



**ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT**

2019

***SNF***

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In accordance with Article L225-102-1 as amended by Order 2017-1180, our Group is required to publish a consolidated non-financial performance statement, due to the level of turnover and the average headcount, particularly at the level of its French subsidiary SNF SA.

**Consolidated Sales : € 3.4 billion**

For the preparation of this non-financial performance report, only the significant French, American, Chinese, Korean and Indian subsidiaries were taken into account. They represent more than 95% of the Group's global turnover.

**Consolidated Workforce : 6,600**

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## POLICY OVERVIEW – BUSINESS MODEL

SNF, headquartered in Andrézieux, France, is the largest polyacrylamide (PAM, which is a water soluble polymer) manufacturer in the world. Our entire company production volumes represent 48% of global PAM production, and we lead production on all continents.

To consolidate its leadership, SNF is constantly expanding its product range while reinvesting all of its financial resources in upgrading and expanding production facilities, in order to maintain its competitive edge and that of its customers and continuously improve its environmental performance.

To meet the needs of our customers and minimize transportation and supply interruptions, SNF has built strategically-placed manufacturing sites and distribution networks in over 130 countries. SNF currently operates production sites on four continents, including seven primary plants:

- Riceboro, Georgia and Plaquemine, Louisiana (USA)
- Andrézieux, France
- Taixing and Rudong, China
- Ulsan, South Korea
- Vizag, India.

The Group employs around 6,600 people worldwide at its various subsidiaries and implements a growth policy that respects both communities and the environment.

The scarcity of natural resources, including water, minerals and hydrocarbons, is the driving force behind most of SNF's businesses. Accordingly, the Group produces over 1,000 products that contribute towards preserving natural resources, encourage reuse and recycling, and improve the efficiency of industrial processes.

We have the chance to be positioned in markets where sustainable development issues are of major importance. We provide tangible solutions that enable our customers to sustain growth while minimizing the environmental impact of their business.

Our products are designed for a large number of industrial and commercial applications and include flocculants, which help separate suspended solids in water, viscosity modifiers, which modify liquid density, and friction reducers, which reduce friction in aqueous fluids in motion.

Our water-soluble polymers are used to treat drinking water and wastewater. They also play a significant role in other markets such as enhanced oil recovery, mining, paper, agriculture, textiles, and personal care.

### WATER TREATMENT

Water resource management is one of the biggest challenges we will have to face over the coming decades. Demand for water is rising due to the boom in urban development, industrialization and the development of irrigation. Improving water quality requires the use of increasingly efficient products.

SNF is a key player in the water treatment market and all related applications. Our products are used to treat and process water for more than 750 million people worldwide and to clean and recycle water at thousands of manufacturing facilities.

The SNF range of flocculants and coagulants caters for all global market requirements. These products have been approved by a large number of government authorities for applications regulated by established standards.

SNF has developed polymers suitable for all types of treatment, including drinking water production, sludge dewatering and treatment of industrial water.

### MINERAL EXTRACTION

The mining sector is an important part of the Group's business activities. Many ore extraction sites are located in isolated areas, at high altitudes or in desert regions where water is scarce; Group products help reduce mining industry water needs, optimize extraction processes and limit the environmental impact of these processes.

### ENHANCED OIL RECOVERY

When oil is extracted, by increasing water viscosity our products increase the amount of oil recovered while considerably reducing the amount of water consumed per barrel produced by 80% and the required amount of CO<sub>2</sub> by 66%. This option allows oil companies to keep oil fields open longer and reduce the amount of drilling. As a result, the environmental impact of each oil well and drilling operation is minimized, as the facilities are in use for a longer period of time.

## PAPER INDUSTRY

The Group manufactures products specially designed to meet the needs of the pulp and paper industry. We provide (i) process chemicals designed to improve machine productivity (paper machine retention and speed) and (ii) flocculants and coagulants for effluent treatment plants.

The Group offers specific products designed to improve the manufacturing process, ranging from premium quality printing paper to ultra-stiff cardboard made from recycled paper.

## OUR PRODUCTS

Group products therefore help to preserve natural resources. Our products are used in all areas where water is present, namely drinking water production, wastewater treatment, sludge dewatering, oil and gas extraction, mining, agriculture, paper, textile and cosmetic products. SNF has put chemistry at the service of nature, because its products play an essential role in preserving our environment and in ensuring access to energy. In this way, they contribute to carrying out and achieving our ambition: to improve the daily lives of everyone, everywhere in the world. Our manufacturing processes are designed to minimize the carbon footprint of our activities.

Our main monomer is thus produced enzymatically at room temperature and under atmospheric pressure. Given the large volumes involved, this biological catalysis process makes SNF one of the pioneers in soft chemistry.

SNF constantly strives to reduce its carbon footprint at all manufacturing facilities. As a result, our unit consumption of water, gas and electricity steadily decreases in relation to the volumes produced. SNF manufacturing facilities rigorously monitor their discharges and implement appropriate measures.

SNF Group uses water for its industrial activities, in particular in its reaction-based manufacturing processes, production facility cooling, product and equipment washing and steam production. Today, to produce one tonne of finished products, water requirements are 20% lower than they were ten years ago.

## SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY POLICY

The numerous measures we have implemented over the last few years in the field of sustainable development, particularly regarding environmental, social, and economic issues (e.g. energy, carbon, sustainable development and social reports) reflect who we are as a company and are evident in our activities.

Our policies on sustainable development and corporate social responsibility are in line with our commitments to:

- be recognized as a company that applies the most stringent safety standards
- comply with applicable environmental legislation and regulations, as well as other social and economic requirements
- minimize the environmental impact of our operations, particularly by optimizing energy consumption (gas and electricity)
- advocate measures to prevent environmental degradation, limit our carbon footprint, and minimize our dependence on and use of natural resources
- continue to monitor and evaluate performance, environmental, social, and economic indicators
- raise awareness and motivate employees and partners to work and operate responsibly
- eliminate corruption
- provide proper training in line with job requirements
- communicate (internally and externally) regarding the impact of our operations, particularly to customers regarding the proper handling, use, and disposal of our products
- leverage customer feedback and field experience for the benefit of all Group companies
- instill and encourage a safety mindset at all levels and locations in order to minimize risks and accidents, both on and off work.

Putting these commitments into practice requires periodic evaluation of our performance, which we regularly communicate to all employees and partners. For the purposes of prevention and continuous improvement, objectives are periodically reviewed and updated, taking into account the evaluation of results obtained, new scientific knowledge, best available techniques and technology, and changes in the socio-economic environment.

SNF Group's Chairman & CEO and the Executive Committee, including international leaders/executives, fully support a commitment to non-financial performance. This commitment ensures that staff, social and environmental considerations are understood and managed consistently. The resulting policies are endorsed by the members of the Executive Committee, which is also responsible for ensuring communication and monitoring compliance with these policies throughout our organization.

SNF's Director of Sustainable Development presents an annual report detailing the purpose, objectives, and results of our non-financial data verification.

## GLOBAL METHODOLOGY

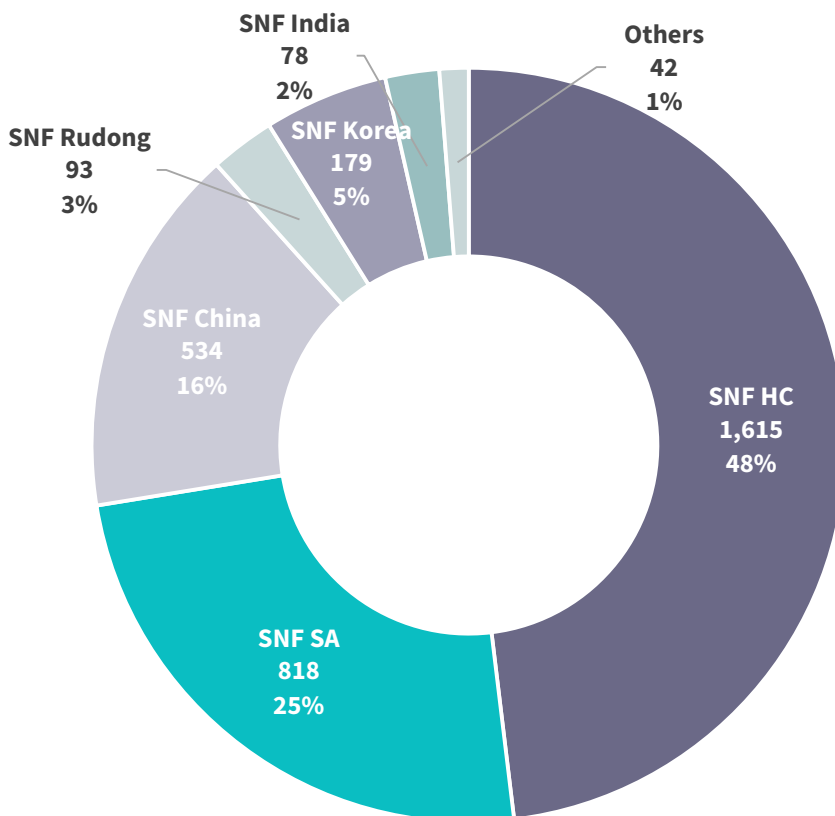
To acquire a management tool and to measure the effectiveness of its sustainable development program, SNF is setting up a non-financial reporting structure and protocols including the appointment of a manager at each major subsidiary.

The graphs presented in this report are based on cumulative data collected from SNF Group’s main production sites.

The graphs show metric tonnes of products produced by our primary manufacturing sites.

2015 was chosen as the reference year on an index 100 basis, to which all data was compared. The raw data used as the basis for calculating the change indexes is appended to this report.

## 2019 SALES PER LEGAL COMPANY (M€)



## RISK ANALYSIS

### METHODOLOGY

In accordance with a parent company's duty of vigilance and care, SNF has carried out an in-depth examination of the risks of severe violations of human rights and fundamental freedoms, harm to individual health and safety and damage to the environment, in order to supplement existing reasonable vigilance measures.

These risks were examined in consultation with the department heads of Human Resources, Occupational Health and Safety, Environment, Legal, Purchasing, Control, and Internal Audit.

The main risks to which SNF believes it is exposed as of the date of this document, both internally and externally, are set out below. These risks are categorized according to their probability or potential adverse impact.

The table presented below was drawn up by the Monitoring Committee and approved by management. In France, DREAL (Regional Environment, Development and Housing Department) inspects our facilities twice a year and checks our environmental indicators for consistency. In addition, health and safety audits are carried out by the labor inspection board.

All risks presented below apply to the Group as a whole. Equivalent safety standards regarding facilities and staff are applied in all Group plants, even where local regulations differ.

It is worth noting that the themes related to the prevention of food insecurity and food waste, responsible, equitable and sustainable food, and respect for animal welfare are deemed irrelevant to SNF's activities and are therefore not included.

In addition to the internal risk assessment, SNF called upon EcoVadis to perform an assessment of customer and supplier risks based on the type and volume of products purchased and sold in the various countries. This risk analysis focused on the following areas: environmental, social, ethical, and supply chain. We received the final results and recommendations in June 2019.

On the basis of these results, the Group has drawn up an action plan including an assessment of suppliers and customers in terms of the aforementioned risks, within the framework of a responsible procurement procedure.

## RISK ANALYSIS

RISK	REASON	POLICIES IMPLEMENTED
<b>ENVIRONNEMENTAL</b>		
Industrial Risks (SEVESO High Level or equivalent)	Major industrial accident with potential safety hazard for the surrounding population and the employees	Safety Management System, Risk Analysis, Process Change Management Safety process harmonization of all group facilities Periodic emergency safety exercises together with state services (firefighters, prefecture, DREAL)
Resources Consumption (water, gas, etc.)	Resources scarcity Supply shortage of our industrial sites	Energy saving policy ISO14001 certified sites Environmental action plan
Risk of accidental industrial pollution	Accidental or ongoing hazardous substances spills or releases into the environment	Environmental Policy Emissions in water, air and waste generation monitoring Emissions in water, air and waste generation reduction Water and air treatment units implemented  Fully bunded sites Wastewater collection Wastewater treatment Procedure to be followed in case of emergency Recent sites, best available technologies during their design
<b>SOCIAL</b>		
Risk of non-conformity	Formal notice or penal sanction Regulatory non-compliance	Regulatory watch
Work accident risk	Incorrect risk assessment Failure to analyze the risks  Work accidents or occupational diseases: <ul style="list-style-type: none"> <li>• Insufficient knowledge of instructions</li> <li>• Non compliance to instructions</li> <li>• Non updated procedure</li> </ul>	Single occupational risk assessment document Occupational risk assessment annual update Recording of actions, preventive measures and risk control  New employees initial training Retraining of all permanent workers Audits and preventive visits Analysis of all work accidents, whatever the severity Recording of all incidents and near misses Analysis of all reported occupational diseases



RESULTS	INDICATORS
No industrial accidents at SNF for over thirty years	None
Improved energy efficiency in production workshops Reduced wash water Optimized utilities Increased recovered waste Decreased waste per tonne produced	Waste recovery (energy from waste) Waste recycling (others) Water Electricity and Natural gas consumption
Decrease of hazardous substances released into water and air per tonne produced  No water pollution, no land pollution	CO <sub>2</sub> emissions Emissions of volatile organic compounds Wastewater discharges Products with high COD released into water Suspended solids released into water Releases of nitrogen into water Dust emission Hazardous solid wastes emission Non-hazardous solid wastes emission Groundwater monitoring
Regulatory compliance with local regulations	Regulatory compliance %
Reduce work accidents and Occupational illnesses  Knowledge increase and upgrade Corporate culture and staff commitment Compliance with instructions and procedures Keeping H&S procedures and documents up-to-date Avoiding further work accidents Avoiding further occupational diseases	% of actions performed regarding occupational risk assessment Initial trainings progress % Performed retraining % Number of weekly safety updates published Planned audits performed % Number of unannounced audits Analyzed work accidents % Benign, without or with lost time injuries frequency rate Lost time injuries severity rate Number of occupational diseases reported PSR factors barometer

## RISK ANALYSIS

RISK	REASON	POLICIES IMPLEMENTED
<b>CORRUPTION</b>		
Sustainable purchases Corruption	<p>Risk of infringing on regulations in matters of competition rights and corruption in the different countries in which the group operates.</p> <p>Civil sanction and criminal penalty</p>	<p>Code of conduct and ethics.</p> <p>Evaluation of the social and environmental performance of the global supply chain by ECOVADIS.</p> <p>In-house training of the personnel that may be confronted to these risks.</p>
<b>HUMAN RIGHTS</b>		
Human rights Working conditions	<p>Risk of employing personnel under insufficient work safety conditions not respecting legislation.</p> <p>Civil sanction and criminal penalty.</p> <p>Damage to the Group's image.</p>	<p>Corporate Social Responsibility:</p> <p><b>Financial:</b> in order to maintain local jobs and local businesses</p> <p><b>Social:</b> to guarantee our employees optimal working conditions</p> <p><b>Environmental:</b> in order to reduce the impact of our business on the environment to a minimum</p> <p><b>Global Compact signatory:</b> communicating on our sustainable development actions corresponding to the goals of the Global Compact</p>

**RESULTS**

**INDICATORS**

No purchase item is classified as a severe risk. Our purchases with the highest risk level are chemical products due to their environmental component or to the country.

25% of our sales are considered at risk mainly due to the sector of our clients such as mining or oil & gas and their environmental component or to the country. This risk is highly counterbalanced by the use of our products which is to treat water and to preserve the environment and water resources.

Our businesses are potentially in high risk of corruption sectors. However 93% of our suppliers have been identified as low risk and 75% of our customers are considered as low or medium risk.

ECOVADIS has created a mapping of the risks.

It is being used as a tool in our evaluation procedure of supply chain partners and for the sales of a products.

Health and Safety results on safety at work and working conditions much better than average in the country.

No condemnation for non-compliance with the laws on human rights and working conditions

ECOVADIS evaluation on this theme

Audits performed in risk countries (India and China)

## 1/ COMPANY GOVERNANCE

Corporate governance is administered by the Board of Directors and a senior management team consisting of the Chairman & CEO and four Senior Executive Vice Presidents.

SNF Group is a private company with a single shareholder represented by Mr. René Pich. Group capital is set at a fixed amount and the value of its shares is therefore irrelevant. Furthermore, the Group distributes no dividends.

Under this particular arrangement, the interests of the shareholders and management are inseparable. Accordingly, all Senior Executive Vice Presidents sit on the Board of Directors. Three of the Board members are independent and not related to management.

The Board of Directors is chaired by Mr. Pascal Remy.

Board members are appointed by the shareholders' general meeting for a maximum 6-year term of office. Board members may be reappointed without limitation.

The Board met 8 times in 2019. The average attendance rate at Board meetings was 91%.

The composition and operation of the Board of Directors are determined by applicable legislation and the Company by-laws.

### 1.0. COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2019

- Pascal REMY, Chairman & CEO,
- René PICH, Senior Executive Vice President
- René HUND, Senior Executive Vice President
- Cédric FAVERO, Senior Executive Vice President
- Caroline DUMOND, Senior Executive Vice President
- Guy WEISSLEIB, Director
- Philippe LECOINTRE, Administrative and Quality Manager
- Peter NICHOLS, President of SPCM North America
- Richard SAINT SAUVEUR, Purchasing Manager
- François PERIER, Director
- Thierry LEMONNIER, Director
- John PITTMAN, President of SNF Holding Company

### CHANGES IN BOARD MEMBERSHIP DURING 2019

Thierry Lemonnier, formerly CFO at Arkema, was appointed Director in January 2019.

John Pittman, Chief Operating Officer at SNF HC, was appointed Director in June 2019.

### 1.2. BOARD MEMBER PROFILES

#### PASCAL REMY

Pascal Remy has been Chairman of the Board of Directors and Chief Executive Officer since November 2010. Prior to his appointment as Chairman and CEO, Mr. Remy was our President and a member of our Board of Directors, beginning in December 2005. Mr. Remy has over 25 years of experience in the chemical industry, and was previously Senior Vice President of Nalco (now part of Ecolab) and President of Degrémont. Before joining us, Mr. Remy was operating partner of a Chicago-based private equity fund. Mr. Remy holds graduate degrees from the Massachusetts Institute of Technology, Ecole Polytechnique and the Ecole Nationale des Ponts et Chaussées.

#### RENÉ PICH

René Pich graduated with a degree in chemistry from the Institut de Chimie et Physique Industrielle (Lyon). Mr. Pich started his career as a researcher on polymerization in Rhodiaceta and then Streichenberger before being appointed as Polyacrylamide Technical Director of British Petroleum. In 1978, with the management buy-out of the flocculant business from W.R. Grace, Mr. Pich became Chairman of our Board of Directors and Chief Executive Officer. Mr. Pich resigned from this position in November 2010 and became Senior Executive Vice President.

#### RENÉ HUND

René Hund graduated from the Ecole Supérieure de Chimie Industrielle (Lyon). Mr. Hund joined SNF in 1985 as a researcher to develop paper applications polymers. After the implementation of powder production at one of our U.S. subsidiaries, Chemtall, Mr. Hund became our International Technical Director in 1995. In 2003, Mr. Hund was appointed as our Technical General Manager as well as Chief Executive Officer of SNF SA, France. Mr. Hund is Senior Executive Vice President of SPCM and a member of our Board of Directors.

#### CÉDRICK FAVERO

Cédric Favero graduated from the Institut Textile et Chimique-ITECH and Université Claude Bernard - UCBL (both in Lyon - 1998). Mr. Favero joined SNF in 1999 as a researcher on monomers and coagulants for water treatment. After the start-up of the Saint-Avoid (France) and Pearlington (U.S.) plants, Mr. Favero focused his research topics on new polymers and polymerization technologies for oil and gas, specialty applications and organic chemistries for monomers and mining chemicals. Mr. Favero became R&D manager in 2005, joined the Board of Directors in 2012 and was appointed Senior Executive Vice President in November 2015.

**CAROLINE DUMOND**

After graduating from the Ecole Polytechnique Feminine (EPF) with a degree in engineering, Caroline Dumond held a variety of engineering and production management positions, most recently at Air Liquide/GIE, in both the Mediterranean and Northern France regions. Ms. Dumond is Senior Executive Vice President of SPCM and a member of our Board of Directors. Ms. Dumond is the daughter of our Senior Executive Vice President René Pich.

**GUY WEISSLEIB**

Prior to 1996, Guy Weissleib held various positions, from accounts manager to Co-Chief Executive, at Dow Chemicals France. Since 1996, Mr. Weissleib has been the acrylamide corporate business manager for SNF SA. Mr. Weissleib is a member of our Board of Directors.

**PHILIPPE LECOINTRE**

Philippe Lecointre graduated from the Institut de Chimie et Physique Industrielle (Lyon). Mr. Lecointre joined SNF in 1991 and led the implementation effort of our ISO 9001 quality system. Mr. Lecointre was appointed as our Administrative and Quality Manager in 2006 and became a board member in 2007.

**PETER NICHOLS**

After graduating from the University of Toronto, Peter Nichols joined Allied Colloids in 1975 and worked for 15 years in Canada becoming its Managing Director. Following the advent of the North American Free Trade Agreement, Mr. Nichols relocated to the United States where he was instrumental in creating Allied Colloids Americas and was appointed President and made a member of the Global Executive Committee. Mr. Nichols joined SNF Holding Company in 1999 as President and joined the board of SPCM in 2008.

**RICHARD SAINT-SAUVEUR**

Richard Saint-Sauveur graduated from ESC Lille and received an MBA degree from HEC. Mr. Saint-Sauveur has 40 years of experience in the chemical industry and has held various technical, commercial and management positions within Roquette, Lafarge, Orkem and Elfatochem. Mr. Saint-Sauveur was Direc-

tor of the acrylic business unit of Elfatochem before joining SNF in 1999 as Group Purchasing Director. Mr. Saint-Sauveur currently acts as Executive Vice President for our South East Asia operations and President of SNF Korea. Mr. Saint-Sauveur was appointed as a board member of SPCM in 2011.

**FRANÇOIS PERIER**

François Perier is an investor, a board member of ENEA (a consulting firm in France) and an advisor to the investment bank BDA. From 2001, Mr. Perier held board positions in different chemical companies (CABB in Germany; Eliokem in France). From 1983 to 2001, Mr. Perier held various management positions in the chemical branch of Elf, which became Arkema. Mr. Perier graduated from Ecole Polytechnique and Ecole des Mines de Paris.

**THIERRY LEMONNIER**

Thierry Lemonnier graduated from the Ecole Nationale Supérieure de Géologie (Nancy) and from Stanford University. He joined Total in 1979, in which he held various management positions, among which Chief Financial Officer (CFO) of the Refining and Marketing branch from 1993 to 1999 and CFO of the Chemical branch from 2001 to 2006. He was CFO and member of the Executive Committee of Arkema from 2006 until his retirement at the end of 2018. Mr. Lemonnier was appointed as a board member of SPCM in 2019.

**JOHN PITTMAN**

John Pittman holds BA of Mechanical Engineering from Georgia Institute of Technology and a MBA from the Warrington College of Business at the University of Florida. Mr. Pittman has worked in the chemical industry for about 30 years. Initially with Vinings/Kemira, where he had various roles in Sales and Sales Management primarily focused on the global Mining, Oil & Gas markets. More recently, Mr. Pittman was the Regional Market Director of Oil & Gas for Solvay USA. Mr. Pittman joined SNF in 2017 and is currently President of SNF Holding Company. Mr. Pittman was appointed as a board member of SPCM in 2019.

**1.3 POWERS OF THE BOARD OF DIRECTORS**

The Board of Directors determines strategic guidelines with regard to the Company's business. It decides on major transactions and oversees their performance.

Subject to the powers expressly assigned to the shareholders' general meeting, and within the scope of the Company objects, the Board discusses all issues related to the running of the Company and takes the required decisions.

The Board also oversees the Group's strategic development and periodically reviews risks and opportunities, particularly with regard to financial, legal, operational, social and environmental matters, and the measures adopted accordingly.

The Board appoints the executive directors responsible for managing the Company in accordance with its strategy and sees that this strategy is implemented.

## BOARD MEMBER EXPERTISE

	CHEMISTRY	INTERNATIONAL	CEO	FINANCE	CSR
	100%	67%	50%	33%	25%
Pascal REMY	●	●	●	●	
René PICH	●	●	●		
René HUND	●		●		●
Caroline DUMOND	●			●	●
Cédric FAVERO	●	●			
Guy WEISSLEIB	●	●			
Philippe LECOINTRE	●			●	●
Peter NICHOLS	●	●	●		
Richard SAINT-SAUVEUR	●	●			
François PERIER	●	●			
Thierry LEMONNIER	●		●	●	
John PITTMAN	●	●	●		

## 2/ STAFF POLICY

### 2.0. POLICY

SNF men and women form a unique community in terms of their expertise, profession, nationality, role and personality.

SNF staff policy focuses on two priorities:

- The individual development of its employees
- Social development through initiatives focused on improving collective working conditions.

Each of its 6,600 employees (in around 80 countries) contributes to SNF's success, performance and development as a world leader in its field.

SNF human resources policy offers its employees the opportunity to develop their careers within an innovative and global group and aims to attract and retain the best talents. This means creating and maintaining a social environment that offers good working conditions and fair treatment at all times.

The policy is based on individual development initiatives and constant improvement of collective working conditions.

Individual development includes recruitment, training and career opportunities. It is designed to enhance individual skills and know-how. To this end, the career management policy offers career paths that strengthen the expertise of individual employees and the Group as a whole. The training policy supplements these initiatives by updating theoretical knowledge to ensure the development of the various professions.

Initiatives focused on collective working conditions are carried out with a view to ensuring ongoing progress. They include all measures designed to improve employee health and safety and the working environment. These measures are also designed to establish a harmonious social climate in order to prevent conflicts through listening and social dialog. Diversity of origin, profile and training is also reinforced. Moreover, SNF ensures compliance with the Company bylaws, treaties, conventions, laws and regulations in force in the countries and regions in which it operates.

### 2.1. EMPLOYMENT AND WORK ORGANIZATION

Through its human resources policy, SNF strives to offer its employees varied career prospects and opportunities, in particular by promoting transfers between subsidiaries and divisions and developing skills.

The table below sets out the total workforce and its distribution by geographical area, gender and age, qualification, recruitment trends and the annual number of hours worked per employee, for the last four years.

The data covers only major Group companies. Each person attached to a Group company by an employment contract (except trainees and temporary workers) is recorded in that company's workforce.

The recruitment policy aims to provide the Group with the best skills to support its development. In order to constantly enrich its workforce, SNF maintains privileged relationships with the best training organizations in respect of all of its occupations.

To this end, SNF organizes site visits in cooperation with universities, target engineering schools and technical education institutions and offers numerous opportunities for internships and apprenticeship contracts.

In all countries, SNF practices working hours that comply with legal and professional requirements. Employees work full time and, to a lesser extent, on a part-time basis mainly at the employee's request.

In the event of an increase in business activity or particular difficulties, SNF may use fixed-term contracts, overtime hours, subcontractors or temporary staff in accordance with local legislation.

## HEADCOUNT TABLES

<b>WORKFORCE PER COUNTRY</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
SNF France	1,118	1,201	1,281	1,394
SNF China	752	781	799	850
SNF Korea	145	150	147	156
SNF India	132	139	143	152
SNF USA	1,469	1,775	1,936	2,020

<b>WORKFORCE PER GENDER</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
SNF France	107	1,011	116	1,085	133	1,148	144	1,250
SNF China	240	512	254	527	277	522	316	534
SNF Korea	11	134	12	138	12	135	14	142
SNF India	2	130	2	137	2	141	2	150
SNF USA	234	1,235	284	1,491	343	1,593	353	1,667

<b>WORKFORCE PER SPC</b>	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>	
	<b>Management</b>	<b>Employee</b>	<b>Management</b>	<b>Employee</b>	<b>Management</b>	<b>Employee</b>	<b>Management</b>	<b>Employee</b>
SNF France	478	640	533	668	560	721	626	768
SNF China	157	595	160	621	155	644	198	652
SNF Korea	36	109	40	110	39	108	70	86
SNF India	27	105	39	100	31	112	35	117
SNF USA	489	980	567	1,208	606	1,330	669	1,351



## 2016

WORKFORCE PER AGE	Women					Men				
	<25	25-29	30-39	40-49	>50	<25	25-29	30-39	40-49	>50
SNF France	11	17	31	30	18	64	151	291	320	185
SNF China	7	62	89	80	2	19	91	220	174	8
SNF Korea	2	6	3	0	0	7	21	34	61	11
SNF India	0	1	1	0	0	12	26	58	26	8
SNF USA	2	23	77	59	73	25	132	306	330	442

## 2017

WORKFORCE PER AGE	Women					Men				
	<25	25-29	30-39	40-49	>50	<25	25-29	30-39	40-49	>50
SNF France	14	12	36	33	21	74	163	312	323	213
SNF China	9	44	100	100	1	24	72	223	198	10
SNF Korea	0	9	3	0	0	6	24	35	61	12
SNF India	0	1	1	0	0	7	22	69	31	8
SNF USA	15	46	88	64	71	101	213	370	352	455

## 2018

WORKFORCE PER AGE	Women					Men				
	<25	25-29	30-39	40-49	>50	<25	25-29	30-39	40-49	>50
SNF France	12	15	47	36	23	70	178	342	328	230
SNF China	12	29	116	117	3	20	53	205	222	22
SNF Korea	1	7	4	0	0	1	22	39	53	20
SNF India	0	1	1	0	0	3	23	74	28	13
SNF USA	30	61	115	65	72	151	239	388	369	446

## 2019

WORKFORCE PER AGE	Women					Men				
	<25	25-29	30-39	40-49	>50	<25	25-29	30-39	40-49	>50
SNF France	15	17	48	39	25	65	194	381	351	259
SNF China	7	26	134	141	8	16	43	196	248	31
SNF Korea	0	1	5	0	1	1	22	44	45	30
SNF India	0	1	1	0	0	9	23	77	26	15
SNF USA	30	79	68	108	68	143	469	255	413	387

## 2.2. SOCIAL RELATIONS

SNF is committed to respecting the fundamental freedoms of its employees, such as the right of association and expression.

It also protects the confidentiality of its employees' personal data and respects their privacy as defined in its code of conduct and business ethics.

Among the fundamental principles and rights at work, trade union rights and collective bargaining are a factor for social progress, which SNF promotes wherever it operates. Thus, in addition to complying with the legal and regulatory provisions of the countries in which it operates, SNF Group promotes staff representation in order to implement any appropriate collective bargaining. In countries where legislation does not provide for staff representatives, local bodies may be created.

As part of its staff policy, SNF fosters ongoing dialog with staff representatives at the level of each company, while respecting local culture and legislation. SNF seeks to maintain dialog with its employees, either directly in the form of internal surveys or through staff representatives. Collective bargaining takes place in accordance with local legislation and regulations on staff representation. SNF implements a negotiation policy that enables all employees to improve their status in line with the Group's development and the macro-economic context.

The main negotiating topics are related to overall remuneration (salaries, pensions, healthcare expenses, employee saving plans and other welfare benefits), job and skills management, quality of life at work and occupational health and safety.

Percentage of SNF employees in major subsidiaries benefiting from employee and/or trade union representation:

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

## 2.3. HEALTH AND SAFETY

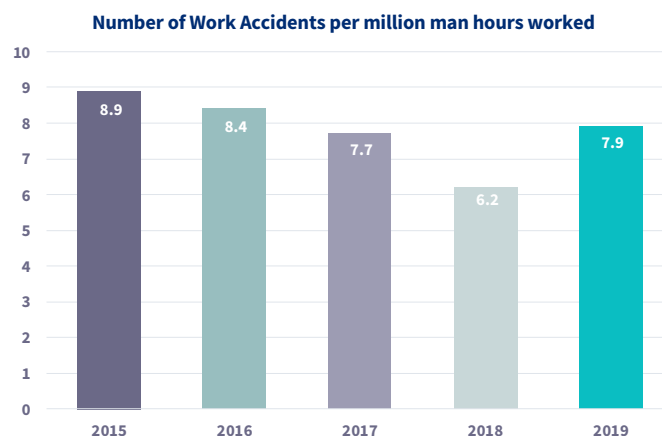
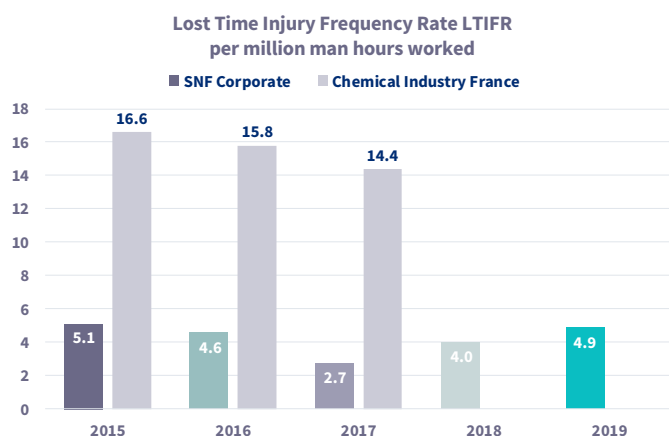
In the conduct of its operations, SNF places safety and the protection of health and the environment at the core of its priorities. SNF Group has thus committed itself to the RESPONSIBLE CARE approach, a voluntary approach set up by the chemical industry for the responsible management of operations and products, based on continuous improvement.

SNF Group places employee health and safety at the core of its values and considers that all workplace accidents may be prevented. In a preventive and continuous improvement approach, SNF is committed to ensuring proper working conditions for every worker, in particular by analyzing workplace health and safety risks and accident typology.

SNF applies equivalent safety requirements to both employees and external personnel working at its manufacturing facilities. Accordingly, all personnel take part in awareness training on the development of the safety culture and the Group's safety initiatives and programs. Moreover, SNF safety indicators include accident rates for both Company employees and external personnel. SNF has also made the prevention of arduous work a priority via a dedicated workstation ergonomics program that has now been running for a number of years.

Well-being and quality of life at work are also important factors in protecting staff health.

Behavior is a major focus of the Group's risk control and prevention program. The Group is committed to developing a safety culture in which everyone is aware of their responsibility and the importance of their behavior. A number of different tools are used to achieve this goal.



## 2.4. TRAINING

SNF is committed to creating working conditions that promote personal and professional development. The Group provides its employees with appropriate tools to achieve this objective and improve their performance.

All Group companies conduct annual individual performance appraisals, which provide an opportunity to set the year's objectives and discuss career aspirations with management.

At these meetings, employees and managers also review training courses completed and, on the basis of this review, set training objectives for the coming year in order to further develop the employee's knowledge and skills. All categories of employee benefit from this system. Interviews with career man-

agers provide an opportunity to review employees' career path, expectations and SNF professions in which they could develop.

Vocational training is provided to all employees, regardless of their profession, level of responsibility and age. It helps employees acquire or develop the skills they need for their position, prepare for a new position and meet the Company's expectations in terms of technical expertise or managerial practice. As a result, all employees have access to training throughout their time at the Company.

Specific professional training programs are designed for employees in order to enhance their skills in the areas of management, health, safety, the environment and SNF business lines.

<b>TRAINING (number of hours)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>SNF France</b>				
Total	43,654	49,124	52,541	52,735
Total per employee	39	41	41	38
Total hours on Health-Safety-Environment	10,233	11,100	9,067	13,480
<b>SNF China</b>				
Total	60,317	49,278	31,087	42,867
Total per employee	80	63	39	50
Total hours on Health-Safety-Environment	31,963	28,053	22,792	32,481
<b>SNF Korea</b>				
Total	4,209	4,570	5,135	4,365
Total per employee	29	30	35	28
Total hours on Health-Safety-Environment	2,175	3,078	3,730	2,265
<b>SNF India</b>				
Total	1,302	2,023	2,721	3,248
Total per employee	10	14	19	21
Total hours on Health-Safety-Environment	1,060	1,635	2,217	2,680
<b>SNF USA</b>				
Total	68,589	160,541	152,246	197,660
Total per employee	47	90	79	98
Total hours on Health-Safety-Environment	57,137	148,439	139,246	183,472

## 2.5. CAREER MANAGEMENT

Career management is the main focus of SNF human resources development. It allows employees to diversify their experience as part of their professional career and thus ensure constant enhancement of their skills, which is essential to the Group's development.

Career management thus fulfills a dual mission:

- ensuring SNF has the skills it needs today and over the medium term to carry out its development successfully
- helping employees to build their career plans by enhancing their skills and achieving their aspirations depending on the possibilities and opportunities offered by the Group.

Group career management policy is tailored to each Group company in terms of local standards and individual needs.

These principles are as follows:

- Give each employee the means to steer his or her their career and provide him or her them with the necessary support at each step
- Implement a proactive internal promotion policy
- Identify and develop potential in order to promote the assumption of responsibility and professional development
- Promote functional mobility
- Enable everyone to progress and enrich their experience and knowledge.

## 2.6. LISTENING AND DIALOG

SNF strives to develop listening and consultation with employees, either directly in the form of internal surveys or through staff representatives.

In addition, numerous collective agreements have been signed as part of the contractual policy, mainly in France. In other countries, collective bargaining is conducted in accordance with local legislation and regulations on staff representation.

SNF implements a negotiation policy that enables all employees to improve their status in line with the Group's development and the macro-economic context.

The main negotiating topics in 2019 relate to overall remuneration (wages, pensions, healthcare expenses, employee saving plans and other welfare benefits), job and skills management, quality of life at work, occupational health and safety, equality and diversity as well as social dialog.

## 2.7. DIVERSITY AND EQUALITY OF OPPORTUNITIES, EQUAL TREATMENT

As part of its policy of non-discrimination and the promotion of professional equality and diversity, SNF constantly strives to eliminate all forms of discrimination and encourage diversity, an essential asset for a global operator of its calibre. Employees are solely recruited on the basis of SNF Group needs and their own qualities, as defined in its code of conduct and business ethics.

Professional equality, along with the prevention of discrimination in general, is a strong focus of the Group's human resources policy. SNF therefore pays particular attention to ensuring professional equality between men and women, promoting the integration of disabled employees and respecting the principle of non-discrimination on grounds of age and nationality.

For this reason, SNF relies on job definitions to preserve equality and business consistency, as well as a recruitment policy based on the unique criterion of the applicant's suitability for the position.

Diversity is a key factor for SNF Group in terms of team performance and attracting talent. To strengthen its image, SNF Group has two objectives in this area: increasing the proportion of women and hiring employees of non-French nationality to management and executive positions.

Consequently, SNF Group is committed to developing local skills and know-how and promoting local employment at all levels, including among management teams.

SNF Group ensures that women benefit from the same career development opportunities as their male counterparts, and also promotes a policy of professional and wage equality. To this end, SNF has set itself the mission of:

- strengthening the non-discrimination principle in access to employment
- ensuring the equal pay principle
- promoting and facilitating professional careers
- promoting women to senior management level.

In France, an agreement on professional equality between men and women and diversity was signed on July 2, 2019, to be revised in 2022; this agreement mainly concerns recruitment and integration, remuneration and promotion, access to training and work-life balance. SNF continues to strengthen its policy on the recruitment and promotion of women.

In the United States, SNF Group strives to offer the same career opportunities to its employees, based on merit, quality and skills. This policy applies to recruitment, job assignments and any other events affecting the employment contract. It is set down in the Employee Handbook distributed to each employee.

In China, SNF Group ensures that there is no discrimination based on ethnic origin, gender, age or nationality, in accordance with regulations. In the event of discrimination or harassment, human resources have provided employees with the means of alerting (“whistleblowing”) and processing any complaint immediately. In Jiangsu province, special regulations on the protection of women at work are applied.

In Korea, pursuant to legislation applicable to companies, SNF Group prohibits any discrimination between employees, regardless of their status or potential incapacity. Training is also regularly organized, particularly in connection with the prevention of risks of harassment in the workplace.

In India, SNF Group is committed to strict compliance with the applicable anti-discrimination laws and has implemented a non-discrimination policy in its administration manual to ensure that employees have the same professional opportunities based on merit, qualifications and skills.

## 3/ ENVIRONMENTAL POLICY

### 3.1. OVERALL ENVIRONMENTAL POLICY

SNF Group products help to preserve natural resources. Similarly, our manufacturing processes are designed to minimize the environmental impact of our operations. Our main monomer is thus produced enzymatically at room temperature and under atmospheric pressure. Given the large volumes involved, this biological catalysis process makes SNF one of the pioneers in soft chemistry.

SNF constantly strives to reduce its carbon footprint at all manufacturing facilities. As a result, our unit consumption of water, gas and electricity steadily decreases in relation to the volumes produced. SNF manufacturing facilities rigorously monitor their discharges and implement appropriate measures.

All Group manufacturing facilities included in the scope of this ESG report are ISO 14001 certified.

### 3.2. POLLUTION AND WASTE MANAGEMENT

The Group has a proactive policy of controlling and reducing the impact of its operations on atmospheric emissions, effluents and waste production.

In this context, released substances are identified and quantified by type of discharge, in order to implement appropriate measures to control them in compliance with regulations in countries where SNF operates. Accordingly, to reduce emissions from manufacturing sites, consumption of raw mate-

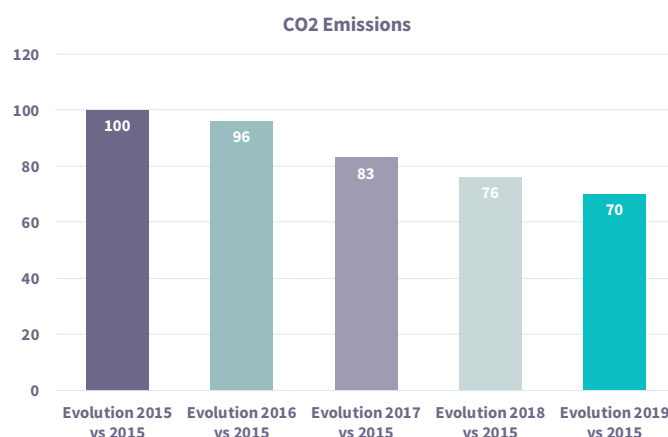
rials, energy and natural resources must be optimized, thereby reducing effluents and waste production. This initiative also involves improvements in production units and process modifications, thanks to new know-how and patents.

#### 3.2.1. AIR EMISSIONS

SNF strives to minimize emissions of the most polluting compounds, namely greenhouse gases (GHGs), volatile organic compounds (VOCs) and substances responsible for acidifying the air (nitrogen oxide and sulfur dioxide) as well as dust.

Quantified direct GHG emissions for each of the 2019, 2018, 2017 and 2016 fiscal years compared to 2015 are presented in the graph below.

To reduce its impact on global warming, SNF Group has undertaken a series of measures, including the introduction of emission treatment systems in most plants, optimizing refrigeration units and replacing boilers with more efficient equipment.



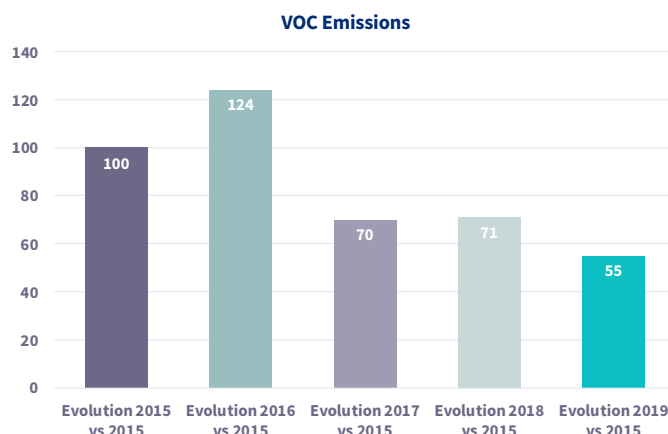
### Volatile Organic Compounds (VOC) Emissions

SNF plants have adopted a number of measures to reduce VOC emissions generated by the solvents used as lubricants or additives, including:

- collecting and treating effluents containing VOCs (the most commonly used technique involves installing a thermal oxidizer and vent washing)
- regular leak detection campaigns and the elimination of identified emissions
- replacing the lubrication solvent with a less volatile alternative.

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

- using low or ultra-low sulfur fuels or natural gas instead of fuel oil in boilers
- implementing new burner technologies containing little nitrogen oxide.



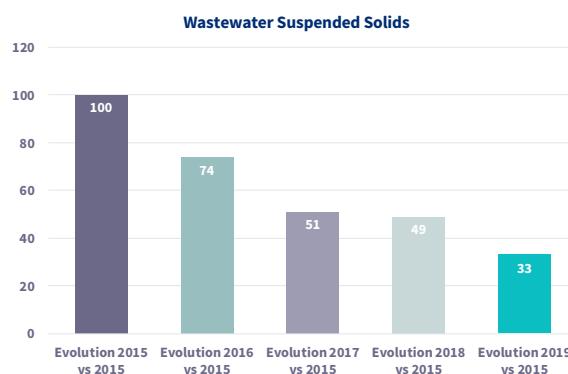
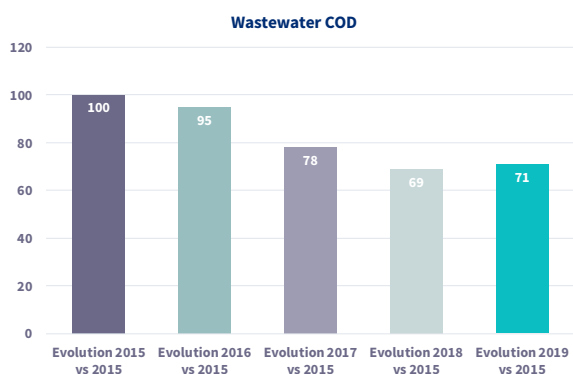
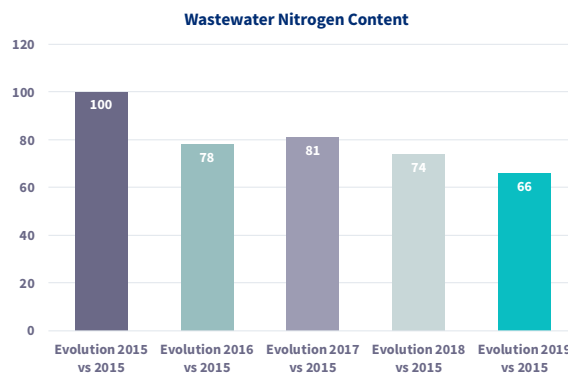
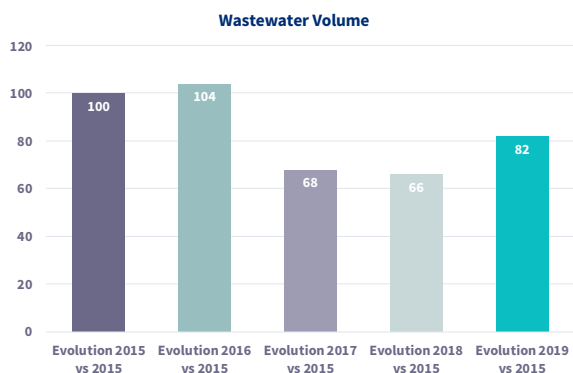
### 3.2.2. EFFLUENTS

Reducing discharges into water is an important part of SNF environmental objectives, particularly for effluents with a high chemical oxygen demand (COD) and those containing suspended solids (SS).

SNF Group constantly seeks to optimize water consumption and treatment efficiency, from initial design to daily operation of facilities, through recycling, cutting-edge technologies and the development of innovative solutions.

It also ensures compliance with applicable laws and regulations at all sites, adherence to development projects such as BREF (Best Available Techniques Reference) in Europe and CWW (Common Waste Water), as well as research into effluent pre-treatment to reduce the COD load sent to the wastewater treatment plants.

SNF Group limits the use of chemical treatment in refrigeration towers by prioritizing treatment by ultraviolet rays and hydrogen peroxide at most of its manufacturing facilities.

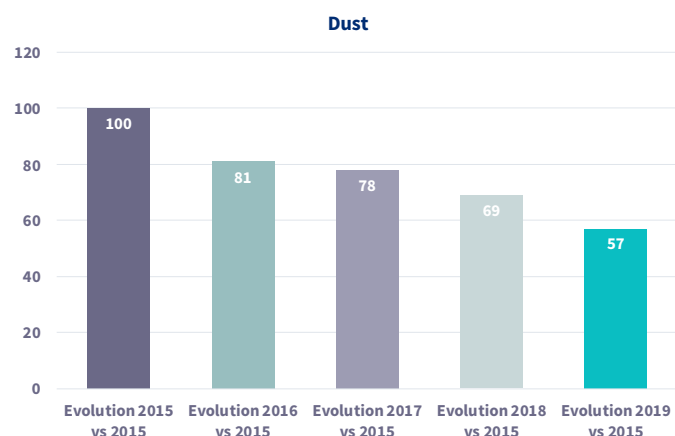
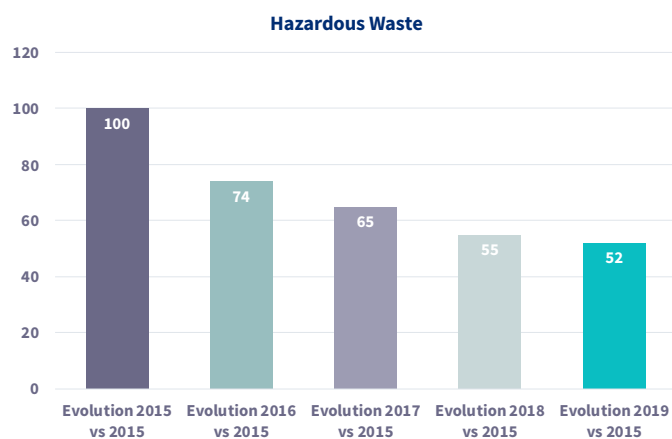
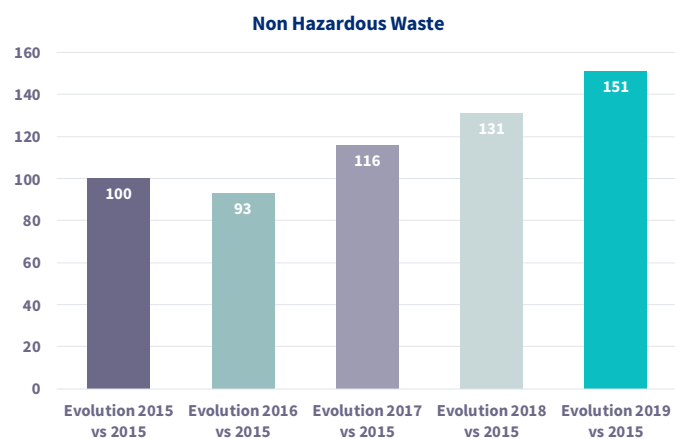


### 3.2.3. WASTE, RECYCLING AND REUSE

Waste is generated by SNF Group industrial activities; it is nevertheless controlled at all stages of its operations and, where possible, processed via recovery or recycling channels.

SNF strives:

- to reduce waste at source, by designing products and processes that generate minimum waste
- to recycle waste back into production in accordance with REACH regulations
- to maximize waste recycling into energy, in particular as an alternative boiler fuel
- to recycle solvents and optimize cleaning cycles
- to install filters to reduce sludge volumes.



### 3.2.4. DISTURBANCES, NOISE AND OTHERS

A major priority of SNF Group’s environmental policy is to consider the disturbance caused by its operations to local residents living near its manufacturing sites.

Every year these disturbances are reduced, in particular by improving filters.

Constant improvements are also made on noise protection devices, such as low noise emission towers or silencers on air compressors and refrigeration units.

Production and other operations are carried out in closed buildings, thereby limiting noise pollution.

SNF Group has also set up real-time communication with its stakeholders on any event having a noise, visual or odorous impact outside its manufacturing facilities. Moreover, at most SNF facilities, complaints from local residents are reviewed and action plans are implemented in liaison with local authorities.



### 3.2.5. SUSTAINABLE USE OF RESOURCES

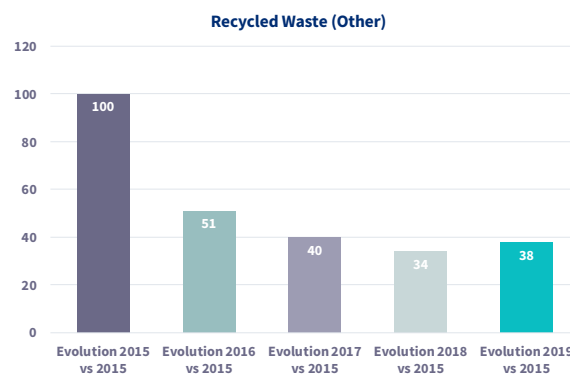
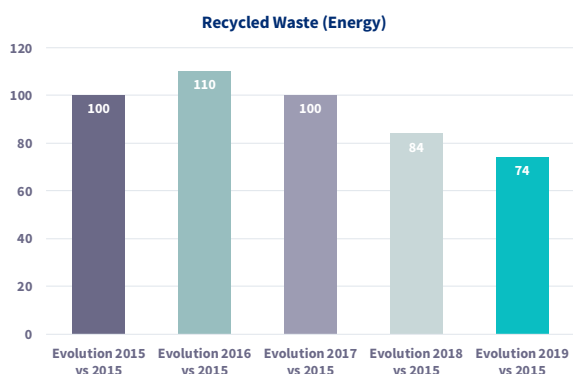
Reducing the environmental impact of SNF Group’s manufacturing sites consists in optimizing the use of raw materials, energy and natural resources such as water. When new manufacturing units are designed, environmental considerations are factored into the choice of processes and equipment.

In addition, SNF pays particular attention to operating conditions in its production plants and invests in development and maintenance in order to reduce the consumption of water, energy resources and raw materials at these facilities.

#### 3.2.5.1. RAW MATERIALS CONSUMPTION

SNF strives to optimize the consumption of non-renewable raw materials used in its manufacturing processes. Accordingly, defective products are recycled via other production processes to ensure that waste itself becomes a raw material for another manufacturing process.

The mining sector is an important part of the Group’s business activities. Many ore extraction sites are located in isolated areas, at high altitudes or in desert regions where water is scarce; Group products help reduce mining industry water requirements, optimize extraction processes and limit the environmental impact of these processes.



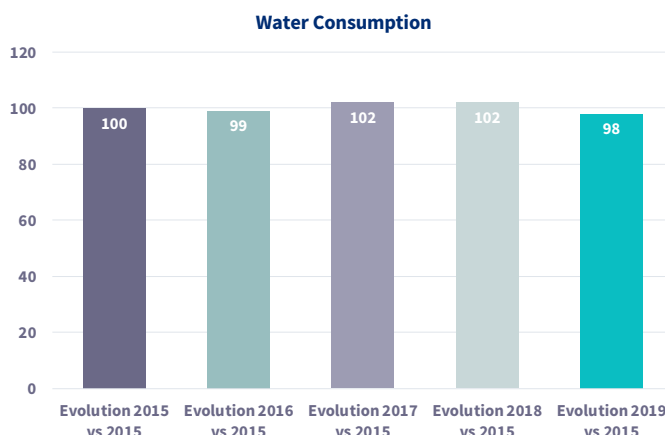
#### 3.2.5.2. WATER CONSUMPTION

SNF Group uses water for its industrial activities, in particular in its reaction-based manufacturing processes, production facility cooling, product and equipment washing and steam production. Today, to produce one tonne of finished products, water requirements are 20% lower than they were ten years ago.

The Group strives to optimize the consumption of fresh water from the municipal mains system; SNF has therefore changed its production practices to reduce water consumption and has developed closed networks using recovered water. The Group constantly monitors consumption, installing flow meters, detecting leaks, upgrading fire circuits, collecting rainwater and recycling water from boiler washing and condensation.

In particular, tank washing has been optimized by further recycling the water and developing new washing methods (using washing nozzles reduces water consumption by 75% for this application).

Over 80% of the water used is recycled and discharged into the natural environment and most Group manufacturing facilities are located along rivers rather than in water stress areas.



### 3.2.5.3. ENERGY CONSUMPTION

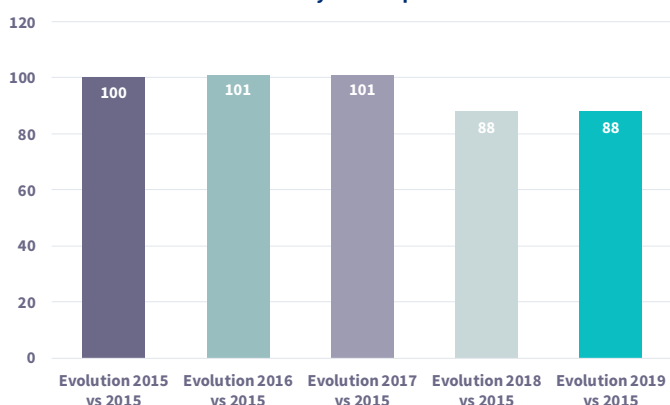
SNF uses various energy sources for its industrial operations. Gas accounts for 75% of the Group’s energy consumption, mainly at the powder manufacturing sites (i.e. all sites included in the scope of this report), while the rest is electricity consumption.

SNF Group continuously seeks to optimize energy consumption and costs through various measures ranging from the design and purchase of energy-efficient equipment to energy management and compliance with laws, regulations and other energy efficiency requirements.

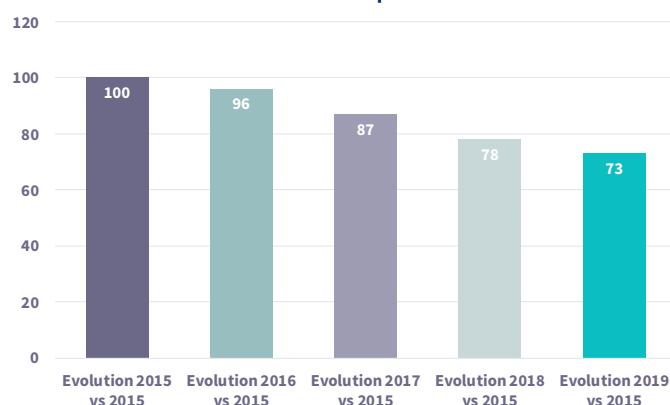
SNF also conducts energy audits and implements programs to optimize energy consumption.

Besides the energy aspects of this program, SNF Group also aims to strengthen the competitiveness of its manufacturing sites through the savings achieved.

**Electricity Consumption**



**Gas Consumption**



### 3.2.5.4. RESPONSIBLE LAND USE

SNF strives to limit its impact on the land by optimizing industrial surfaces in order to preserve agricultural, urban and forest areas.

The Group ensures the responsible management of soil and groundwater pollution resulting from historical contamination on operating sites that have been sold or taken over. Accordingly, when the operations of the French subsidiary were transferred from Saint-Étienne to Andrézieux-Bouthéon, SNF completely cleaned the site of pollution caused by the previous owner.

In addition, SNF Group has chosen to manufacture its products in countries where its markets are located in order to limit pollution caused by transport, especially by sea (most ships use heavy fuel oil).

To combat global warming, SNF Group has created a range of superabsorbent polyacrylamides that can retain up to 300 times their weight in water. When buried in the ground by ploughing, they constitute a water reserve acting like a sponge. These products enable dry regions to stabilize agricultural production and provide a solution to the future challenge of feeding nine billion people in 2050.

### 3.2.5.5. CLIMATE CHANGE

Global population growth, growing urbanization, rising living standards, increases in the number of cars on the road and volume of air traffic, and the industrial ramp-up of emerging countries are all contributing to global warming and climate change. Fighting global warming is therefore a major issue requiring the involvement of the entire international community.

SNF is proactively committed to fighting global warming, for example by replacing travel with videoconferencing systems, in particular for Board and technical meetings.

### 3.2.5.6. DEVELOPMENT AND PROTECTION OF BIODIVERSITY

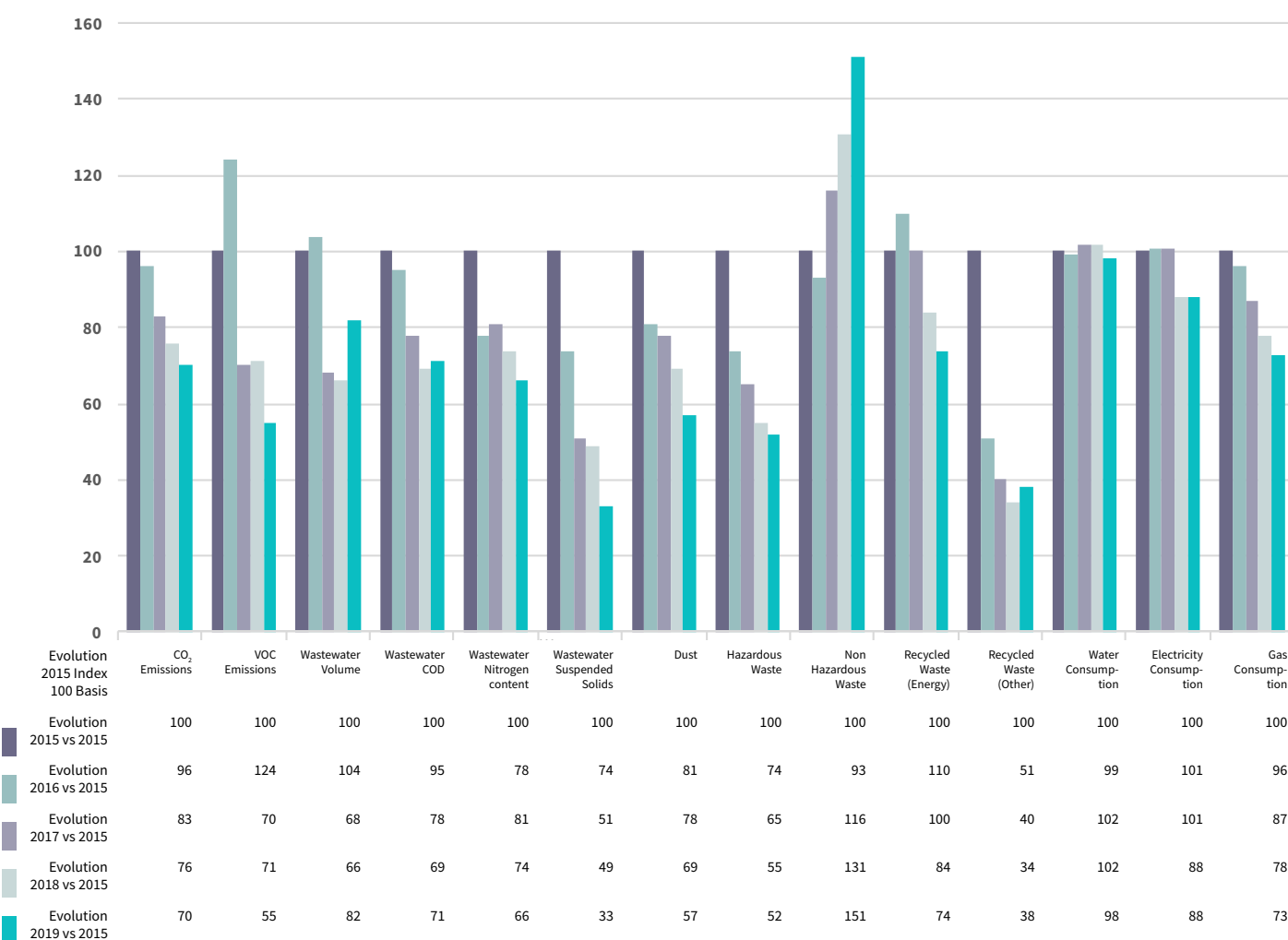
For SNF, protecting biodiversity means protecting fauna, flora and all plant and animal species that could be impacted by emissions generated by its operations.

Measures implemented include reducing discharges from each site into the water, subsoil and air. SNF Group therefore periodically assesses its sites to identify their impact on the environment and all animal and plant species. Moreover, when new manufacturing units are designed, environmental considerations are factored into the choice of processes and equipment, for example by reducing production process energy consumption in order to optimize capacity.

Although SNF has limited land tenure, it strives to develop biodiversity by promoting the planting (greening) and development of local species on unoccupied land at its manufacturing facilities.

For example, the expansion of the Andrézieux-Bouthéon manufacturing facility has given rise to major compensatory measures, namely a fifty-year long-term lease over a hundred hectares, all managed by Rhône-Alpes Conservatory of Natural Areas (CNRA) for the protection of fauna and flora, at a cost of €1,200,000 to be paid by SNF Group. In addition, SNF purchased eighty hectares of woodland, which it sold for a symbolic franc to the municipality of Andrézieux-Bouthéon in return for an amendment to the local urban planning program to allow a 20-hectare site extension. SNF Group has thus preserved the plant and animal ecosystem near the site.

RATIO BY TONNES PRODUCED (2015 INDEX 100 BASIS)



## 4/ CORPORATE SOCIAL RESPONSIBILITY (CSR)

### 4.1. CSR COMMITMENTS TOWARDS SUSTAINABLE DEVELOPMENT

Reducing the environmental footprint of the Group's activities is a major commitment. To achieve this, SNF has changed its industrial practices with the aim of limiting its emissions and optimizing its consumption. SNF Group relies on a Sustainable Development Department, reporting directly to the Executive Committee, which includes the Product Safety and Environment Department as well as Sustainable Development. Cette direction est directement rattachée au Comité Exécutif.

The growth of the world population and its standard of living, on the other hand, is leading to increased consumption and therefore a scarcity of the planet's raw materials, including water.

SNF main activity is water treatment. Population growth, increasing urbanization and massive irrigation have a strong impact on water demand and affect access to drinking water. Access to quality water for the world's population is a major challenge of this century. A leader in the manufacturing and application of water-soluble polymers, SNF Group has developed a range of more than a thousand products that help to preserve our natural resources, promote recycling and improve the efficiency of industrial processes.

The polymers produced by SNF Group have several complementary functions: flocculation to separate solids and liquids, viscosification and friction reduction contributing to significant energy gains.

Our products are used in all areas where water is present, namely drinking water production, wastewater treatment, sludge dewatering, oil and gas extraction, mining, agriculture, paper, textile and cosmetic products. SNF has put chemistry at the service of nature, because its products play an essential role in preserving our environment and in ensuring access to energy. In this way, they contribute to carrying out and achieving our ambition: to improve the daily lives of everyone, everywhere in the world.

Thanks to its research and development units and the numerous patents filed, SNF Group constantly improves its performance with the idea of producing more and consuming less. In 2019, the group filed more than 100 patents. About forty patent projects are in progress, several of which are being drafted. Most of the research and development is carried out in France at the Andrézieux site.

### 4.2. PURCHASING, SUPPLIERS AND SUBCONTRACTING

SNF Group takes into account social, environmental and CSR challenges in its purchasing policy in order to build lasting, balanced, sustainable and trust-based relationships with its suppliers and subcontractors; these relationships must develop in accordance with the clarity, respect and good faith set out in the negotiated contractual terms, including those relating to intellectual property.

SNF Group's responsible purchasing approach is guided by the ethical principles of its Code of Conduct.

As part of this approach and assisted by ECOVADIS, the Group has created a risk-assessment procedure in the following areas: environmental, social, ethical and supply chain risks.

Employees in the Group purchasing department also completed training in the new responsible procurement procedure.

SNF uses subcontractors to manufacture certain finished products on behalf of the Group, and in particular for contractual maintenance operations. As part of the SNF Group's purchasing policy, subcontractors are subject to the Supplier Code of Conduct and General Terms and Conditions of Purchase.

### 4.3. COMPLIANCE AND ETHICS

#### 4.3.1. CODE OF CONDUCT AND ETHICS

SNF Group has a Code of Business Conduct and Ethics. It complies with all international agreements and applicable laws, and in particular the “Sapin II” Act in France. The Code of Conduct includes the following key points:

- No employee shall directly or indirectly offer, provide or accept any undue advantage, whether pecuniary or of any other nature, designed to facilitate or obtain a business relationship, in particular with persons holding public authority, business intermediaries, customers’ employees and political parties
- All employees must comply with the regulations on the import and export of goods and services
- All employees must scrupulously comply with competition law rules in all countries where SNF operates.

SNF recognizes the importance of the protection of human rights both in the conduct of its activities and in its relations with third parties. It is committed to meeting international standards and principal frameworks, namely:

The International Bill of Human Rights, International Labour Organization (ILO) Declarations, the Organisation for Economic Cooperation and Development (OECD) general guidelines for multinational companies, the ten principles of the United Nations Global Pact, as well as the “Responsible Care” program.

#### 4.3.2. THE IDENTIFICATION AND REDUCTION OF RISKS OF ANTI-COMPETITIVE PRACTICES, CORRUPTION AND FRAUD

Pursuant to French Law n° 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of the economy, the Group enlisted ECOVADIS to prepare an SNF risk map.

Based on this risk mapping, the Group has formalized its procedure for assessing the situation of its customers, suppliers and intermediaries.

Purchasers and those with the greatest exposure to risks were provided risk-awareness training, helping them to apply complementary procedures on a daily basis (customer assessment and code of conduct).

In addition, the internal whistleblowing system enables employees to report conduct or situations that do not comply with these procedures. These reports are all sent to a dedicated internal email address managed by the Group compliance officer.

### 4.4. A RESPONSIBLE, PHILANTHROPIC CORPORATE CITIZEN

In an increasingly connected environment and as a responsible economic player, SNF Group strives to develop close links with all its stakeholders. Throughout the world, the Group uses local communication to build trust and quality relationships with its immediate environment. Thanks to this dialog, expectations of the local population are better understood and better integrated into SNF Group’s strategy. Going beyond the strict regulatory framework, this pioneering approach to local relations actively develops dialog and exchange at local level in all countries where SNF Group operates.

To improve the image of the chemical industry and reinforce the social acceptability of its plants, SNF Group:

- Listens in order to understand expectations. Identifying local residents’ concerns about potential industrial or chemical risks is essential to providing a satisfactory response
- Discusses and provides information on the Group’s activities. SNF fosters information-sharing and dialog on the nature of the activities, products, manufacturing processes, life and projects of its sites
- Prevents risks and constantly progresses. SNF Group is committed to developing a risk prevention culture, for example via simulations of incidents or accidents in cooperation with the local health and safety teams.

Wherever possible, SNF opens its doors to the public to explain the solutions that chemistry can bring to everyday life.

Throughout the world, SNF Group focuses on strengthening relations with the world of education; accordingly, it carries out initiatives aimed at the young generation, in collaboration with the educational community, to promote scientific culture and the chemical professions. The Group regularly welcomes interns under employment-study contracts and doctoral candidates.

In France, the Group is helping finance a walking and cycling track in Saint Bonnet les Oules, thereby promoting safer and more active modes of transport.

SNF Group also subsidizes:

- Educational institutions, in particular the Catholic University of Lyon and the Jean Monnet University of Saint-Étienne
- Sports associations
- Charities.

In the United States, SNF Group contributes to local community programs such as:

- Youth sports programs
- Historical heritage celebrations
- Educational assistance programs.

SNF Group's US sites make direct contributions to the "Relay for Life" national cancer research program and take part in fundraising events. They also fund universities to support research and development in applications related to water treatment and engineering studies.

In China, SNF Group is involved in the financing of Guangdong South China University and provides financial support to villages affected by poverty.

## METHODOLOGY

SNF Group has set up indicators to monitor emissions and consumption relevant to its business in relation to the regulatory requirements of Articles R.225-105 and R.225-105-1 of the French Commercial Code; the Group also monitors changes in emissions and consumption and the results of the policies implemented.

SNF Group has chosen to publish ratios on a consolidated basis and not by geographical region. Our production lines are indeed built in an identical manner in all areas.

For the purpose of calculating the ratios, SNF Group uses the regulatory definition in force in each country in which this data are collected.

SNF considers that the trend in the ratios, currently published on a consolidated basis, gives a true and fair view of the evolution of these indicators at Group level.

As the weight between our plants in the USA, France and other countries varies only slightly over the period, even though the definition may not be exactly similar from one region to another, it would not question the trend in the ratio over the same period, especially since most of these ratios are published in a base 100 index.

If there are production or facility circumstances that are anticipated to be temporary, such as running a plant in a pilot mode to evaluate alternative operational modes, the environmental and/or social data associated with this temporary situation may be excluded if it is determined that the temporary situation is not representative of typical operations.

In this methodological note, In case of no specific mention, SNF subsidiaries follow SNF France methodology.

## ENVIRONMENTAL INDICATORS

### CO<sub>2</sub> EMISSIONS

This figure takes into account the consumption of natural gas, heavy fuel oil, residential heating, coal, coking coal and anthracite depending on the respective emission factors, expressed in tonnes of CO<sub>2</sub> equivalent.

**France:** Annual emissions are calculated by taking into account the national emission factors listed in the table in the

Appendix to the Order of October 31, 2012 on the verification and quantification of emissions reported under the greenhouse gas emission trading scheme.

**USA:** The emission factors applied are based on the US EPA 40 CFR 98.

### VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS

These are the quantities of non-methane volatile organic compounds and dust emitted into the air in tonnes per year over the plants' operating period.

**France:** VOC emissions are calculated or measured in accordance with prefectural authorization order AP No. 88-DDPP-19 and standard XP X 43-554. Dust is measured in accordance with French standard EN 13284-1. Measurements are taken every six months. An average is then calculated for the year.

**USA:** VOC emissions are calculated or measured according to US EPA 40 CFR 51.100(s) federal regulations. The emission factors applied are derived from EPA regulations. The frequency of measurement is annual.

**China:** Calculation is based on the average COV emissions of the other powder production plants, prorata total powder production on these sites. The relevance of this calculation comes from the fact that our production lines are indeed built in an identical manner in all areas.

### HAZARDOUS AND NON-HAZARDOUS WASTES

This is the amount of hazardous and non-hazardous waste treated off-site at specialized treatment centres.

**France:** Hazardous waste is defined by Article R. 541-8 of the French Environmental Code. It is indicated by an asterisk in the list of waste types set out in Article R. 541-7.

An annual waste declaration submitted via the online declaration portal of the ministry in charge of listed facilities, as defined by the Decree of January 31, 2008.

**USA:** In the United States, hazardous waste is reported in accordance with US EPA 40 CFR 260-262 every year or every six months.

There is no obligation to report non-hazardous waste. The data provided for audit purposes excludes plant waste, metal waste and universal waste (batteries, light bulbs, etc.).

ATBS waste are not included as it is in pilot mode.

### RECYCLED WASTE (ENERGY AND OTHER)

The calculation is carried out on a spontaneous basis given the Group's strong commitment to waste recycling.

The importance of the factors applied varies depending on the type of production carried out at the site.

**France:** The classification into recovery categories is based on Annexes II-A and II-B of Directive n° 75/442/EEC of the Council of July 15, 1975, to which Article R.541-7 of the French Environmental Code refers.

**USA:** Waste converted into energy includes waste sent off-site for incineration or fuel combination with energy recovery. Other waste is recovered from resources, such as solvent recycling.

## WATER CONSUMPTION

This figure is calculated based on meter readings carried out by the suppliers for each site. Water consumption is measured in m<sup>3</sup> for each site.

**France:** The readings are those stated on the bills issued by the water supplier. In the event of a meter malfunction, daily consumption is estimated. The quantity of water taken into account is the municipality's drinking water.

**USA:** The readings are those stated on the bills issued by the water supplier or measured by SNF facilities (well water, for example). In the event of a meter malfunction or reading error by the water supplier, an estimate is calculated on the basis of past consumption.

## WASTEWATER DISCHARGES

The quantity of discharged wastewater is measured in m<sup>3</sup> by an external discharge meter.

**France:** In the event of a malfunction, the quantity is estimated in relation to the volumes of the retention basins.

**USA:** The Dolton, Wayne, Taylor, Los Angeles and Longview sites are not included. They are considered as satellite sites consisting solely of mixing units.

## CHEMICAL OXYGEN DEMAND

This is the annual quantity in kilograms compared to the quantity of industrial wastewater discharged in cubic meters.

**France:** The calculation methods and factors are based on the French ISO 15705 standard. 2002.

**USA:** Measurements are made on the basis of the current standard. The Plaquemine site is not included in this measurement as there is no legal obligation to carry out measurements. The Dolton, Wayne, Taylor, Los Angeles and Longview sites have not been included. They are considered as satellite sites consisting solely of mixing units.

## NITROGEN LEVEL

This is the annual amount of nitrogen (NTK+NO<sub>2</sub>+NO<sub>3</sub>) in kg, measured on the internet and by an independent laboratory for each site.

**France:** This is measured daily in accordance with French standard EN 25663 (NTK). It is measured monthly by an external laboratory, in accordance with French standards EN 26777 / ISO 6777 (NO<sub>2</sub>) and EN ISO 13395 (NO<sub>3</sub>).

**USA:** The Plaquemine site is not included in this measurement as there is no legal obligation to carry out measurements. The Dolton, Wayne, Taylor, Los Angeles and Longview sites have not been included. They are considered as satellite sites consisting solely of mixing units.

## SUSPENDED SOLIDS IN WASTEWATER

**France:** This is measured in accordance with French standard EN 872.

**USA:** The Dolton, Wayne, Taylor, Los Angeles and Longview sites have not been included. They are considered as satellite sites consisting solely of mixing units.



## STAFF INDICATORS

### TOTAL WORKFORCE

The total workforce is the headcount as of December 31 each year (employees present and suspended employment contracts).

**France:** Temporary workers and interns are excluded from the total.

**USA:** The count includes trainees as well as staff in Canada, Jamaica and Colombia.

### SOCIO-PROFESSIONAL CATEGORIES

**France:** Two categories are taken into account: managers and employees, based on the applicable collective bargaining agreement. The “employees” category includes blue- and white-collar employees and supervisors.

**USA:** Two categories are taken into account: managers (including all white-collar employees) and blue-collar workers, including plant employees.

### CHANGES IN WORKFORCE

**France:** Employees hired under permanent contracts at December 31, those transferred from fixed-term to permanent contracts, and those transferred from one Group entity to another, are recorded.

**USA:** Changes in the workforce in the United States exclude temporary workers and trainees, and include staff in Canada, Jamaica and Colombia.

### TRAINING HOURS

**France:** There is a difference between training hours completed and hours recorded. Therefore, 30% of the year N-1 hours and 10% of the year N-2 hours are added.

**USA:** This includes all hours worked up to the completion of the training. A percentage is assigned to these hours to reflect the actual training time for the position.

## HEALTH AND SAFETY INDICATORS

### SICK LEAVE

**France:** Days of sick leave are counted in calendar days.

**USA:** Days of sick leave are calculated in accordance with federal law (Occupational Safety & Health Act).

## RAW DATA

Items	2015	2016	2017	2018	2019
CO <sub>2</sub> emissions in tonnes carbon equivalent (natural gas emission factor for manufacturing)	142,572	150,924	164,483	169,921	161,432
VOC (Volatile Organic Compounds) in tonnes	273	372	266	306	244
Waste water in m <sup>3</sup>	1,623,899	1,860,347	1,523,213	1,692,324	2,154,426
COD (Chemical Oxygen Demand) in wastewater in kg	215,683	223,810	232,023	235,084	248,153
Nitrogen in wastewater in kg	25,761	22,002	28,866	29,911	27,426
Solid suspended in waste water in kg	66,713	54,065	47,522	51,548	35,375
Dust emissions in tonnes	62	55	67	67	57
Hazardous solid waste in tonnes	14,359	11,720	12,828	12,372	12,035
Non hazardous solid waste in tonnes	26,089	26,527	42,095	53,768	63,516
Valued waste (energy recovery) in tonnes	9,154	11,064	12,737	12,037	10,957
Valued waste (other) in tonnes	5,681	3,201	3,138	3,064	3,451
Water consumption in m <sup>3</sup>	2,942,986	3,194,552	4,159,523	4,725,736	4,645,811
Electricity consumption in MWh	444,930	493,354	624,092	612,890	632,583
Natural gas consumption in MWh	915,008	962,467	1,099,242	1,114,781	1,079,818

## INDEPENDENT LIMITED ASSURANCE REPORT

### REPORT BY ONE OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON FINANCIAL STATEMENT

For the year ended December 31, 2019

*This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

#### TO THE SHAREHOLDERS

In our capacity as Statutory Auditor of S.P.C.M. SA, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at [www.cofrac.fr](http://www.cofrac.fr)), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L.225 102-1, R.225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

#### COMPANY'S RESPONSIBILITY

The Board of Directors is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on the company's website or on request from its headquarters.

#### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (Code de déontologie). In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

#### RESPONSIBILITY OF THE STATUTORY AUDITOR APPOINTED AS INDEPENDENT THIRD PARTY

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R.225 105 of the French Commercial Code, i.e. the outcomes of policies, including key

performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regards to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

#### NATURE AND SCOPE OF PROCEDURES

We performed our work in accordance with Articles A.225 1 et seq. of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement and with ISAE 3000 (Assurance engagements other than audits or reviews of historical financial information).

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated.
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector.
- We verified that the Statement covers each category of information stipulated in section III of Article L.225 102 1 governing social and environmental affairs.
- We verified that the Statement provides the information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks.

- We referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important<sup>1</sup>; concerning certain risks (industrial and pollution risks), our work was carried out on the consolidating entity; for all other risks, on the consolidating entity and a selection of entities.
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L.233-16, with the limits specified in the Statement.
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information.
- We carried out, for the key performance indicators and other quantitative outcomes<sup>2</sup> that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities<sup>3</sup> and covered between 23% and 90% of the consolidated data for the key performance indicators and outcomes selected for these tests;
- We assessed the overall consistency of the Statement in relation to our knowledge of the company.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

## MEANS AND RESOURCES

Our work engaged the skills of four people between January and March 2020.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around ten interviews with people responsible for preparing the Statement.

## CONCLUSION

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

## COMMENT

Without qualifying the conclusion expressed above and in accordance with Article A.225-3 of the French Commercial Code, we make the following comment: the calculation of certain key performance indicators presented in the Methodological Note is based on definitions that may vary according to geographical location.

1. Scope 3-part B "other Scope 3 emissions" CO<sub>2</sub>e emissions; More frequent and more extreme natural events and disasters; Anticorruption, Accelerating digital value through our Partner ecosystem
2. CO<sub>2</sub> emissions in tonnes of carbon equivalent (emission factor of the natural gas used to produce our products), VOC emissions in tonnes of Volatile Organic Compounds, Wastewater volumes in m<sup>3</sup>, Water consumption in m<sup>3</sup>, COD of wastewater in kg Chemical Oxygen Demand, Nitrogen content of wastewater in kg, Hazardous waste in tonnes, Non-hazardous waste in tonnes, Waste-to-energy in tonnes, Waste-to-other in tonnes, Electricity consumption in MWh, Gas consumption in MWh, Lost time injury frequency rate, Total training hours, headcount
3. Riceboro, Andrézieux

Lyon, March 12, 2020

One of the statutory auditors

*French original signed by*  
**DELOITTE & ASSOCIÉS**

Dominique VALETTE

Guillaume VILLARD



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# SNF

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