

NFPD 2019



2019

**NON-FINANCIAL
PERFORMANCE
DECLARATION OF
SOPREMA GROUP**

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CHAIRMAN'S STATEMENT

As this editorial is being drafted in early May 2020, the consequences of the global health crisis caused by COVID-19 remain entirely uncertain. In just a few weeks, a virus has shaken up systems and organisations that had appeared to be firmly established. For instance, over half the world's population is under lockdown, an unprecedented situation in contemporary history! Great personal and professional difficulties have rapidly emerged, as has been widely reported in the media. But in spite of these anxiety-ridden circumstances, we must also rejoice at some of the more positive observations that have been a source of wonder across the world: cleaner air, more active biodiversity and silence that can be so surprising in usually noisy areas!

This exceptional situation must be approached with humility, responsibility, but also, and especially an ambition to do better next time. We believe above all that it is necessary to sustain positive momentum, with confidence as the watchword. Since 1908, Soprema has weathered a number of crises and kept up its development by continually innovating in the industry in which it has built its reputation, the construction market.

That market is the greatest energy consumer, accounts for over 30 % of greenhouse gas emissions in France and is the third emitter in the world. Now more than ever, the industry must respond to societal expectations, such as the greater need for comfort due to the significant increase in home working, more connected buildings, optimised operating and ownership costs... and also, as an overarching principle, the need to reduce our carbon footprint in order to better combat climate change, which has now become a general concern.

In 2019, Soprema published its first non-financial performance declaration (NFPD 2018). That exercise gave us an opportunity to present our proposals and strategic action to address environmental and societal challenges. Our experience in the area and commitment to the longer term are major advantages that allow our group to help propose effective and pragmatic solutions.

In this second NFPD, Soprema has reinforced its awareness of its non-financial challenges, based on internal and external consultations alike. Priority action has thus been initiated and the risks implied by the related challenges have been assessed.

The proactive, sincere and motivated commitment of all our teams has enabled us to make progress in our three strategic areas: People First, Circular Economy and Building for Tomorrow. On a group level, our ambition is to reduce short, medium and long-term risks, with **customer satisfaction** as our motto!

By giving meaning to our daily work and offering a better outlook to our different stakeholders, we know that we can help to build for tomorrow sustainably and efficiently.

That is what readers are invited to discover in this new non-financial performance declaration.

Let us continue to imagine a sustainable and positive future!

Pierre-Etienne BINDSCHIEDLER
Chairman & Managing Director
Soprema group

1. DESCRIPTION OF THE BUSINESS MODEL



Above all else, we are proud of our family roots!

Our history is marked by a few key dates:

1908

Founded in **Strasbourg**
under the name "**Usines
Alsaciennes d'Emulsions**"

1909

First flagship product:
Mammouth®

1941

Avignon: **SO**ciété des
Produits et **R**evêtements
d'étanchéité **MA**mmouth

The core business of **Soprema** is to design waterproofing products for all types of building. For over a century, we have been offering waterproofing products for building professionals, but also for private individuals.

Drawing on our expertise in the field of waterproofing, Soprema has since its creation considerably diversified from the start into the areas of insulation, roofing and green walls, and also solutions for civil engineering structures.

Today, we propose a complete range and comprehensive solutions.

Our force lies in the combination of three main and complementary trades: industrial excellence, product application and expertise in the outer surfaces of buildings.

Today, we have become a global leader in waterproofing, specialised in roofing and building insulation. Soprema products are distributed across the world through commercial subsidiaries and a network of distributors.

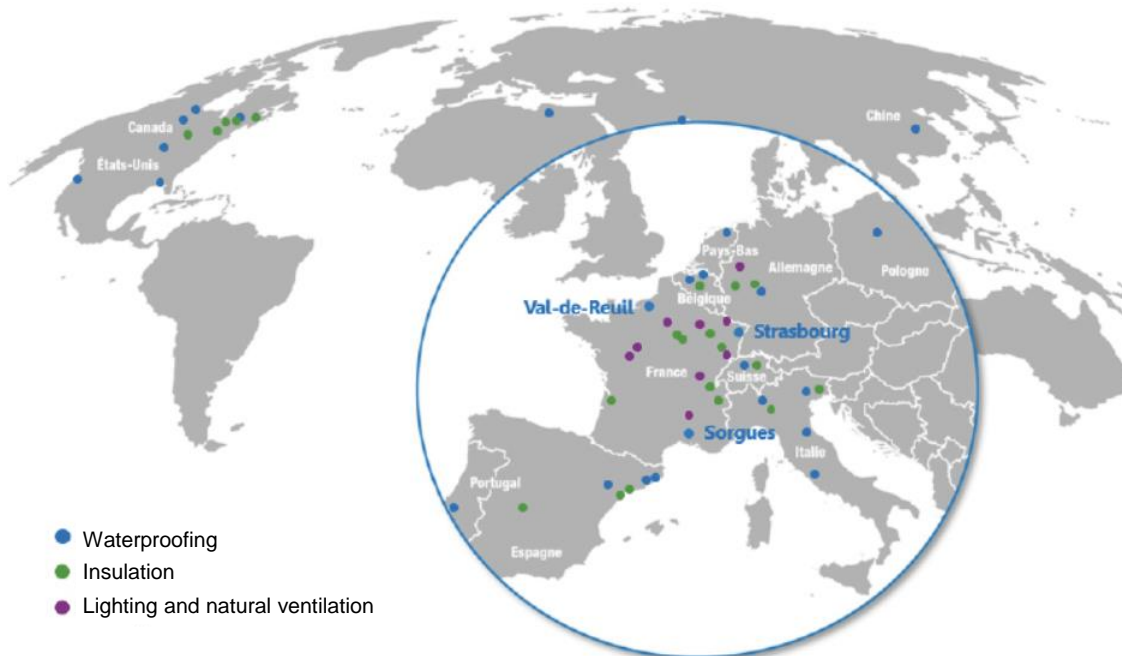
THE SOPREMA GROUP TODAY:



SOPREMA GROUP HAS BUILT ITS GROWTH AROUND THREE MAIN AREAS:

1. Industry and sales

- Over 50 production facilities in the world.
- 3200 employees in Europe.
- 2200 employees in North America.
- Innovative R&D centres with laboratories with an international scope.

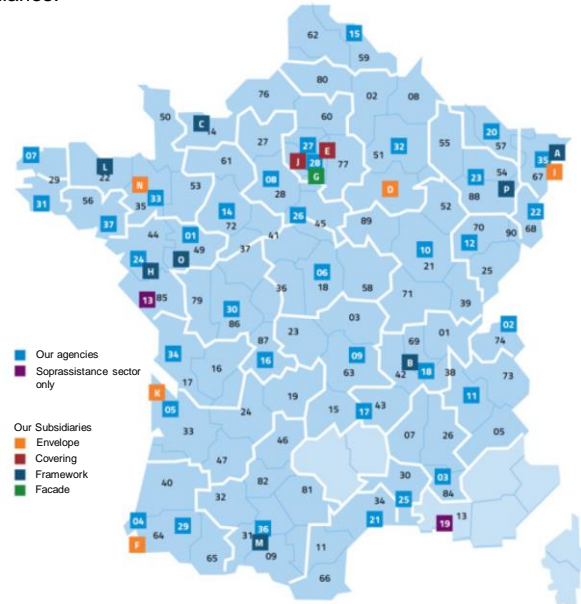


We develop, offer and manufacture a wide range of products:



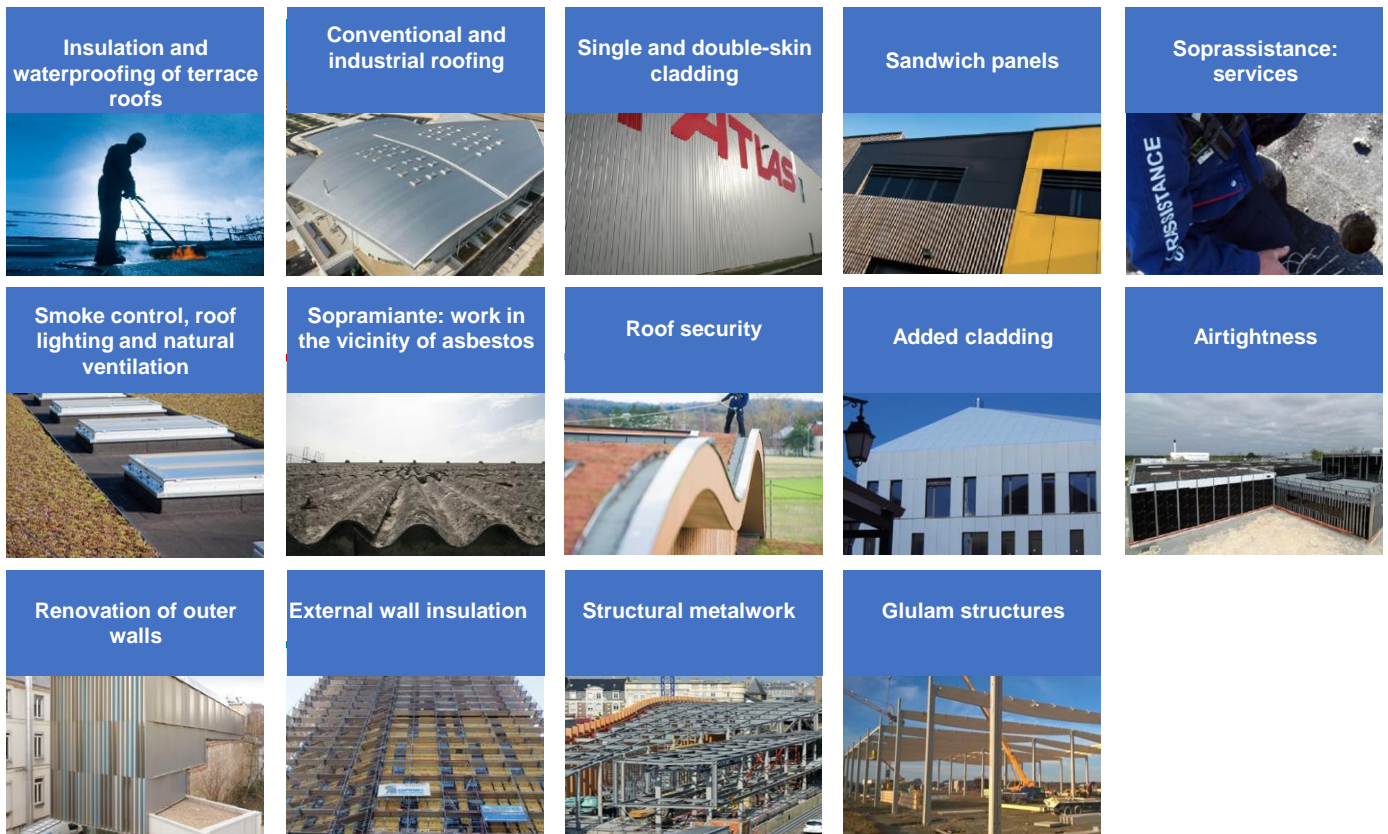
2. Building work and services

- 61 sites in France, including 39 Soprema Entreprises branches and 22 subsidiaries.
- Over 2900 employees.
- More than 12,000 projects every year.



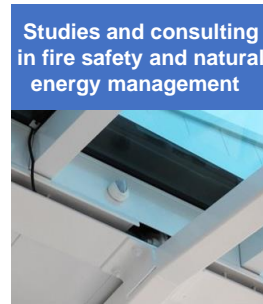
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Expertise in the application of insulation and waterproofing solutions for roofs and outer walls, and experts who provide local support to customers:



3. An organisation specialised in outer building surfaces (Adexsi group)

- 900 employees in France and across the world.
- Nine production facilities.
- 17 sites for installation and maintenance.



DNA, STRATEGY AND BUSINESS MODEL OF THE GROUP

The company history is linked with social trends and their challenges. As a responsible and pioneering manufacturer, Soprema has regularly adapted its range, developing environmentally friendly solutions and systems and bio-sourced construction technology.

Over the years, new building greening processes, photovoltaic solutions for energy production and the manufacturing and supply of insulation have been added to the ranges offered by Soprema.

For over 20 years, Soprema has been taking measures to limit the impact of its products and business on people and the environment over the entire life of structures, from the time when they are built, up to their demolition. The R&D policy of Soprema is strongly driven by sustainable development and is reflected in the limitation of its environmental impact through the use of renewable resources in its products and in its factories, and by continual innovation in accordance with health and safety rules.

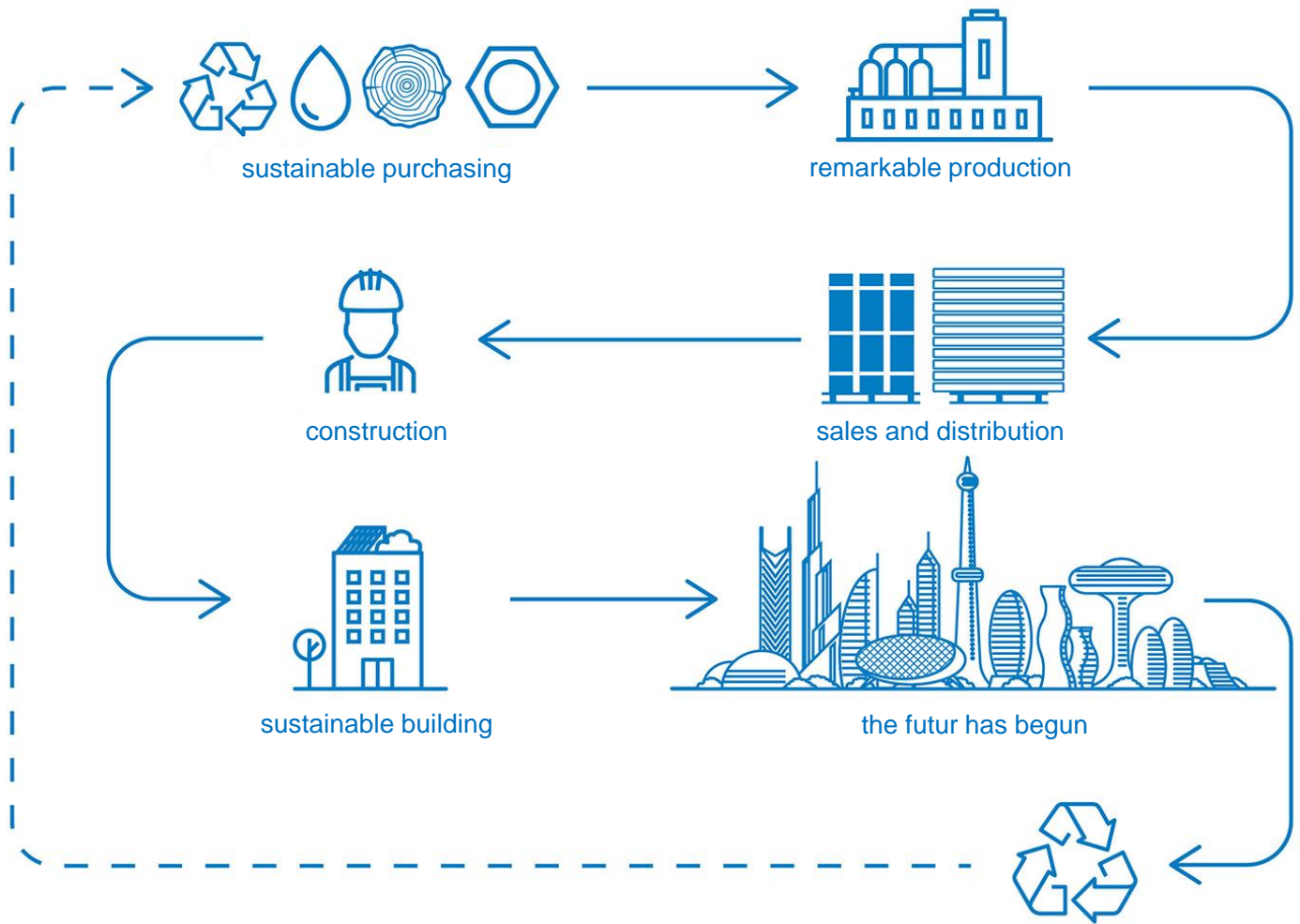
With its commitment to values, the DNA of the group is an advantage. But this makes it our duty to be fully aware of the significant societal challenges that we are now facing: declining raw materials, accelerated climate change, collapsing biodiversity and the search for meaning among other things.

Our strategy is to accompany all our internal and external stakeholders in our different trades towards:

- the reduced use of raw materials and fossil fuels in our products and factories,
- the integration of social challenges as a pillar in the design of our products,
- the continuous improvement of the quality and performance of our solutions and systems,
- the involvement of all employees in collaboration with our customers to improve the quality of work life,
- the recycling of our industrial waste and waste from deconstruction sites.

That strategy must be supported by thought and action in the areas of resource use and the shortest possible logistics flow.

Our business model is a logical consequence of that strategy. It is built around very ambitious goals that aim to allow the group to grow sustainably and give it a favourable long-term outlook:



Responsible procurement

- Sourcing adapted to the local context
- Optimised logistics
- Products & Services

Exemplary research and production

- Eco-socio-design
- Restraint and the principles of circular economy
- Internal engineering of our production processes
- Low-carbon transition

Sales & Distribution

- Strong guarantees
- Digitisation and digital transformation
- Customer training

Application

- Support and technical assistance
- Safety
- Health and quality of work life

Responsible building

- Customer satisfaction
- Building comfort
- Overall performance

The future is now

- Solar gain
- Biodiversity
- Water management
- Measures against urban heat islands
- Deconstruction and recycling of materials

2. THE CHALLENGES FOR SOPREMA

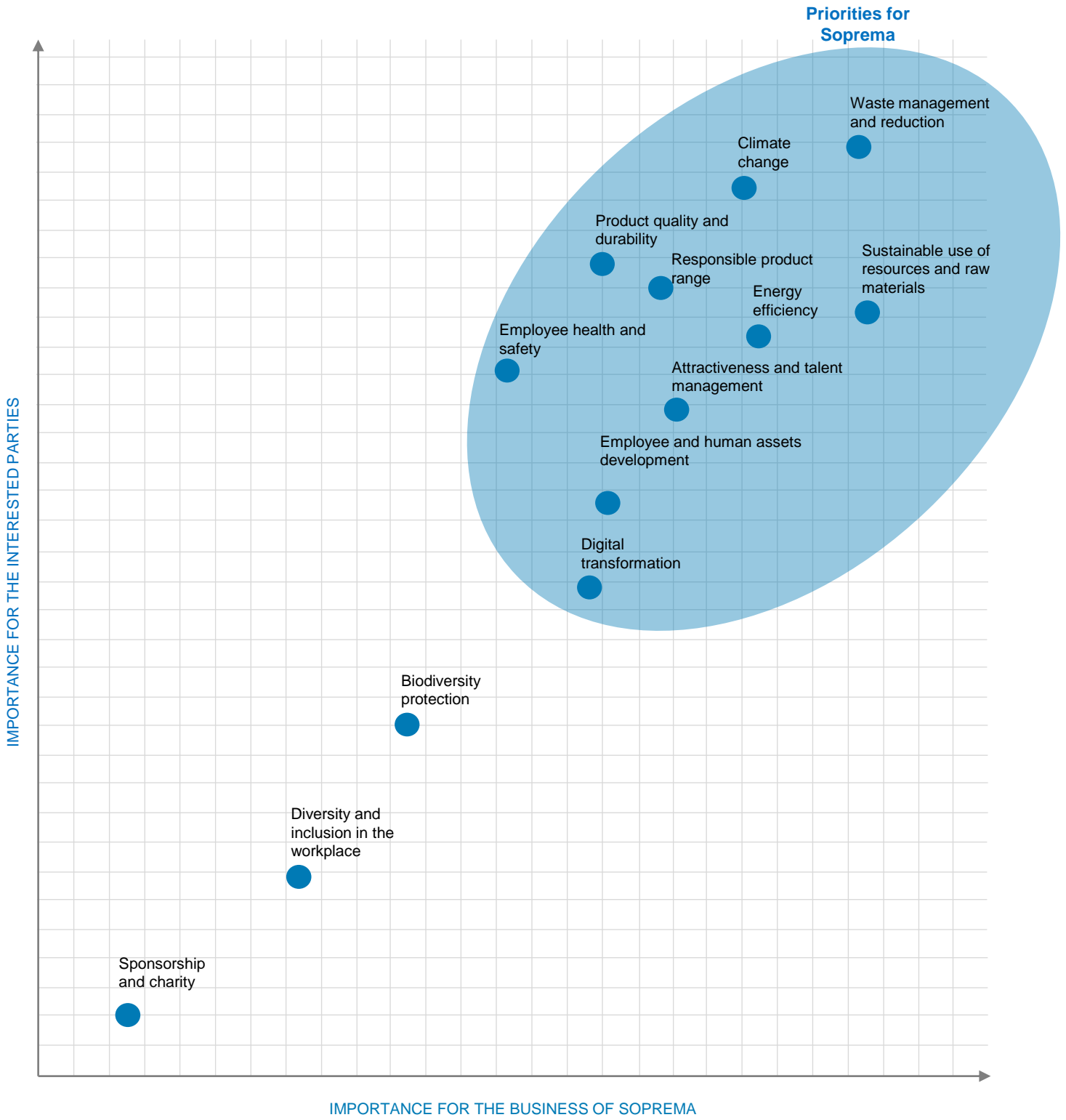


To publish its non-financial performance declaration, Soprema has put in place appropriate tools to address its regulatory obligations and above all to:

- show the link between its trades and overall performance of the group,
- give meaning to employees and bring together teams,
- reinforce internal and external communication on non-financial subjects.

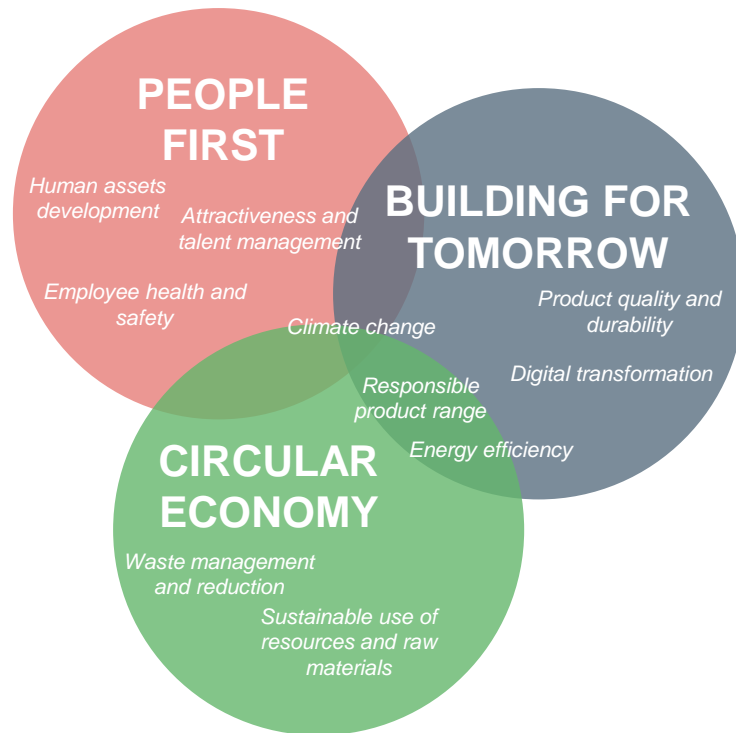
A materiality analysis was carried out in 2019 by the CSR department with different stakeholders who had first been identified. In the course of a series of interviews, Soprema was able to prioritise the following non-financial challenges facing the company in view of the expectations of the different stakeholders:

MATERIALITY MATRIX



A materiality analysis has brought out the main challenges and their associated risks.

Each of these challenges is addressed by a group strategy that has been built around the three areas below:



Based on these priority challenges, three strategic areas have been confirmed:



PEOPLE FIRST

Being responsive to employees and stakeholders



CIRCULAR ECONOMY

An integrated approach















BUILDING FOR TOMORROW

With customers, sustainably

These strategic areas are oriented towards customer satisfaction and the uses of the products and services provided by Soprema. We have a vision of the future that attracts and acts like a magnet: **imagining and offering solutions for sustainable building every day!**

Below are our performance targets in relation with our strategic areas and the SDGs (sustainable development goals) set by the UN (United Nations). These targets are also consistent with UN agenda for 2030.

The potential benefits for the business model include value creation and the reduction of risks and costs.

STRATEGIC AREAS	Group targets for 2030 and associated SDGs (direction given by the UN)			
<p>PEOPLE FIRST</p> 	<ul style="list-style-type: none"> • Towards zero accidents • Towards a culture of agility and resilience • Towards 100% employees contributing to sustainable overall performance 			
<p>CIRCULAR ECONOMY</p> 	<ul style="list-style-type: none"> • Towards 100% reduced or recycled waste • Towards 100% local approaches • Towards restraint and energy efficiency 			
<p>BUILDING FOR TOMORROW</p> 	<ul style="list-style-type: none"> • Towards a 100% sustainable approach • Towards a range that is fully suited to societal expectations • Towards 100% low-carbon solutions 			

With the help of a dedicated tool co-built with a service provider fully committed to the approach, since 2017 we have been deploying an annual Group-wide data collection system, which is enriched each year with new sites. CSR coordinators are responsible for collecting this information from the sites.

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The strategic areas, commitments and targets present in the document now cover the entire field of action of the Soprema group ⁽²⁾.

(2) In our NFPD of 2018, the results of key performance indicators were presented without the contribution of our plants and subsidiaries in North America, South America, the Emirates and Asia, which were still collecting their data at the time of the publication. This year, the 2019 results presented take into account of all the group entities.

Note on the other hand, there has been a quantitative increase in the data collected, which proves the reinforced societal commitment of our internal stakeholders.

The consolidated data will be analysed in the summer of 2020 to identify, target and reinforce concrete action in line with the targets and orientations of the group.




3. RISKS, POLICIES AND MEASURES ASSOCIATED WITH THE CHALLENGES



The analysis of risks and opportunities is derived directly from our materiality analysis. It is therefore the result of combining the interviews, surveys and dialogue with our main stakeholders with our knowledge of the context of our different trades.

Working groups (1) have been set up for each identified risk with the following organisation:

- **Risk factors and their potential impacts** on our activity are identified. Commitments are made for each identified challenge
- **Governance and steering** are placed under the responsibility of identified Group departments
- **Opportunities** are determined, along with performance levers.
- **Trends** are identified and completed as follows:

Upward:  Stable:  Downward: 

An upward trend shows rising risk factors

A stable trend shows risk factors with no significant change

A downward trend shows decreasing risk factors

An upward trend is given greater attention.

(1) As an example, Soprema set up an internal working group called "Fusion" in 2019, with the aim to understand and prioritise the expectations of customers. To that end, a very large panel of internal stakeholders was brought in, including production, quality, training, R&D, trade, supply chain, sales admin, IT, marketing, engineering departments and the general management.

A large number of customers were interviewed as external partners and stakeholders. The results of the study were presented to the group executive committee and are fully in line with the priorities identified in the materiality analysis.

Challenges:

- Climate change
- Energy efficiency

CIRCULAR ECONOMY



BUILDING FOR TOMORROW



PEOPLE FIRST



Group targets:

- Towards restraint and energy efficiency
- Towards 100% low-carbon solutions

RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Reinforced climate policies (carbon tax etc.) and interruption of activities	Overall company performance		Group	Implementation of low-carbon strategies and reductions of GHG emissions
Exposure to the volatility of fossil fuel prices	Increase in energy costs in the factory cost price		Soprema Entreprises department Environmental strategy department	Fostering energy restraint and developing renewable energies

Policies and measures

JobRad in Germany and Mon Job mon vélo in Strasbourg, France, are exemplary cycle-to-work operations that are aimed at reducing the impact of our GHGs as part of commuting. Several dozen employees have already benefited from such schemes, as part of a company travel plan. This measure enables employees to turn to a carbon-free means of transport, in a simple and fair way, while making them aware of climate issues.

Dans le cadre de son plan de mobilité, de la création de la nouvelle piste cyclable et soucieuse de favoriser la pratique du vélo, SOPREMA vous invite à découvrir son programme :

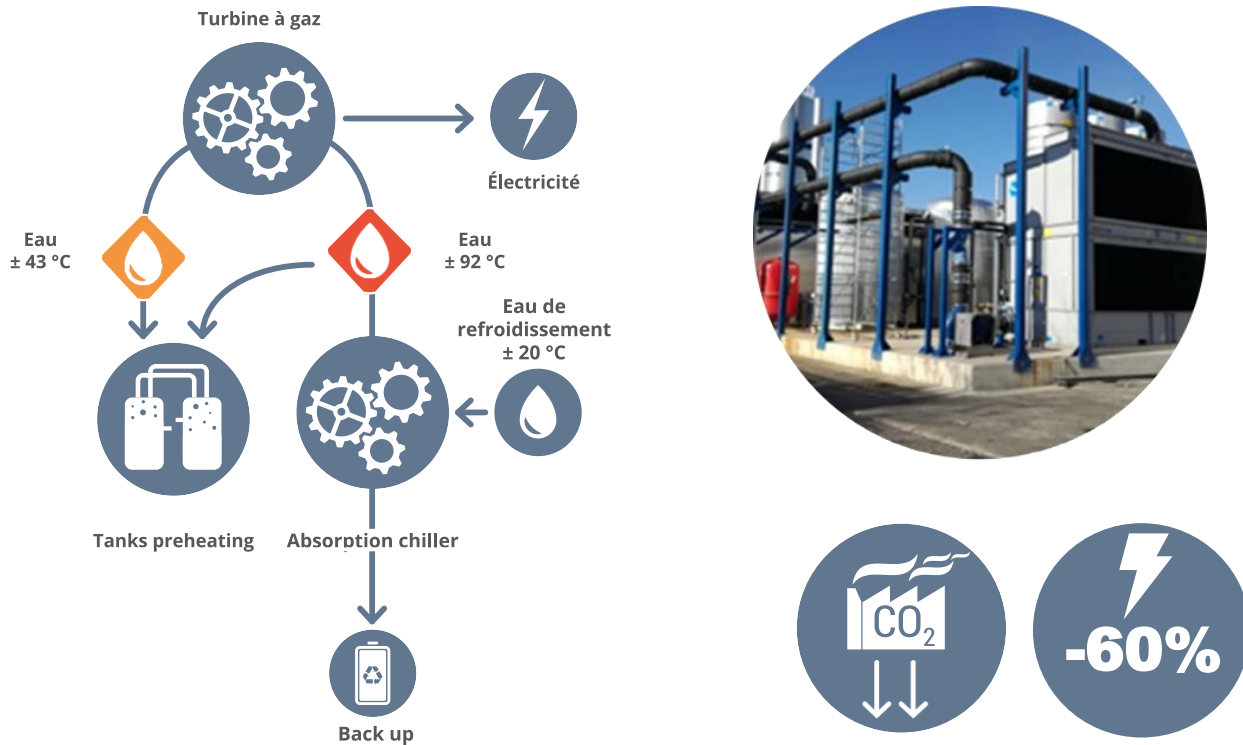
MON JOB, MON VÉLO !

en partenariat avec

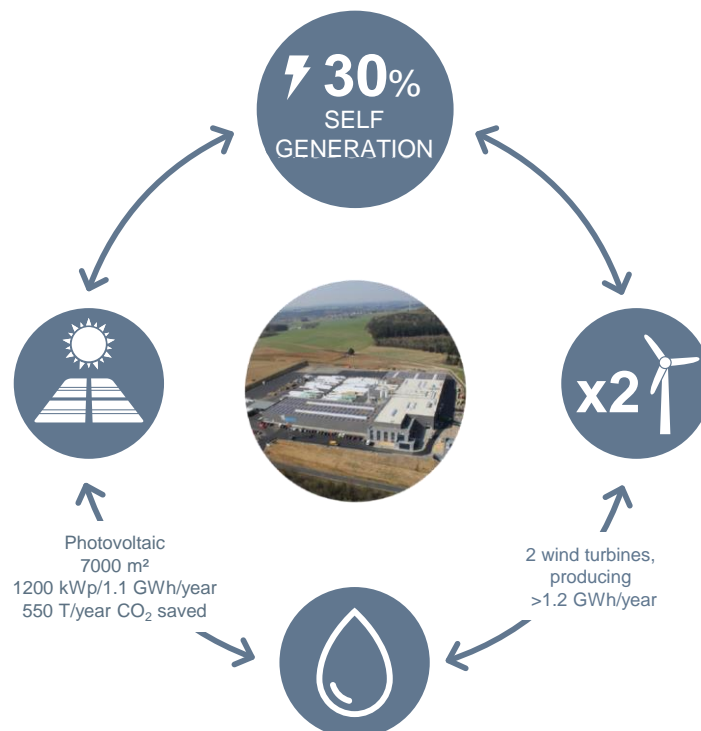
RDV le 06 et 18 décembre, entre 11h30 et 14h00 à proximité immédiate du Restaurant d'Entreprise !

Strong industrial action:

- We are reinforcing the study of our energy efficiency monitoring indicators (using a dedicated dashboard that was put in place in 2018). Besides, a special task officer responsible for energy was hired in 2019 and an action plan was launched.
- The Chignolo plant in Italy (which produces manmade membranes) has continued to improve its trigeneration system, particularly in terms of reliability.



- The Hof plant in Germany (which produces bituminous membranes and insulation) has done the same



- The Alpiarça plant in Portugal (which produces bituminous membranes and insulation) started up its first biomass boiler in 2019.

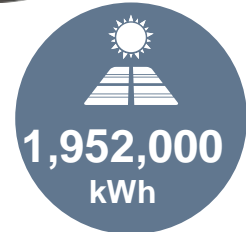


545 MWh

produced by the biomass boiler in 2019

The plant in Alpiarça in western Portugal uses a boiler that is fired by biomass as a replacement for natural gas. The energy is used to heat up oil (heat-transfer fluid) in order to keep bitumen hot, at a temperature ranging from 180 to 200 °C. The boiler burns pellets (wood waste) and will soon also use olive stones and grape seeds. The replication of the technology in other sites is being studied.

• Innovative demonstrator buildings within the group:



Nantes, Chartres, Poitiers, Rennes, Montpellier, Sorgues, Hof, Tarragona, Wadsworth etc.

Whether through industrial action or while building new infrastructures within the Group, the Soprema group is sparing no effort to set an example in terms of restraint and energy efficiency.

The work makes it possible to limit GHG emissions and reduce the cost of energy relating to the activities of Soprema.

• **Other ideas being studied:** application of a maximum limit on the emission of g CO₂e/km by the vehicle fleet in Europe; fuel consumption monitoring indicators.

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Challenges:

- Sustainable use of resources and raw materials
- Waste management and reduction

CIRCULAR ECONOMY



BUILDING FOR TOMORROW



Group targets:

- towards 100% reduced or recycled waste
- towards 100% local approach

RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Declining resources and raw materials	Strategic resource procurement shortages Increased cost of resources and raw materials	↗	R&D department General management	Reinforced eco-socio-design (2)
Continuing reinforcement of regulations (third party and environmental liability) Ever smaller capacity of waste burial centres.	Increased cost of waste treatment	↗	Industrial department General management Environmental strategy department	Participation in local industrial ecology approaches Offering suitable services for customers' projects

Policies and measures

- R&D: the Mutaxio collaborative project has set up areas for work that set goals for the significant reduction of the share of fossil materials in our products and thus to reduce our dependence on them.
- Every year, the Soprema group reinforces its collaboration with educational institutions in France and elsewhere. The applied research work is then published.



Policies and measures

- In July 2019, Soprema started up its first plastic waste processing factory to turn the input into raw materials for insulation manufacturing, called the Sopraloop project.

The project, which has required investment of over €7 million, enables us to reduce our dependency on fossil materials and use smaller quantities of petroleum-based materials.



Policies and measures

- The internal stakeholders of the group are encouraged to develop more virtuous circuits that span shorter distances.

Soprema has been playing an active part since 2013 in an organised effort in the port area of Strasbourg, named **CLES (Coopérations Locales et Environnementales en Synergies)**. Initiated in 2013, the CLES project aims to optimise the management of the resources of industries in the port area of Strasbourg by leveraging synergy (energy, waste, infrastructure etc.). That effort in favour of local industrial ecology has allowed Soprema to repurpose some waste directly in the port area and reduce the portion of waste that is sent to landfill or incinerated.

In France, the town of Golbey initiated a successful experiment in 2016 for an exemplary industrial ecosystem in what is known as a green valley. Soprema wishes to extend its participation in such projects by incentivising all its industrial facilities to incorporate local industrial ecology initiatives in their area.

In order to offer customers service solutions for the management of site waste, special working groups have been created in France and other countries. The aim is to achieve concrete and innovative action in 2020.



Challenges:

- Responsible product range
- Product quality and durability
- Digital transformation



Group targets:

- Towards a 100% sustainable range
- Towards a range that is fully suited to societal expectations

RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Discrepancy between societal expectations and Soprema products	Drop in market share	↗	R&D department General management	Investment in the implementation solutions (eco-design) in order to address societal concerns
Dissatisfaction of customers and users	Deterioration of the brand image	↗	R&D department General management	Reinforcing the relationship with customers and users
Unsuitable development of equipment and trades	Loss of competitive advantages	↗	HR department BIM department	Developing and rolling out new tools

Policies and measures

The eco-design of our products plays a key role in the development of our product range. Our different Research & Development centres are working actively towards that end, by regularly filing patents.

Concrete applications of such R&D work have emerged:



In order to better address societal expectations, Soprema has decided to reinforce its eco-design approach, with greater participation from stakeholders.

Thus, Soprema has developed its range to incorporate solutions with positive environmental externalities (2) while reinforcing the relationship with customers and users.



Repurposing of petroleum waste - Ecoslops project



Skywater project

(2) Positive environmental externalities are the external effects of a product range that provide others with environmental advantages or utility at no financial cost.

Policies and measures

- The Building Information Model (BIM) approach is gaining ground in the group, with the setting up of a dedicated organisation, in manufacturing and on building sites.
- Soprema has produced a document titled "The Future is Here" that sets standards in the building industry, and a dedicated website that can be seen at www.SOPREMA-futur.fr. The document and dedicated website outline our entire responsible product range strategy.



Challenges: Employee health and safety



Group targets: Towards zero accidents

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RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Increased accidents	Deterioration of quality of work life	➔	QHSE department	Reinforcing the QHSE policy and achieving improved social performance

Policies and measures

The Soprema group has a health and safety policy that is applied to all the entities in the group. We enforce strict compliance with health and safety rules in our manufacturing plants and on work sites.

Within Soprema Entreprises, for instance, we apply a very proactive safety policy:



Group targets: towards a culture of agility and resilience

RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Low level of cooperation, organisation compartmentalised, reduced resistance capacity	Long-term development of the company		General management HR department	Developing and fostering collective intelligence

Policies and measures

Exemplary projects have been initiated by the management, particularly in Belgium (Respect project) and the US (Respect Matters!).

In Belgium, the Respect project brings together operational and administrative staff to foster greater employee involvement, increased efficiency and greater open-mindedness.



In the US, at Convoy, the Respect Matters! project contributed to the application of the best emerging trends for the benefit of customer service via training sessions for each employee.



Such efforts to improve the understanding of trades and tasks foster discussion and sharing of know-how.

Ultimately, cooperative efforts make the organisation more agile, more efficient and more resilient!



Group targets: towards 100 % employees contributing to sustainable overall performance

RISK FACTORS	IMPACTS	TREND	GOVERNANCE	OPPORTUNITIES
Difficulties in recruitment, lack of transfer of skills and upskilling and inappropriateness of training	Loss of key skills		General management HR department	Reinforcing the relationship with the community. Improving the employer's brand Developing tutoring and e-learning

Policies and measures

The Soprema group has a proactive training policy. Since 1976 particularly, we have had our own training centres, which adapt efficiently to the new requirements of the labour market.

Besides, we use these centres to promote professional inclusion, and are recognised by the authorities as a committed employer.

Also, since 2016, we have set up a specific sandwich course within Soprema Entreprises for Works Supervisors along with CESI in Strasbourg (CESI: Campus d'Enseignement Supérieur et de Formation professionnelle). The diploma is recognised by the French government.

The e-learning modules developed both in France (Soprema Academy) and in Canada (Sopracademy) offer effective ways to train our employees in an enjoyable and practical way, within the shortest possible time. They ensure that employees' skills remain high and consistent.



Events (seminars, lessons, testimonials, workshops etc.) are organised with educational institutions to reinforce our relationship with future employees and put down lasting roots in the local employment market.

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9. OTHER SUBJECTS RELATED TO THE EXTRA-FINANCIAL PERFORMANCE DECLARATION




The other issues mentioned in 111 of Article 225-102 -1 of the French Commercial Code are not the subject of information for their consideration because they have not been identified as a main risk with regard to our business model and our extra-financial analysis. These include the fight against food waste, the fight against food insecurity, respect for animal welfare and responsible, fair and sustainable food, collective agreements and their impact on economic performance, actions aimed at fighting discrimination and promoting diversity, and measures taken in favour of the disabled.

4. KEY PERFORMANCE INDICATORS



For this NFPD, we have put in place key performance indicators (KPIs) that allow our internal and external stakeholders to become familiar with the fundamentals of our CSR approach. They are presented below:

KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	Results in 2019	Targets and associated challenges
PEOPLE FIRST		
		
Frequency of workplace injuries (with time off work, not including temporary workers)	28.84	Towards zero accidents Employee health and safety
Severity of workplace injuries (with time off work, not including temporary workers)	1.9	
Training rate	0.62	
Towards 100% of employees contributing to sustainable overall performance Attractiveness and talent management		
CIRCULAR ECONOMY		
		
Non-hazardous waste performance rate	0.44	Towards 100 % reduced or recycled waste Sustainable use of resources and raw materials
No of litres of fossil fuel	4,991,920	Towards restraint and energy efficiency Energy efficiency
BUILDING FOR TOMORROW		
		
Electricity generation from renewable sources (kWh)	3,172,540	Towards 100 % low-carbon solutions Climate change

5. METHODOLOGICAL NOTE



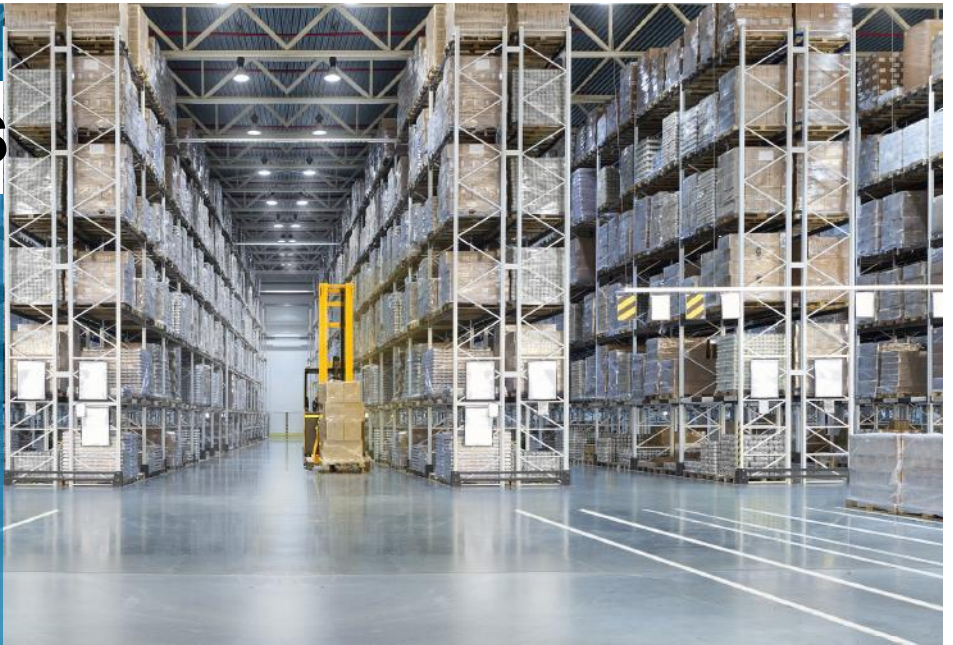
To date, we do not have a policy associated with each identified risk, but plan to establish such policies in the next three years. In addition, we will propose other key performance indicators (KPIs) within the same timeframe to make our group CSR approach long lasting.

SCOPE OF KPI RESULTS IN NFPD 2019

The 2019 results take into account all the entities of the group, even though some of those included in the scope of the report have not submitted replies to all indicators.

However, the indicators presented are representative of group performance.

6. APPENDICES



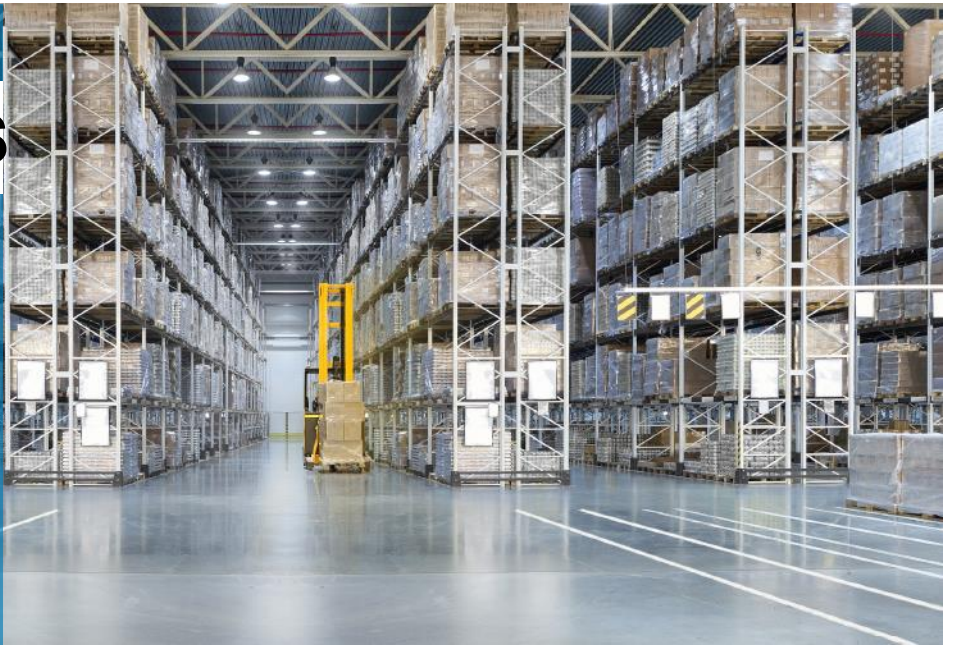
MATERIALITY MATRIX METHODOLOGY

Interviews were conducted with 16 non-homogeneous interlocutors (3): 11 internal and 5 representatives of external parties that were first identified as being significant for Soprema (customers, suppliers, local authorities, universities etc.).

At the end of the interviews, a single questionnaire with the non-financial challenges mentioned was created. Each stakeholder was asked to complete it.

(3) Non-homogeneous means individuals with different positions, sensitivities or cultures, so as to collect opinions that are as diverse as possible.

6. APPENDICES



KEY PERFORMANCE INDICATOR METHODOLOGY

- **Frequency of workplace injuries (with time off work, not including temporary workers)**

Calculation:

No of injuries with time off work x 1,000,000/No of hours of work

- **Severity of workplace injuries (with time off work, not including temporary workers)**

Calculation:

No of days lost x 1000/No of hours worked

- **Training rate**

Calculation:

(No of trainees in regulatory training + non-regulatory training/No of hours worked) x 1000

- **Non-hazardous waste performance rate**

Calculation:

Total non-hazardous waste sorted/(Total non-hazardous waste sorted + Total of all non-hazardous waste¹)

- **No of litres of fossil fuel (litres)**

Calculation:

Supplier invoices of own fleet (ordinary and utility vehicles)

- **Electricity generation from renewable sources (kWh)**

Calculation:

kWh produced by renewable electricity plants

