THE DURABLE LINK

Sustainability Report 2018-2019

SAFIC ALCAN innovative solutions

SUMMARY

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A message from the CEO,

I am delighted to present the Safic-Alcan's first sustainability

This report is an important milestone on our sustainability journey. It reflects the company's ongoing vision to integrate sustainability as an opportunity to strategically collaborate with our Principals and our Customers. We are the long lasting link, the durable link within the industries we serve.

With the publication of this report, we are confirming Safic-Alcan's commitment to the 10 principles of the United Nations Global Compact as well as the global Sustainable Development Goals. It is a natural step as we move forward in our efforts to continually assess and improve our environmental impact and sustainable business practices.

Bringing the "human" collaboration along the value chain is the core theme among Safic-Alcan. We are well positioned to be the link that brings both principals and customers together to understand what consumers need and how we, together, can implement sustainable innovation in the marketplace.

"We are well positioned to be the long-lasting link that brings both Principals and Customers together..."

Throughout the report, I hope you will see that Sustainability is becoming an essential component of Safic-Alcan's business, representing our culture of continuous improvement, innovation and responsibility. It is not just a management system.

Finally, our Employees play a key role in deploying our company's sustainability efforts, so I am proud to share what we are doing internally and externally. Please feel free to send us any questions or suggestions by email to sustainability@safic-alcan.com.

GROWING FROM A POSITION OF STRENGTH

KEY FIGURES

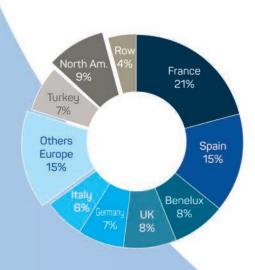
Historically a trader in tropical products, Safic-Alcan had its roots as a distributor in the rubber industry, starting with a deal with DuPont in 1928. Until 1998, the company was mainly present in rubber but it has since diversified into many other markets. Similarly, it has expanded well beyond France and now has a network of 25 subsidiaries, offices and warehouses strategically located in Europe, Middle East, Asia and America. Safic-Alcan remains the European leader in the rubber chemical market.

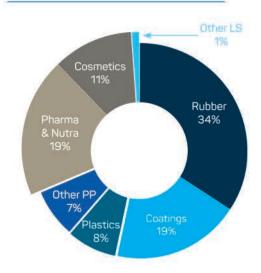
WORLDWIDE MARKETS

In 2018, more than 79% of Safic-Alcan's turnover is done out of France.

WORLD-CLASS REACH

In 2018, more than 66% of Safic-Alcan's turnover is done in non-rubber chemical markets.





...WITH FINANCIAL INDEPENDENCE

Following the LMBO of January 2015, the Management and Employees of Safic-Alcan took control of the company. Today Safic-Alcan is considered as the sole independent European chemical distributor with exclusively French investments having international market coverage.



50

COUNTRIES COVERED

With its network of 25 subsidiaries, Safic-Alcan provides its technical expertise to work in 50 countries 611

MILLION EUROS

In 2018, its 585 highly skilled Employees allowed Safic- Alcan to generate a turnover of 611 M€.



THIS IS THE REASON FOR OUR SUCCESS WITH OUR CURRENT BUSINESSES AND MORE IMPORTANTLY FOR THE INTEGRATION OF OUR ACQUISITIONS

We want to be seen by our Principals as a global actor and we want to be seen by our Customers as a local partner. Safic-Alcan's organisation into profit centers is a key part of this success.

Our "local" Managers are true entrepreneurs. Their teams are all experts in their field and have excellent local market knowledge. We think "global" to respond to the expectations of our Principals looking for a distributor offering a pan-European coverage while maintaining the flexibility of a medium-sized company with the ability to quickly react to market changes.

Our positioning halfway between the niche players and the very big distributors allows us to optimise the advantages of both systems.

OUR MISSION

At Safic-Alcan, our Mission is embedded in our logo: providing "Innovative Solutions" is becoming the essential component of our business, representing our culture of continuous improvement, innovation and responsibility.

OUR VISION

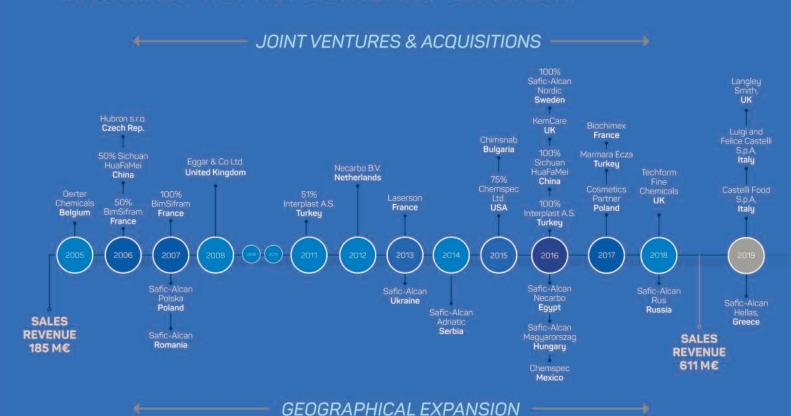
Our Vision is to be recognized as a premier speciality chemicals distributor with a genuine and deep-rooted commitment to sustainability.

A GLOBAL PRESENCE

OUR LOCATIONS



GROWING FROM A POSITION OF STRENGTH



WORLD-CLASS PRODUCTS WORLDWIDE DISTRIBUTION

OUR MARKETS AND ACTIVITIES



PERFORMANCE PRODUCTS

Adhesives & Sealants

Year after year, our company continues to be a dynamic key player in this market. In addition to distributing raw materials particularly suited to adhesives (polymers, tackifiers, plasticizers, extenders and additives). Safic-Alcan is a proven partner providing high performance solutions to formulators.



Coatings, Inks & Construction

With over 25 years of experience, we are distributing a wide variety of speciality chemicals (resins, pigments, colorants, extenders and additives) for the paint, coating and ink industries.

We have successfully entered the construction material and drymix mortar industries.

Plastics

Safic-Alcan is focused on distributing speciality products and offers a broad range of additives for improving the properties of all plastic resins. These additives are mostly used for masterbatches and polymer/compound production. We also distribute a full range of custom-made compounds for automotive, appliance, cosmetic, household and industrial applications.

Polyurethanes

Building on our 50 year presence in the French polyurethane market, Safic-Alcan has expanded throughout Europe and now offers a wide portfolio of raw materials. Our experts can help develop a complete formulation for various applications including bedding and furniture, building insulation, automotive interior parts, cast elastomers, coatings, adhesives, sealants and encapsulants.

Rubber

Safic-Alcan has over 150 years experience in supplying the European rubber market. Thanks to our extensive market knowledge and comprehensive range of elastomers and rubber additives, Safic-Alcan is today the N°1 speciality chemicals distribution network to the European rubber industry. Our goal is to be the "one-stop shop" for the global rubber industry.

Others Performance Products

Our dedicated sales teams are also joining forces with our Customers to provide cost effective solutions in several markets: agrochemicals, chemical synthesis, detergency, lubricants and textiles.



LIFE SCIENCE PRODUCTS

Cosmetics & Personal Care

Personal Care is a key market for Safic-Alcan. We can offer top quality products from international suppliers to customers and suppliers across Europe, the Middle East, Africa and USA. In addition, our dedicated team of experts is here to meet our customers' needs with quality, regulatory support and traceability.



Pharmaceuticals & Nutracenticals

Safic-Alcan distributes pharmaceutical raw materials through its subsidiaries in France, Spain and China. With more than 50 years of commitment to innovation, cost-effectiveness and high service levels in pharmaceuticals, the company has gained its reputation as a preferred distributor and developed exclusive partnerships with major international raw materials producers and drug manufacturers.



MAKING A DIFFERENCE PART OF OUR DNA

HIGHLIGHTS OF THE YEAR

We are convinced that our continued growth and future success depend on the intelligent way in which we integrate sustainability across everything we do. Our goal is to be recognized as a premier speciality chemicals distributor with a genuine and deep-rooted commitment to sustainability.

FEBRUARY

Safic-Alcan joins the UN Global Compact

Safic-Alcan commits to align its strategy and operations worldwide with the ten universally accepted principles in the areas of human rights, labour, environment protection and anti-corruption.



APRIL

Opening of our Russian subsidiary

Based in Moscow, our new subsidiary covers Russia and the CIS countries and manages warehousing locally.



NOVEMBER

Introduction of the SDG in our strategy

Selection of 5 of the 17 Sustainable Development Goals as an overarching framework to shape, communicate and report our strategy, goals and activities









MAY

Opening of our new Greek subsidiary

Safic-Alcan opens a new subsidiary, Safic-Alcan Hellas, for servicing the Greek market.



2018

2019



APRIL

EcoVadis Score

In 2018, two entities (FR & NL) achieve the Silver grade for the EcoVadis Assessment. (See page 19)

NOVEMBER

Safic-Alcan moves to a new HQ in France

Our new premises is located at the La Défense commercial office complex in Paris. It is certified with high environmental ratings.



DECEMBER

Launch of our sustainable procurement initiative

We are deploying our new "Third-Party Code of Conduct" to our Suppliers & third party Providers who produce materials or provide services to Safic-Alcan.



JUNE

First global ESG Manager

Our first global ESG Manager joins the company. It reflects our ongoing vision to integrate sustainability as an engine for growth.



FOSTERING POSITIVE CHANGES

OUR SUSTAINABILITY STRATEGY

Throughout this report, you will read about our Sustainability strategy and our six key initiatives that make the work we do as a speciality chemicals distributor come to life.

Safic-Alcan is also beginning to map its efforts to the newly established Sustainable Development Goals (SDGs). We will continue to integrate the SDGs framework and language into our reporting efforts as we understand more about the goals as they relate to our business objectives and Sustainability strategy.

We are building on our critical role and emphasizing our "linkage" in the value chain. As such we are working downstream with Customers and Brand Owners to gain insights which we then share with our Principals and Suppliers to drive the development of innovative solutions. We are focused on providing our Customers around the world with products that improve quality of life and make a positive contribution to the challenges that the world faces. (See our KI's No 1 & 2)

Safic-Alcan is also committed to work with our Principals to ensure that our products, especially cosmetics, have an environmental assessment in order to quantify the potential impacts of an ingredient throughout its life cycle. Being able to provide such information on the products that we sell will help our Customers to make "eco-conscious" choices that are critical to both current and future generations. [See our KI's No 3 & 4]

Finally, Safic-Alcan's goal is to maintain its strong culture and commitment to the Universal Declaration of Human Rights and Environmental Protection. It is the foundation of our collective success and we want to continue to pursue responsible business practices with all our business Partners and Stakeholders. [See our KI's 5 & 6]

OUR SIX KEY INITIATIVES FOR SUSTAINABILITY

Economic growth

- 1. Continue delivering strong value creating arowth.
- 2. Collaborate with Principals and Customers to develop new business opportunities from sustainability advantaged products.











Environmental stewardship

- 3. Join forces to promote sustainable consumption that improves public health and the environment.
- 4. Deploy sustainable procurement to improve the working and environmental conditions in our supply chain.

Social responsibility

- 5. Maintain our strong commitment to company's culture for health, wellness and ethics.
- 6. Pursue responsible business practices to combine the demands of economy, ecology and society.



DEPLOYING OURINNOVATION LINK

Our Innovation Policy

Safic-Alcan is a global speciality chemicals distributor. We are the link between chemical manufacturers (our Suppliers) and chemical users (our Customers). Our objective is to be the long lasting link providing innovative solutions.

Developing sustainability advantaged products drives our business growth and provides a foundation for our future success.

Our Implementation

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 needs across the globe.

OUR INITIATIVES AND MEASURES



Initiative No 1 Continue delivering value creating growth

Growing organically means that we are working downstream with customers and brands to gain insights and to drive the development of innovative and sustainable solutions. It is an opportunity to use our creativity and knowledge to be part of the solution.

Inorganic growth is characterized by our strategic goal of expanding in differentiated sustainability advantaged portfolios and deploying geographically.

Key Measure No 1

Continue delivering value creating growth with a 10% compound annual growth rate (CAGR) for our revenue from 2015 through 2020.

+10%

From 2015 to 2018, our revenue has grown from 466 M€ to 611 M€, which represents a 9.5% compounded growth rate.

Our earnings have followed a similar trend. All financial results are communicated to our employees, as approximatively 80% are also shareholders.





Initiative No 2 Collaborate to create new business opportunities

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 sustainability advantaged products to accelerate our efforts to deliver innovative and sustainable solutions to our Customers throughout the world.

Key Measure No 2

Develop "sustainability advantaged solutions" by setting a minimum of two Joint Development Projects with Principals and Customers.

Minimum 2 Key Projects

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.

We currently have 3 projects. 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 Principals to improve the naturality of the cosmetics products.







Science as a source of innovation in cosmetics:

"For our cosmetics team, science is one of the most powerful engines of innovation, inspiring ground-breaking synthetic ingredients while providing surprising natural texturizing agents or actives

Safic-Alcan offers the best of wisely surced natural ingredients along with cleanly produced synthetic products to achieve the most sustainable advantaged formulas and strike the right balance. We believe that science can help us reduce our environmental impact by creating new paths of sourcing without depleting our planet's resources."

Juliette Gamez
Business Director France Cosmetics, Safic-Alcan

INNOVATION AWARD FROM THE SOCIETY OF COSMETIC SCIENTISTS

Our formulation "Baggage control undereye jelly patches" has been awarded as winner of the Laura Marshal Award for Innovation at SCS Formulate in UK.

Innovation award made with the support of Mibelle, Nouryon and Sudarshan.

(https://youtu.be/UbRY7iwoibE)

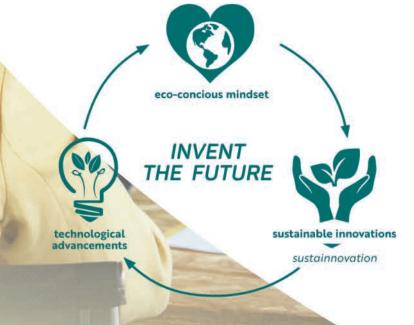


FROM METAL CANS TO PLASTIC POUCHES

Safic-Alcan Necarbo is a well-established global supplier of pigment preparations. A long history of supplying pigment pastes, solid pigment preparations and liquid colourants is the base for a thorough knowledge of the needs of this market.

Standard packaging is 10 liters metal cans and we are currently investigating, in a joint effort with our customers and packaging suppliers, the possibility of supplying NEBOTINT® systems in plastic pouches.

Contrary to the current packaging where some of the expensive, colorant usually remains in the can, a pouch can easily be squeezed empty. Environmental benefits can be found in the fact that contrary to the voluminous and contaminated metal cans these pouches generate relatively clean and concentrated waste.





RESPECTING OUR ENVIRONMENTAL LINK

Our Environmental Policy

As a major player in the distribution of speciality chemicals to the formulation industries, Safic-Alcan takes environmental stewardship to heart. Our principles have been included in our "Corporate Environmental Stewardship Policy" as well as our "Third-Party Code of Conduct." Documents are published on our website.

The "Environmental Stewardship Policy" aims to integrate a philosophy of sustainable development into all the organisation's activities and to encourage sound environmental practices in our operations.

Our Implementation

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

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.

Customers and the general public.
As a signatory of the French UFCC "Responsible Cares", Safic-Alcan, once a year, completes the questionnaire on Key Performance Indicators (KPIs).

OUR INITIATIVES AND MEASURES



Initiative No 3 Join forces to promote industry-wide practices

We value the importance of "innovative" collaboration to drive change both internally with our businesses and functions as well as externally with our Customers and our Principals.

We are committed to collaborate and communicate with our Customers and our Principals to manage chemical products. This ensures 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.

Key Measure No 3

Contribute to a minimum of 3 initiatives jointly with Customers and Principals by 2020.

Minimum 3 Key Projects

Our first Key Project is to evaluate the creation of 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".

Our second Key Project is "to develop and implement an internal database for our products based on ISO 16128:" Cosmetic 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.





Initiative No 4 Deploy Sustainable Procurement in our value chain

We developed our Third-Party Code of Conduct as "Doing Business with Safic-Alcan" to ensure that suppliers & third-party Providers 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

80% of Revenue

Our goal is to ensure that 80% of revenue is coming from Suppliers who comply with our "Third-Party Code of Conduct" by the end of 2020. The updated code has been published in December 2018 and we have an internal initiative to deploy it to our Suppliers and third-party Providers.





REDUCTION OF DISPOSAL OF 3750 DRUMS PER YEAR

A significant improvement was implemented in the dosing system for our production of dry liquids in the United Kingdom. Previously, products were discharged from drums and poured directly into the mixer. This was a slow dirty process which also resulted in a massive waste problem as empty 200 litres drums are expensive to dispose of and often have a residue of liquid in them which increases the problems related to waste and the cost of disposal.

Safic-Alcan UK introduced a new system where the liquid was pumped directly into the mixer resulting in an improved mixing system this increased productivity, significantly improved cleanliness and reduced the need to dispose of 3750 empty drums per year as IBC's are recycled and reused.









Closed loop packaging reuse system

«One of the most significant packaging waste prevention opportunities that exists for any business is to have a closed loop packaging reuse system for supplier, work in progress or finished product packaging.

We are supplying several of our "packed" products into collapsible returnable crates that are reused time and time again. Along with adopting reuse loop systems, switching from standard single trip cardboard cases to returnable crates can present significant cost savings and reduce packaging waste.»

Barry MCDONNELL Managing Director, Safic Alcan UK Limited

PROTECTING OUR SURROUNDINGS BY A CLEANING ACTION NEXT TO OUR OFFICES

Leaving the flower bed in front of the offices full of waste was not acceptable to our Italian Team... It was time to take action for the environment and for them.

Preserving our environment, giving a good image of the company and improving people's workplace are results of small actions that can be done easily and make people proud and happy.



HUMAN LINK AS A BUSINESS MODEL

Our Social Policy

Safic-Alcan's goal is to have our Employees and all our business Partners respect the Universal Declaration of Human Rights and Anti-Corruption. Based on our commitment to the 10 principles of the UN Global Compact we have updated in 2018 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.

Our Implementation

To demonstrate our continuing commitment to behave responsibly by integrating social and environmental concerns, Safic-Alcan decided, as early as 2014, to implement an independent "horizontal ESG assessment" to measure the quality of the company's ESG management system. The objective of this annual assessment is to monitor our progress on how Safic-Alcan integrates the principles of ESG into its business.

OUR INITIATIVES AND MEASURES



Initiative No 5

Maintain our commitment to our company's culture for health, wellness and ethics

We understand that to be successful and fulfil our role of "durable link", we must maintain trust and confidence with all of our stakeholders — employees, customers, communities, investors, and suppliers.

Safic-Alcan has a number of policies and initiatives in place that allow its team members to cultivate a culture for health, wellness and ethics.

We believe that every workplace incident, injury and illness is preventable. Our goal is to ensure personal health and safety for our Employees. Encouraging wellness is an integral part of our commitment.

The company also published a Code of Conduct. The code raises awareness of legal and ethical issues that may arise and outlines the company's expectations for compliance with the most current regulations and standards.

Key Measure No 5:

100%

Achieve a 100% deployment for our Code of Conduct to our Employees at Group level by end of 2019.

Initiative n°5: Updated Code of Conduct

We actively informed all our employees of our updated "Code of Conduct" and asked them to commit. An internal system is in place where each employee is asked to sign this updated "Code of Conduct".

35% 100%



Initiative No 6

Pursue responsible business practices

Safic-Alcan decided, since 2014 to implement an ESG 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, labour practices & human rights, fair business practices and sustainable procurement issues.

Key Measure No 6:

Achieve and maintain EcoVadis (FR) scoring of 62 points and Gold recognition level by 2020.

Gold rating in 2020

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.



2018 performance rating:

In our first assessment in 2014, Safic-Alcan's French operations achieved a score of 42 points (Bronze recognition level).

In 2018, 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.

Additionally, Safic-Alcan Necarbo also achieved the Silver status in 2018





PARIS, FRANCE

Safic-Alcan participates in the "Feet Week Suppliers by Clarins" to support the "Foundation Arthritis". This is the largest private fundraising initiative in France in the field of rheumatic and musculoskeletal diseases.

For each partner of Clarins, teams of four employees commit to walk and to accumulate a number of steps every day and to measure themselves to be the team with the most steps and win the challenge at the end of 5 working days. Each step contributes financially to the Foundation.

Safic-Alcan, in June 2019, contributed with 16 teams out of 171 teams and accumulated more than 3.5 million steps and was recognised as the most "represented" Company.



Safic-Alcan recognized for the "Feet Week by Clarins"



WARRINGTON, UK

For few years, our UK Team has been supporting "Christmas Mission from Cash for Kids". This charity is established to channel the caring of the local community into the welfare of their own youngsters. They deliver initiatives for sick and underprivileged children in the communities, to benefit local children and give the most disadvantaged a better and brighter future.



BEVERWIJK, NETHERLANDS

Every year, our Dutch team mobilizes to contribute to a good cause. In 2019, they participated to an 18 km walk in Zandvoort and collected approx. 4.000 € to support the Antoni Van Leeuwenhoek Cancer Foundation.

The foundation raises money for high quality research against cancer that will benefit all cancer patients at the Netherlands Cancer Institute with the collaboration of the Dutch Cancer Society.





MILAN, ITALIA

Safic-Alcan Italia is participating in a 4 years initiative with the NGO Emergency by donating 50.000€ each year until 2020 following the acquisition of Luigi & Felice Castelli. Founded in Italy, Emergency is an independent NGO which provides free high-quality medical and surgical treatment to victims of war, landmines and poverty. Our contribution participates in the construction of the new first-class Paediatric Surgery Centre in Entebbe (Uganda) which has begun in February 2017. Besides providing excellent surgical treatment, the hospital will also be a training centre for young doctors and nurses from Uganda and neighbouring countries. It is expected to finish work between late 2019 and early 2020 and launch operations at the hospital within the first few months of 2020.



For 15 years, Safic-Alcan has been working with a travel agency associated to Aspronis. In the Catalonia area, Aspronis is a non-profit foundation that contributes to the development and the integration of people with intellectual and developmental disabilities. Our employees are committed to improve the quality of life of other groups with support needs or with a risk of exclusion through a set of services for their travel needs.

LOOKING AT 2020 AND BEYOND

Time to "Make our move"

We are convinced that our continued growth and future success depend on the intelligent way in which we integrate Sustainability across everything we do from product sourcing and product development to our continued collaboration with our Key Principals and even our key strategic Acquisitions.

As a durable link in the value chain, Safic-Alcan is moving to allow our Customers and Principals to access to innovation for the final consumers, guaranteeing a responsible and long-lasting way of doing business as a distributor.

We appreciate that we have a long road ahead of us. However, this is an opportunity to use our creativity and innovation to be part of the solution, for our world today and for future generations.

CREDITS

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