To operate in accordance with applicable laws and regulations, as well as all other applicable requirements at the social and economic levels.
- To minimise the environmental impacts of our activities, including by optimising our energy consumption (gas, electricity and water).

- To promote measures aimed at preventing environmental degradation, limiting our carbon footprint and reducing our dependence on natural resources.
- To continue monitoring performance assessment indicators in the environmental, social and economic fields.
- To raise awareness among employees and partners and encourage them to conduct their activities responsibly.
- To prevent corruption.
- To provide training tailored to the requirements of each job.
- To communicate and inform both internally and externally on the impact of our activities, including with our customers, to ensure the proper use of our products and to avoid waste.
- To make best use of user feedback with the aim of benefiting all companies within the group.
- To monitor our barometer in terms of combating psychosocial risks and occupational accidents.

Delivering on these commitments requires periodic performance reviews, which we publish on a regular basis through information and communication campaigns aimed at all employees and partners. As part of our continuous improvement and prevention process, our goals are periodically reviewed and revised based on the results achieved, new scientific knowledge, new available technologies and changes in the economic and social environment.

The Group's commitment to non-financial performance has the full support of the Chief Executive Officer and the Executive Committee, including American senior management, thus ensuring that employment, environmental and social matters are managed consistently by all stakeholders. Internally, policies relating to environmental, social and ethical matters are approved by the members of the Executive Committee, who are responsible for their dissemination and oversee their application across the Group as a whole.

2018 turnover by legal entity (M€)



# 1/ OUR LABOUR POLICY

## 1.0. POLICY

Together, the women and men who make up our Group, armed with their unique expertise, roles and personalities and representing a broad range of nationalities, form a close-knit team and community.

The group's social policy is built around two key concerns:

- The individual development of its employees;
- Social development through measures aimed at improving collective working conditions.

The Group's success is inseparable from its 6,000 employees spread across approximately 80 countries, all of whom contribute to our development and performance and to making the group the world leader in its field.

The SNF group's human resources policy aims to encourage staff development by providing employees with the opportunity to grow as part of an innovative global group and to attract and retain the best talents. This goal requires maintaining a social environment that offers good working conditions and fair treatment in all circumstances.

## 1.1. LABOUR AND WORK ORGANISATION

Through its human resources policy, the Group aims to offer its employees diverse career prospects and opportunities, including by encouraging transfers between subsidiaries and sectors of activity and by developing their skills.

The table below provides the following data for the last three years: total workforce and distribution of employees by geographical area, gender and age, qualification, recruitment trends and the number of hours worked annually and per employee.

The data only include the group's major companies. The workforce of each company includes all individuals working under a contract of employment but excludes interns and temporary staff.

The recruitment policy aims to equip the group with the best skills to support its development. As part of its commitment to continuously improve its recruitment channels, the Group maintains close ties with the best training providers across all its sectors of activity.

This policy is based on individual development initiatives and on measures focused on collective working conditions.

The emphasis on individual development includes recruitment, training and career pathways. The aim is to improve the skills and competencies of each employee. To achieve this aim, our career management policy provides a basis for developing career pathways that help to improve the expertise of both employees and the Group as a whole. The group's training policy further supports these measures by providing the new theoretical knowledge needed to ensure the development of all sectors of activity.

Measures focused on collective working conditions form part of our continuous improvement approach and include all initiatives aimed at improving the working environment and at promoting prevention to ensure the health and safety of employees. They are also designed to foster a healthy working environment to prevent disputes through the promotion of effective internal social dialogue and good labour relations and by striving to ensure that the Group's employees represent a wider range of ethnic origins, profiles and educational backgrounds. The Group also seeks to ensure that it complies with the constitutional texts, treaties, conventions, laws and regulations in force in the countries and territories where it operates.

To this end, the Group arranges site visits in collaboration with universities, targeted engineering schools and technical educational institutions, providing numerous internship and apprenticeship opportunities.

In all countries, the Group ensures its working hours comply with the relevant local and professional requirements. Staff are employed on a full-time basis and, to a lesser extent, on a part-time basis, the latter mainly at the specific request of employees.

In the event of surges of activity or specific difficulties, the Group may at times resort to fixed-term contracts, overtime, subcontractors and temporary workers in accordance with applicable local laws.

<b>WORKFORCE BY COUNTRY</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
SNF France	1118	1201	1281
SNF China	752	781	799
SNF Korea	145	150	147
SNF India	132	139	143
SNF USA	1469	1775	1936

<b>WORKFORCE BY GENDER</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
SNF France	107	1011	116	1085	133	1148
SNF China	240	512	254	527	277	522
SNF Korea	11	134	12	138	12	135
SNF India	2	130	2	137	2	141
SNF USA	234	1235	284	1491	343	1593

<b>WORKFORCE BY SOCIOECONOMIC CATEGORY</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>	
	<b>Management</b>	<b>Staff</b>	<b>Management</b>	<b>Staff</b>	<b>Management</b>	<b>Staff</b>
SNF France	478	640	533	668	560	721
SNF China	157	595	160	621	155	644
SNF Korea	36	109	40	110	39	108
SNF India	27	105	39	100	31	112
SNF USA	489	980	567	1208	606	1330

<b>RECRUITMENT BY COUNTRY</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
SNF France	41	83	80
SNF China	53	29	18
SNF Korea	9	5	-3
SNF India	-4	7	4
SNF USA	-39	306	161

NB : The figures in the tables are for our 5 main production sites (97% of the total production).

## 1.2. INDUSTRIAL RELATIONS

The group is committed to respecting the fundamental freedoms of its employees, including the right to freedom of association and expression, to protecting the confidentiality of its employees' personal data and to respecting their privacy as set out in its Code of Business Conduct and Ethics.

Among the fundamental principles and rights at work, freedom of association and collective bargaining are drivers of social progress in industrial relations which the Group seeks to promote and implement wherever it is established. For example, beyond mere compliance with the legal and regulatory requirements in force in the countries where it operates, the Group encourages the appointment of staff representatives with the aim of putting in place an appropriate collective bargaining framework. In countries where no provision is made for staff representatives by national legislation, appropriate bodies may be created at a local level.

As part of its industrial relations policy, the Group engages in continuous dialogue with staff representatives across all its

constituent entities in accordance with local cultural and legal practices. The group seeks to engage directly with employees, whether directly or via internal surveys or through staff representatives. Collective bargaining takes place in accordance with specific national practices governing staff representation and the applicable legal framework. The Group is committed to a bargaining policy designed to improve the social status of its employees in keeping with the Group's growth and development and broader macroeconomic context.

The main areas of collective bargaining relate to total compensation (wages, life insurance, healthcare expenses, employee savings and other employee benefits), the management of jobs and skills, quality of life at work, and health and safety at work.

Percentage of Group employees within representative subsidiaries benefiting from staff representation and/or trade union representation:

- France: 100%
- United States: 35.5%
- China: 98%
- Korea: 53%
- India: 0%

## 1.3. HEALTH AND SAFETY

In carrying out its operations, the Group puts safety and protection of health and the environment at the heart of its priorities. For example, the group has committed to the "RESPONSIBLE CARE" initiative, a voluntary scheme undertaken by the chemical industry to ensure activities and products are managed responsibly based on a continuous improvement approach.

The SNF group places the health and safety of its personnel at the heart of its values and is committed to the belief that all occupational accidents are preventable. As part of its prevention and continuous improvement approach, the Group is committed to ensuring good working conditions for all, including through health and safety risk assessments of workstations and analyses of the typology of accidents.

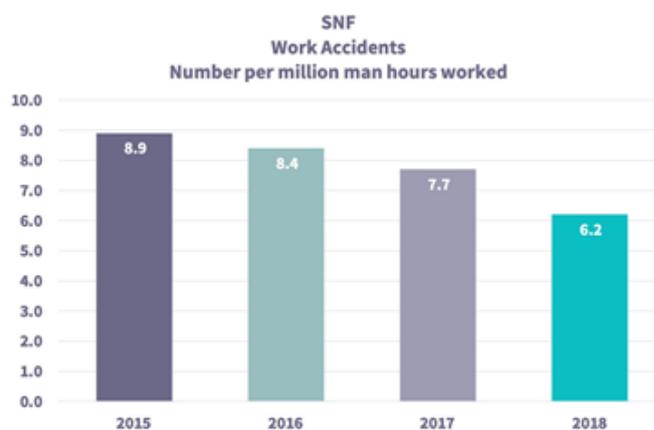
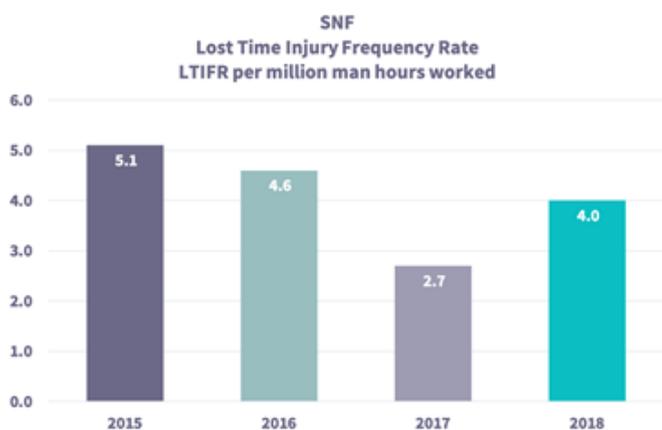
The Group applies the same high standards to ensure the safety of personnel from external organisations working at its industrial sites as it does to the safety of its own employees. For example, all individuals are systematically included in initiatives designed

to raise awareness of and develop the Group's safety culture and safety initiatives and programmes. For example, the system used to monitor the Group's safety performance incorporates the rate of workplace accidents among Group employees and external staff.

In addition, the Group views the prevention of strain in the workplace as a top priority and has had a dedicated programme incorporating workstation ergonomics in place for a number of years. Wellbeing and quality of life at work are also a key part of the protection of employee health.

### Safety of persons

The behavioural approach is a major focus of risk management and prevention. The development of a safety culture aimed at raising awareness of individual responsibility and of the importance of individual behaviour lies at the heart of the group's vision. The Group uses a range of tools to develop a safety culture shared by all.



## 1.4. TRAINING

SNF is committed to creating working conditions that promote the personal and professional development of its staff and to provide them with the tools needed to achieve this goal and improve their performance. Globally, the Group carries out annual one-to-one interviews, which serve as an opportunity to set targets for the year ahead and to reflect on the employee's development goals with line managers.

Discussions between staff and managers are also designed to serve as an opportunity to review prior training and, based on the findings of the review, to identify suitable training for the year ahead with a view to enhancing employees' skills and knowledge. This applies to all categories of staff. Interviews with career counsellors are an opportunity to review employees' career path,

expectations and other sectors of activity within the Group that may be suitable for development.

Professional training applies to every employee regardless of their sector of activity, level of responsibility or age. Training is an opportunity for staff to acquire or develop the skills they need to do their work, effectively transition into a new role and meet the company's expectations, whether in terms of technical expertise or managerial practices. As such, all employees have access to training throughout their career.

Specific professional training programmes are designed for employees with the aim of developing staff skills in health, safety, the environment, Group sectors of activity and management.

## 1.5. CAREER MANAGEMENT

Career management is the core focus of the Group's approach to human resource development. Its aim is to broaden the experiences of staff within their wider career paths, thus ensuring that their skills are developed and updated on a regular basis, a vital ingredient of the group's growth and development.

As such, career management has a dual purpose:

- To ensure that the company has the expertise it needs to achieve its development goals both today and in the medium term;
- To support employees in building their careers with the aim of enabling them to increase their skills and carry out their projects based on the opportunities and possibilities available to them within the Group.

The career management policy applied within the Group is tailored to each of the entities that make up the group based on specific standards and needs.

These principles are as follows:

- Empowering each employee to manage their own career and providing them with the support they need at every stage
- Conducting a proactive internal promotion policy
- Identifying and developing potential to promote increased responsibility and career development
- Promoting labour mobility
- Enabling all employees to advance their career and broaden their experience and skills.

## 1.6. LISTENING AND DIALOGUE

The group strives to develop a culture of listening and dialogue with its employees, whether directly through internal surveys or via staff representatives.

In addition, as part of the contractual policy, a significant number of collective agreements have been reached, especially in France. Outside France, collective bargaining takes place in accordance with specific national practices relating to staff representation and with the legal framework.

The Group applies a bargaining policy aimed at improving the social status of employees in line with the group's development and the broader macroeconomic environment.

The main areas of collective bargaining addressed in 2018 related to total compensation (wages, life insurance, healthcare expenses, employee savings and other employee benefits), the management of jobs and skills, quality of life at work, health and safety at work, workplace equality and diversity, and social dialogue.

## 1.7. DIVERSITY AND EQUAL OPPORTUNITIES, EQUAL TREATMENT

As part of its policy of non-discrimination and the promotion of equality and diversity in the workplace, the Group always seeks to combat all forms of discrimination, encourages diversity, which it sees as an asset for its global business, and recruits staff solely on the basis of its needs and their quality as set out in its Code of Business Conduct and Ethics.

Along with the prevention of discrimination in general, workplace equality is a key focus of the Group's human resources policy. In particular, the Group strives to achieve workplace gender equality, to promote the integration of employees with disabilities and to adhere to the principle of non-discrimination on the grounds of age or nationality.

To achieve this goal, the Group uses job descriptions to maintain equality and sector-specific consistency, together with a recruitment policy based on the sole criterion of the suitability of the skills profile for the role.

Diversity is very important to the group for ensuring team performance and attracting talent. To improve its image, the group is committed to delivering on two objectives in this area, the aim being to increase the proportion of women and non-French employees at management and director level.

Therefore, the Group is committed to developing local skills and expertise to promote local employment at all levels right up to senior management level.

The group seeks to ensure that women have the same career development opportunities as their male counterparts and to maintain a policy of workplace equality and equal pay. To this end, the Group has set itself the following objectives:

- To promote the principle of non-discrimination in access to employment
- To apply the principle of equal pay
- To promote and facilitate career development
- To help women advance into senior executive roles.

In France, an agreement on workplace gender equality and diversity was reached on 7 December 2017 for 2018, with a revision in 2019. The agreement relates mainly to recruitment and integration, pay and promotion, access to training and work-life balance. The Group continues to bolster its policy with the aim of driving the recruitment and promotion of women.

In the United States, the Group seeks to provide the same career opportunities to its staff based on merit, qualifications and skills. This policy applies both to recruitment and postings and to any other events affecting the contract of employment.

In China, the group ensures non-discrimination on the grounds of ethnicity, gender, age or nationality. In the event of discrimination or harassment, human resources have put in place measures for employees to whistle blow and to ensure any complaints are dealt with immediately. In Jiangsu Province, specific regulations are in place to protect women in the workplace.

In Korea, in accordance with the laws applicable to companies, the group prohibits any discrimination between employees regardless of their status or disability. Training sessions are also held on a regular basis, with the focus on preventing the risk of harassment in the workplace.

In India, the Group strives to comply strictly with the anti-discrimination laws in force and has put in place a policy of non-discrimination enshrined in its administration manual with the aim of providing employees with the same career opportunities based on merit, qualifications and skills.

## 2/ OUR ENVIRONMENTAL POLICY

### 2.1. GENERAL ENVIRONMENTAL POLICY

The Group's products help to preserve natural resources. Similarly, our manufacturing procedures are designed to minimise the environmental impact of our activities. Our main monomer is produced enzymatically at ambient temperature and under atmospheric pressure. Given the volumes at stake, the biocatalysis process means our Group ranks among the pioneers of soft chemistry.

The Group always strives to reduce its environmental footprint at all its industrial sites. For example, our unit water, gas and electricity consumption decreases regularly relative to the volumes produced. By rigorously monitoring their emissions, the Group's industrial sites are able to develop tailored measures.

Most of our industrial sites are ISO 14001 certified.

### 2.2. POLLUTION AND WASTE MANAGEMENT

The Group has an active policy aimed at controlling and reducing the impact of its activities on emissions to air and water and waste production.

As part of this policy, discharges of substances are identified and quantified by type of discharge, the aim being to put in place appropriate measures to manage them in accordance with applicable regulations in the countries where the Group operates.

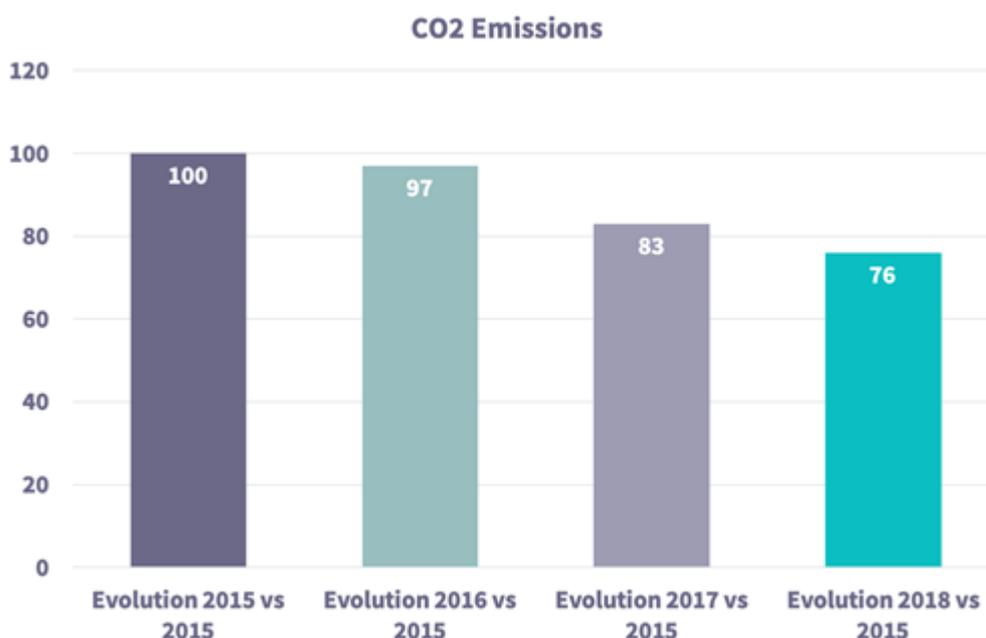
Reducing emissions at the Group's industrial sites involves optimising their consumption of raw materials, energy and natural resources, thereby reducing emissions and waste production. This also involves making improvements to production units and changes to procedures through new expertise and patents.

#### 2.2.1. EMISSIONS TO AIR

The Group seeks to minimise its emissions of the most polluting compounds, namely greenhouse gases (GHG), volatile organic compounds (VOCs) and substances that cause air acidification (nitrogen oxide and sulphur dioxide) and generate dust.

To reduce its impact on global warming, the Group has introduced a range of measures, including the implementation of an emissions treatment system at most of its plants, the implementation of a systematic research programme on refrigeration units and the replacement of boilers with more efficient machinery.

For each of the 2018, 2017 and 2016 financial years, quantified direct emissions of GHGs are shown in the graph below.



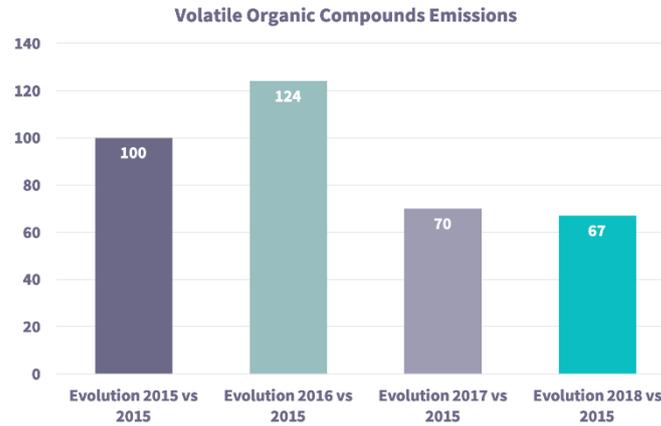
## Emissions of volatile organic compounds (VOCs)

Various measures aimed at reducing VOC emissions are in place at the Group's plants, including:

- The collection and treatment of effluents containing VOCs, with the most widely used technique being the use of a thermal oxidiser and cleaning vents.
- Regular efforts to detect leaks and eliminate identified emissions.

The Group also reduces its emissions of substances contributing to air acidification by:

- Using fuels with low or very low sulphur or natural gas in boilers instead of fuel oil.
- Using new burner technologies with low nitrogen oxide content.



### 2.2.2. EMISSIONS TO WATER

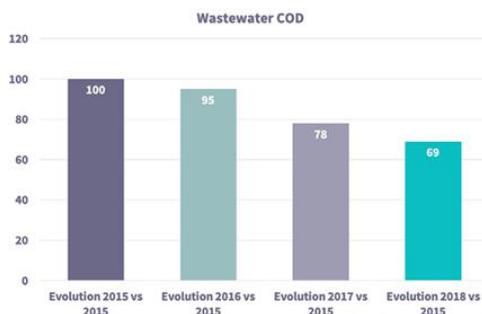
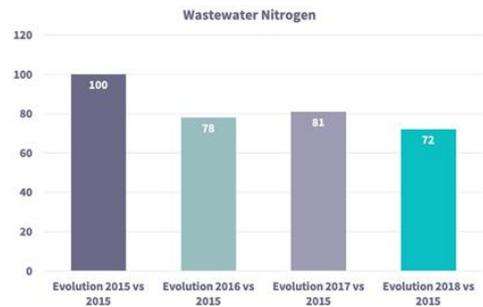
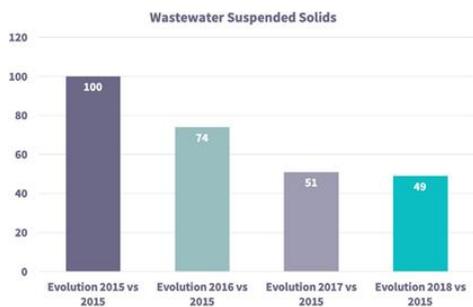
Reducing emissions to water are an integral part of the Group's environmental objectives, which include targeting effluents with high chemical oxygen demand (COD) and emissions of suspended solids (SS).

The Group is constantly striving to optimise its use of water and the efficiency of water treatment processes from initial design to the daily operation of facilities using cutting-edge technologies and the development of innovative solutions.

It also seeks to comply with applicable laws and regulations and to respond to planned changes, such as the CWW (Common Waste

Water) BREF (Best Available Techniques Reference document) in Europe and strives to implement effluent pretreatment measures to reduce the amount of COD sent to wastewater treatment stations.

The Group limits its use of chemical treatment in cooling towers by opting for treatments using ultraviolet and oxygenated water at most of its industrial sites.



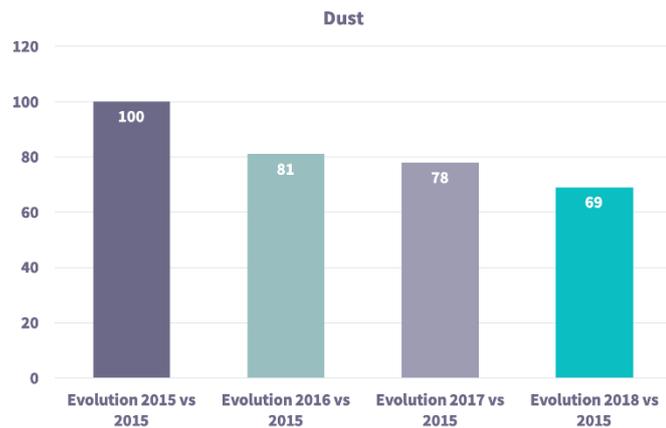
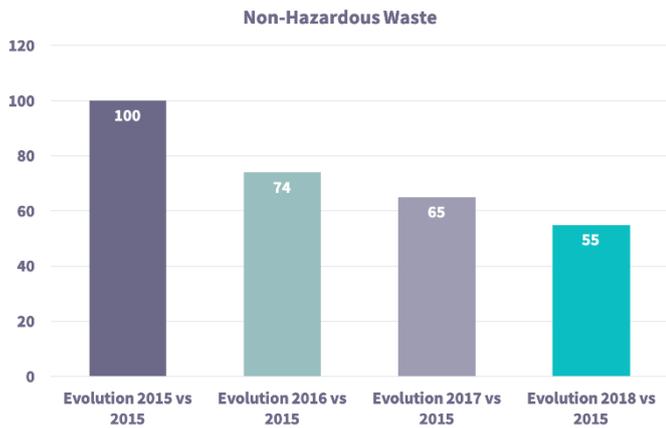
### 2.2.3. WASTE, RECYCLING AND REUSE

Waste is generated by the industrial activities carried out by the Group, which seeks to manage waste at every stage of its activities and, wherever possible, to identify channels for reuse and recycling.

The group strives:

- To reduce its waste at source by designing products and processes that create as little waste as possible;

- To recycle its waste in specific product lines, in accordance with the REACH regulation;
- As far as possible to turn waste into energy, for example as an alternative fuel in boilers instead of conventional fuels;
- To recycle solvents and to optimise cleaning cycles;
- To install filters with the aim of reducing sludge.



### 2.2.4. NOISE AND OTHER POLLUTION

Consideration by the Group of the pollution associated with its activities and its impact on residents living near its industrial sites is a key priority of the Group’s environmental policy.

Changes aimed at reducing pollution are introduced every year, including by making improvements to filters.

As part of the measures designed to reduce noise, improvements are constantly being made to noise protection systems, including in towers with low noise emissions, with further measures including the installation of silencers on air compressors and refrigeration units.

As part of our measures designed to reduce visual pollution (smoke), we have replaced fuel oil with gas boilers at all our sites.

The Group has also put in place real-time communication with its stakeholders in relation to all events generating a noise, visual or olfactory impact on the areas close to its industrial sites. In addition, most of the sites now have a system in place to receive complaints from residents to ensure their concerns are taken into account as far as possible and to reduce pollution. Once complaints have been assessed, action plans are implemented in liaison with local authorities.

## 2.2.5. SUSTAINABLE RESOURCE USE

Reducing the environmental impact of the Group’s industrial sites involves optimising the use of raw materials, energy and natural resources such as water. New production plants factor the environmental footprint into their choice of processes and equipment from the design stage onward.

Similarly, the Group pays great attention to the operating conditions of its manufacturing processes and invests broadly in development and maintenance with the aim of reducing the

consumption of water, energy resources and raw materials at its industrial sites.

Mining is one of the group’s major activities. Its mineral extraction sites are situated in isolated areas, at altitude or in desert areas with low water levels. The Group’s products help to reduce the water needs of the mining industry and to optimise the extraction process and limit its environmental impact.

### 2.2.5.1. CONSUMPTION OF RAW MATERIALS

SNF strives to contribute to the optimal consumption of non-renewable raw materials in its production processes.

For example, the Group recycles non-compliant products in other production processes to ensure waste can be turned into the raw material of another production process.



### 2.2.5.2. WATER CONSUMPTION

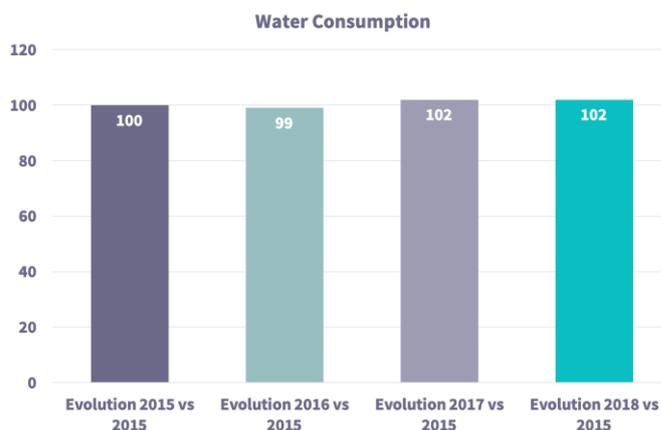
The Group uses water as part of its industrial activities, including in its production processes in a reaction medium, the cooling of production facilities, product and equipment cleaning processes and steam production.

To produce one tonne of finished products, water needs are currently 20% lower than they were ten years ago. For example, the tank washing process has been optimised by increased water recycling and by developing new cleaning technologies (use of washer nozzles requiring 75% less water for this application).

The group is seeking to make its own contribution to optimising the consumption of freshwater provided by the network by

monitoring consumption, installing flow meters, using leak detection, upgrading fire safety systems, harvesting rainwater and recycling the water used in cleaning processes or from boiler condensate.

Over 80% of the water used is discharged into the natural environment and most of the Group’s industrial sites are not located in areas of water scarcity, but are often situated near rivers.



### 2.2.5.3. ENERGY CONSUMPTION

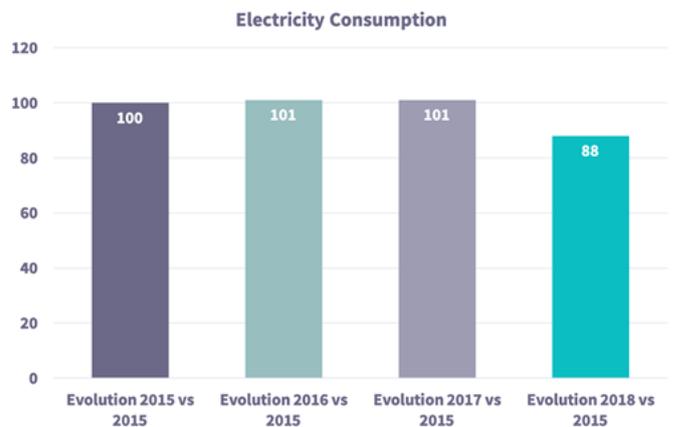
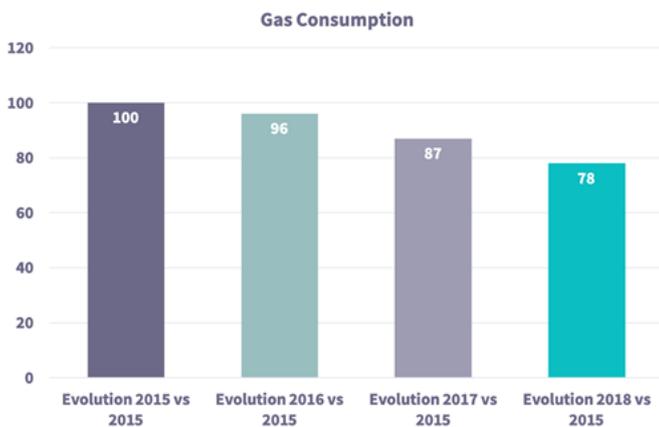
The Group uses different energy sources, primarily as part of its industrial activities. Gas accounts for 75% of the Group's total energy consumption, predominantly at sites that produce powders, with electricity accounting for the remaining 25%.

The priorities set for energy consumption include an ongoing commitment to optimising consumption and energy costs from the design phase through to purchases of less energy-intensive equipment, energy management and compliance with laws,

regulations and other requirements applicable to energy efficiency.

For example, the group has begun replacing conventional lights with LED lights.

Beyond the energy-related dimensions of the programme, the Group also aims to increase the competitiveness of its industrial sites through these savings.



### 2.2.5.4. PROTECTION AND DEVELOPMENT OF BIODIVERSITY

Efforts to protect biodiversity focus on protecting flora, fauna and all plant and animal species impacted by emissions associated with the Group's activities.

The measures implemented as part of these efforts focus in particular on reducing emissions to air and water and the disposal of waste into the subsoil at each site.

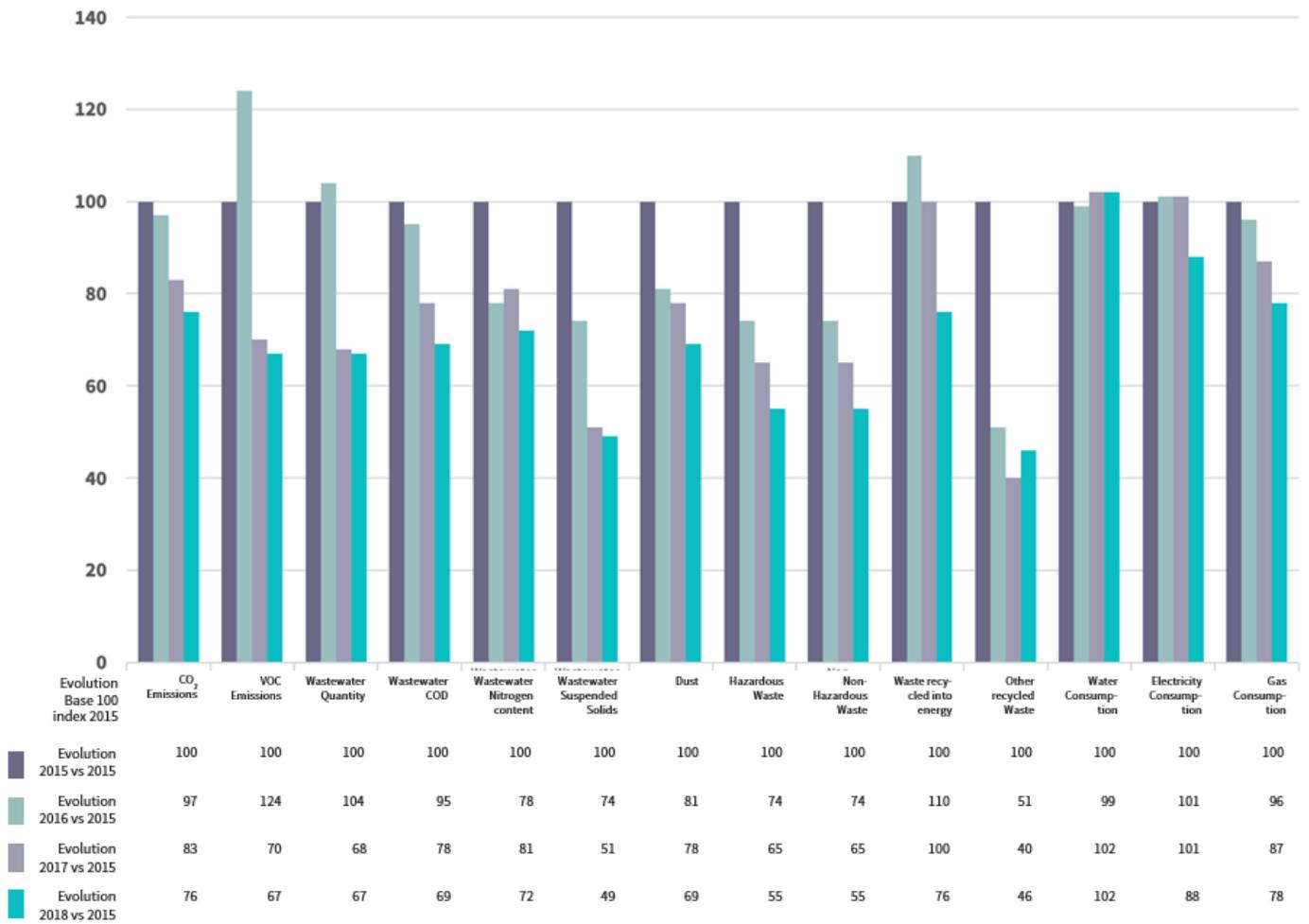
For example, the Group conducts periodic assessments of sites to identify their impacts on the environment and on all animal and plant species. In addition, from the design stage onward, new production plants incorporate the environmental footprint into their choice of processes and equipment, including through increasing capacities by reducing the energy used in production.

Despite using a limited amount of land, the Group has introduced a range of initiatives designed to contribute in its own way to the development of biodiversity at sites with areas of land not used for industrial activities. These initiatives help to promote revegetation and the development of local species at its industrial sites.

For example, the expansion of the Andrézieux-Bouthéon industrial site led to significant mitigation measures, including a fifty-year emphyteutic lease over an area of approximately one hundred hectares managed by the Conservatory of Natural Areas of Rhône Alpes (CNRA) to ensure the protection of flora and fauna at a cost of EUR 1,200,000 borne by the Group.

In addition, the group acquired eighty hectares of woodland which it sold for a symbolic franc to the commune of Andrézieux-Bouthéon in return for an amendment to the local development plan to allow the site to be expanded by twenty hectares. In doing so, the group is helping to protect the ecosystem of plants and animals near the plant.

RATIO BY TONNES PRODUCED (BASE 100 INDEX 2015)



## 3/ OUR SOCIAL POLICY

### 3.1. SOCIAL COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT

Reducing the environmental footprint of the Group's activities is a major undertaking. To achieve this goal, the Group ensures its industrial practices evolve and develop with a view to limiting its emissions and optimising its consumption. The Group relies on a Sustainable Development department incorporating the Product Safety and Environment department and Sustainable Development. This department reports directly to the Executive Committee.

Both world population growth and global living standards lead to increased consumption and, in turn, to increasing scarcity of the world's raw materials, including water.

The Group's core activity is water treatment. Population growth, increasing urbanisation and large-scale irrigation impact heavily on demand for water and access to drinking water. Access to good-quality water across the globe represents a major challenge for the twenty-first century. As the global leader in the production and use of water-soluble polymers, the Group has developed a range that includes over a thousand products, all of which contribute to preserving our natural resources, encouraging recycling and improving the productivity of industrial processes. The polymers produced by the Group have several additional features, including

flocculation used to separate solids and liquids, viscosification and the reduction of friction resulting in energy savings.

Our products are used in all areas that involve water, i.e. the production of drinking water, wastewater treatment, sludge dewatering, oil and gas extraction, mining, agriculture, and paper, textile and cosmetics manufacturing. The Group uses chemistry in the service of nature since its products play a vital role in preserving our environment and in ensuring access to energy. In doing so, they contribute to achieving our ambition to improve the daily lives of all people throughout the world.

Through its research and development units and the many patents it has filed, the Group is constantly improving its performance with the aim of producing more and consuming less. For example, in 2018 the group filed around a hundred patents. Around forty patents in preparation are underway, with several at the drafting stage. The bulk of our research and development is carried out in France at the Andrézieux site.

### 3.2. PROCUREMENT, SUPPLIERS AND OUTSOURCING

The Group strives to incorporate labour, environmental and social matters into its procurement policy with the aim of building lasting, balanced, sustainable and trusting relationships with its suppliers and subcontractors. We ensure relationships develop on the basis of agreed contractual terms and conditions that are clear, adhered to and negotiated in good faith, including with regard to intellectual property.

The group's responsible procurement process is guided by the ethical principles of its Code of Conduct.

The Group resorts to outsourcing for certain finished products produced on behalf of the Group but also, and above all, for maintenance operations governed by specific contracts. As part of the Group's procurement policy, subcontractors are subject to the Code of Conduct for Suppliers and to the General Conditions of Purchase.

### 3.3. COMPLIANCE AND ETHICS

The Group has a Code of Business Conduct and Ethics. The Group complies with all applicable international agreements and laws, including the "Sapin 2" law in France. The Code of Conduct includes the following key points:

- Employees may not offer, provide or accept, directly or indirectly, any unfair advantage, be it pecuniary or otherwise, whose purpose is to secure business relations or any other business advantage, including with people in positions of public

authority, business intermediaries, customer employees and political parties.

- Employees are required to comply with regulations on the import and export of goods and services.
- Employees must scrupulously comply with all applicable rules of competition law in every country where the group operates.

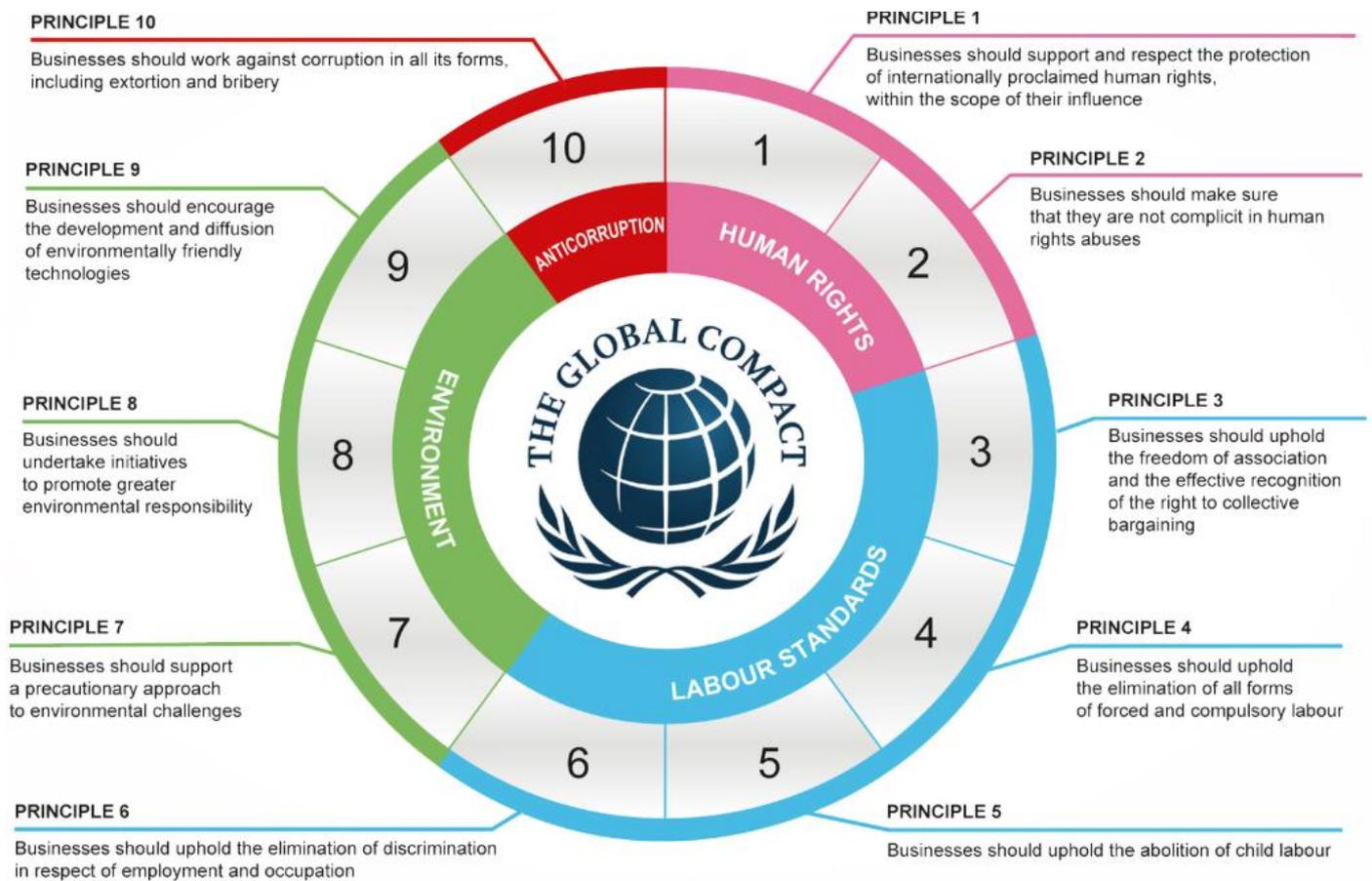
SNF has appointed a group compliance officer, who is on hand to answer any questions from employees.

The Group recognises the importance of protecting human rights both in conducting its activities and in its relations with third parties. It is committed to adhering to international standards and key frameworks, specifically:

- The International Bill of Human Rights and the principles of the ILO Declaration on Fundamental Principles and Rights at Work;
- The OECD Guidelines for Multinational Enterprises;
- The “Responsible Care” initiative;
- The ten principles of the United Nations Global Compact.



## United Nations Global Compact



The graphs presented in this report were produced using data collated at the SNF group’s main production sites (97% of total production). The values of the different graphs were rounded off to one tonne of products produced by all the sites in question. 2015 was used as the reference year and 100 was used as the base value to monitor trends and changes in those values from that year onwards.