

UN Global Compact

Communication On Progress

2021

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EDITORIAL : A message from the CEO

I am pleased to confirm that Safic-Alcan reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In this Communication of Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

2020 was a year like no other for all of us, but the hardship of 2020 will help us to see the true value in social engagement and respect of the environment. We spent a large part of 2020 to perform our first materiality assessment. This process will ensure that our business strategy takes into account the significant social and environmental topics. We will use it, during 2021, to apply a sustainability focus to prioritize our resources for issues that matter most to our business and stakeholders.

The difficulties of this tragic year tested our resilience and adaptability, but we continued to deploy our commitment to be the long lasting and [Durable Link](#), connecting both Principals and Customers together to understand what consumers need and how we, together, can implement sustainable innovation in the marketplace.

Throughout this report, we describe the progress we have made over the past year in support of our commitment of the UNGC and its SDGs. We also commit to sharing this information with our stakeholders using our primary channels of communication.



Philippe Combette
Chief Executive Officer of Safic-Alcan

Making a material difference as a “Durable Link”

Creating Tomorrow since 1847...

Originally 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, and it remains the European market leader in rubber chemical distribution. Until 1998, the company was mainly present in rubber but it has since expanded dramatically over the years to cover such markets as coatings, adhesives, thermoplastics, lubricants, detergency, cosmetics, pharmaceuticals and nutraceuticals.

Similarly, it has expanded well beyond France and now has a network of 26 offices and warehouses strategically located in Europe, Middle East, Asia, Africa and North-America. Today, more than 77% of Safic-Alcan's turnover is generated outside of France.

Our Mission and our Vision...

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 is to be recognized as a premier Speciality Chemicals Distributor with a genuine and deep-rooted commitment to sustainability.

Bringing the “Human Link” along the Value Chain...

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. 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 allows us to bring “human” collaboration along the value chain. This 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.

Fostering positive changes in the Value Chain

In 2020, Safic-Alcan conducted its first materiality assessment, a formal process of listening and consultation of stakeholders on ESG topics. This new exercise in stakeholder engagement is used to clarify and strengthen the Group's ESG policy to cover both historical and rising issues.

The assessment has brought genuine added value in confirming the adequacy of ESG initiatives already in place and suggesting pathways for improvement. Our 2021 ESG Strategy is currently revised to reflect those strategic opportunities for both Safic-Alcan and our Stakeholders.

In this Communication, we are presenting the actions and results based on our first and current ESG strategy that we implemented in 2018. Our strategy is based on the three pillars of Sustainable Development focusing on 6 Key Initiatives.

This ESG strategy, along with its strong commitment to anti-corruption, enables Safic-Alcan to contribute to 5 of the 17 Sustainable Development Goals defined by the United Nations in 2015.

2018-2020 ESG Key Initiatives

Economic growth:



1. Continue delivering strong Value Creating growth.
2. Collaborate with Principals and Customers to develop new business opportunities from Sustainability-advantaged Products

Environmental stewardship :

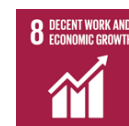


3. Join forces to promote Sustainable Consumption that improves public health and the environment.
4. Deploy Sustainable Procurement to improve the working and environmental conditions in our Supply Chain.

Societal 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.



1. Deploying our Innovation Link (Economic Growth)

A. Assessment & Policy

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

Collaboration and transparency along the value chain are critical to develop innovative solutions and drive positive change. Developing sustainable products drives our business growth and provides a foundation for our future success.

B. Actions & Results

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 an engine for growth.

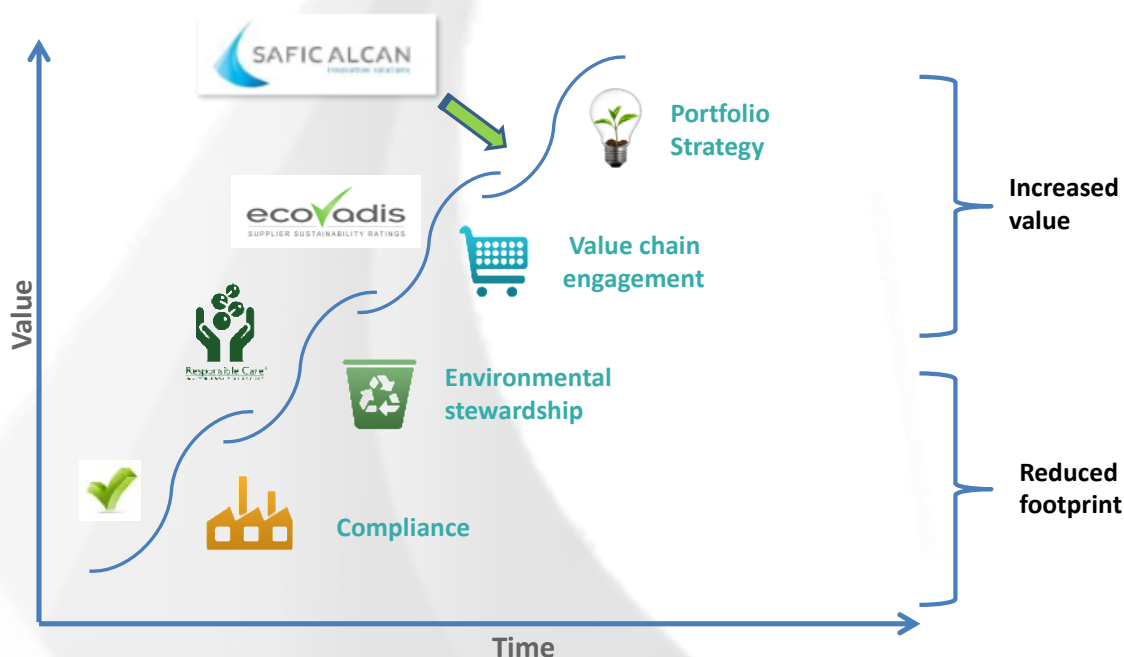


Figure 1: Safic-Alcan sustainability pathway



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 and 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.

Our Key Measure No 1: Delivering Value Creating Growth

Indicators	target	2020 status
Our annual growth rate	CAGR of 10% from 2015 to 2020	+8,6% (end of 2019)

From 2015 to 2019, our revenue has grown from 466 M€ to 648 M€. Our earnings have followed a similar trend. All financials results are communicated to our employees, as approximatively 80% are also shareholders.



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

If we are going to commit to sustainability as a company, then a basic expectation is that we collaborate with our principals. Assessing the sustainability practices of our Suppliers is essential. The sustainability of our portfolio relies not only on how responsibly we deliver our products, but also, what basic materials are in it? How were they sourced? What sustainable certifications does the supplier have?

Secondly, but as importantly, understanding how macro-trends impact our Customers and the consumers is also critical to our customer engagement. The more we gain insight downstream, the better we translate that back, as per our tagline; “Innovative Solutions”.

Our Key Measure No 2: Develop “sustainability-advantaged solutions”

Indicators	Target	2020 status
Number of projects jointly with Customers and Principals	Minimum 2 projects	2

Determined to promote the development of sustainability-advantaged products, Safic-Alcan needs to identify those Customers and Principals with whom we can co-develop innovative eco-conscious products. This collaboration can be described with these two initiatives focused on new sustainable certifications:

1) Fair for life program implementation: Fair for Life brand holder companies commit to fair sourcing practices towards their primary producers down the value chain. Fair for Life certification confirms traceability of all certified products from production to sales.

In 2020, Safic-Alcan initiated a Fair for life program for jojoba oil, collaborating with cosmetics customers and one of our Principals. The first result was the certification of the Producer (i.e our Principal) . The program is on going with the objective to obtain the Fair for Life certification at Safic-Alcan level.

2) Bonsucro certification : Bonsucro certification offers a credible, metric process to demonstrate commitment to environmental and social sustainability in the sugarcane value chain. Safic-Alcan is enabling its customers and brandowners to trace sugarcane from the origin to the end product. It allows brands to ensure the sustainable sourcing of the sugarcane.

2. Respecting our Environmental Link (Environmental Stewardship)

A. Assessment & Policy

As a major player in the distribution of specialty chemicals to the formulation industries, Safic-Alcan is committed to global excellence in environmental stewardship. Caring for the environment continues to be an important part of our culture and our brand. 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. The guiding principles listed within the policy are expectations and basic responsibilities for all employees at all times and at all locations.

In addition, Safic-Alcan France is also a signatory of the “Responsible Care®” Program from the Union Française du Commerce Chimique (UFCC). Responsible Care®, is the global chemical industry’s environmental, health and safety (EHS) initiative to drive continuous improvement in performance. 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 consistent with its overall objectives.

B. Actions & Results

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.



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.

Our Key Measure No 3: Contribute to joint initiatives with our Partners

Indicators	Target	2020 status
Number of joint projects with Customers and Principals	Minimum 3 projects	3

1) Life Cycle Analysis: 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.

2) GHG emissions disclosure: As a specialty chemicals distributor, Safic-Alcan acts as a “durable link” between Producers and Customers. As such our main sources of carbon emissions are use of electricity in our offices and fuel for transport.

However, since 2016, Safic-Alcan France was encouraged by one customer to report its emissions with CDP, within the scope of the CDP Supply Chain programme. In 2020, the customer provided Safic-Alcan with webinars and in-service training tools to help us to assess the carbon footprint arising from our activities. In 2020, Safic-Alcan France improved its score to the “Awareness level” (Level C).

3) Participation of cross industry working groups: Safic-Alcan entities are active in the value chain within national/local industry associations but can also be within nonprofit groups. Those participations are generally done with the objective to understand our industries impacts and to find solutions on industry-wide practices and standards.



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

Safic-Alcan is primarily involved in the distribution of specialty chemicals and works with a large number of principals and service providers. Poor performances by its suppliers in any area, including those related to social and environmental issues, could therefore have an impact on the Group’s performance and on its ability to serve its customers.

Safic-Alcan strives to build “Durable links” that are based on trust with its suppliers and subcontractors. These relationships are managed transparently. Our procurement process is guided by the ethical principles expressed in our “Code of Conduct”.

1) Third-Party Code of Conduct: 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.

Our Key Measure No 4: Alignment of our Principals to our commitment

Indicators	target	2020 status
Number of Principals aligned with our Third-Party code of Conduct	Minimum 62 Principals.	74

Our goal was to ensure that 80% of revenues are coming from suppliers who comply with our “Third-Party Code of Conduct” by 2020. Sixty-two suppliers represent 80% of our Turnover (CA 2018) and One hundred sixty eight represent 90% of our Turnover.

2) RSPO Certification: The palm oil supply chain, from the tropics to its use as an ingredient in consumer products is complex. Safic-Alcan France contributes towards promoting the growth and use of sustainable palm oil by tracking the number of our raw materials containing palm oil and by ensuring the transparency and credibility through the RSPO Supply Chain Certification

Our license is approved for RSPO members whom participates in the RSPO certified oil palm supply chain, as long as we take legal ownership, store and sell products, but do not unpack, repack or relabel those products at any stage.

Safic-Alcan France began tracing, for our Cosmetic department, whether our purchased products contained Palm Oil and we can confirm that 42 of our Materials out of 535 (8%) do contain Palm Oil. We also traced their RSPO certification and 64% of those products (27 Products) are already certified. An additional 10% are under certification.

3) Conflict Minerals: To date, Safic-Alcan does not have obligation under the “Conflict Minerals”. regulation since we do not directly purchase “*tantalum, tin, tungsten and gold*”. However, we are committed to support our industries: as such, we are committed to work with our Principals to determine whether our purchased materials contain “Conflict Minerals”, and if so, to verify their origin and confirm their “conflict-free” sources.

Safic-Alcan’s expectations for our Principals are:

- Supply raw materials that do not contribute to human rights abuses.
- Adopt conflict minerals policy and implement management systems to support compliance with their policy, and require their suppliers to take the same steps.
- Develop supply chain due diligence, if applicable, and respond to Safic-Alcan requests in a timely manner providing current and accurate information, updating as need to ensure continuing accuracy.

3. Human Link as a business Model (Social & Human Rights)

“At Safic-Alcan, 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.

A. Assessment & Policy

Safic-Alcan uses employee share ownership to create a collaborative and engaged enterprise climate. Following the LMBO of January 2015, most of Safic-Alcan’s employees are shareholders of the Company and own together 52,9% of the Company. This is certainly the foundation of our culture.

To demonstrate its continuing commitment to the Universal Declaration of Human Rights and Anti-Corruption, Safic-Alcan’s goal is to have our Employees and all our Business Partners respect our “*Code of Conduct*”, as well as our “*Third-Party Code of Conduct*”. Those are published on our website to make our position clearer for all our Suppliers, Employees and Partners.

In addition, to pursue our responsible business practices, Safic-Alcan is performing, since 2014, an independent “Horizontal CSR assessment” to measure the quality of the company’s CSR management system. The objective of this assessment is to help us to better integrate the principles of CSR into our businesses.

B. Actions and Results



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

1) Ethics & Compliance - Updated Code of Conduct: In 2019, our revised "Code of Conduct" was deployed across the company and 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".

2) Reputation & Transparency: Materiality Matrix: In 2020, Safic-Alcan conducted its *first* materiality assessment. Our objective was to verify that our ESG strategy is in line with the expectations of our internal and external strategic stakeholders.

This mapping of ESG issues is the most pertinent toll:

- For enhancing constructive dialogue with our stakeholders and involve them in our Group ESG initiatives.
- For guiding our global ESG strategy and indentifying areas of improvement in environment, social and economic topics.
- For prioritizing ESG challenges depending on their importance for both Safic-Alcan and our Stakeholders.

Since December 2020, Safic-Alcan is building on this materiality assessment, to validate the relevance of the ESG actions already underway and enhance our strategy to guide our 2021 ESG Strategy. It will be delivered by February 2021.

Our Key Measure No 5: *Maintain our Company's culture*

	Indicators	target	2020 status
Deployment of our Code of Conduct	Percentage of collaborators who have signed the new code of conduct	100% by January 2020	Achieved. At the end of 2019, 96% of employees have signed the code.
Enhance dialogue with our stakeholders and involve them in the ESG strategy	Materiality Matrix	Complete 1st Materiality Assessment by end of 2020	Achieved



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

Safic-Alcan believes that the way a company does business is as important as its financial performance and the quality of its products and services. In a changing world, our culture of health, wellness and ethics serves as our compass for acting day-to-day. Responsible adaptation has been at the heart of our business, from focusing on individual issues to influencing strategic business policies and governance.

1) EcoVadis Assessment : Safic-Alcan decided, since 2014, to implement a CSR ongoing assessment process starting with France. We are using the EcoVadis CSR rating methodology which is widely recognized and used by our Principals 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 overall score (0-100) to reflect the quality of the company's Sustainability Strategy with the objective to obtain the Gold rating.



[Our full Press release](#)

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Our Key Measure No 6: ESG performance

Indicators	targets	2020 status
Score at the EcoVadis Assessment	62 points and gold recognition level by 2020 for France	Achieved with a 68/100 scoring
	Improvement of our score in other subsidiaries under assessment	Safic-Alcan Nocarbo Achieved: +5 points compared to 2019 Chemspec waiting for the results of 2020 but in 2019 they improved their score of 8 points compared to 2018

Our objective was to reach the Gold performance in France (Headquarters) and to improve our score in every subsidiary involved in the assessment. Not only we outperformed in France and The Netherlands but our UK location reached 70 points in its first assessment.

2) Vigeo Eiris rating: Safic-Alcan Group was requested, by one of its main shareholders to be evaluated by their CSR rating agency, Vigeo Eiris . This European rating agency developed a methodology to analyse and rate Small and Medium Entreprises on 3 domains (Environment, Social and Governance) and based on Leadership, Implementation and Results criteria. Safic-Alcan scored 81/100 and is in the “Advanced performance” category.

4. Our Commitment to Anti-Corruption

A. Assessment & policy

Safic-Alcan's *Code of Conduct* publicly states a zero-tolerance policy of corruption. It applies to all Group Employees, members of the Executive and Management Committees, and to those of its subsidiaries worldwide.

Internally, "*Safic-Alcan Group Governance rules*" includes a "Transparency & Integrity statement" stating that "*the Company values any help in identifying potential problems that the ExCom may need to address. Speaking up is always the right thing to do*".

Externally, our updated *Third-Party Code of Conduct* was published in December 2018 and is available on our website. Safic-Alcan is actively informing all our Suppliers and Third Parties Providers. The Code includes our policies on anti-corruption and payments and gifts. We also have an internal system in place for whistleblowing for any guideline violation.

B. Actions & Results

Safic-Alcan encourages responsible reporting of any potential Code violations (Whistleblowing rules). The Company takes all reports of possible misconduct seriously. Violations and potential violations will be reported to the ExCom. The ExCom will investigate all violations or potential violations reported to it, and, in doing so, may use the assistance of the Company's Secretary.

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.

If the Board determines that a material violation has occurred, it will inform the Supervisory Board. Otherwise the ExCom will consider whether, in light of all relevant facts and circumstances, the violation warrants disciplinary or preventive action and, if so, will take such measures as it deems appropriate.

In 2020, No reports have been filled.

+++++ End of our Communication of Progress – January 2021 +++++