2018 NON-FINANCIAL PERFORMANCE REPORT

BUILDING RESPONSIBLY

PAREX
Building expertise, together*

In accordance with its legal reporting obligations, **PAREX** Group has chosen to display in its annual management report, a mandatory requirement stipulated in article R.22S-105 of the French Code of Commercial Law, a **consolidated statement of non-financial performance** as required by government order no. 2011-1180 and by enforcement decree no. 2017-1265, transposing Directive 2014/95/UE of the European Parliament and Council dated 22 October 2014.

This statement provides, for the **2018** financial year, a **description of of the main risks linked to the activities** of all the Group's member companies, including, where pertinent and proportionate, risks arising from its business relations, its products or its services, a **description of policies** applied by all companies within the Group, including the **due diligence procedures** implemented in order to prevent, identify and mitigate the likelihood of such risks occurring and also the results of these policies, including **key performance indicators**.

In addition, the statement contains, where relevant to the aforementioned risks and policies, **social, environmental and society-related information.**

2018
NON-FINANCIAL PERFORMANCE REPORT

PAREX
Building expertise, together

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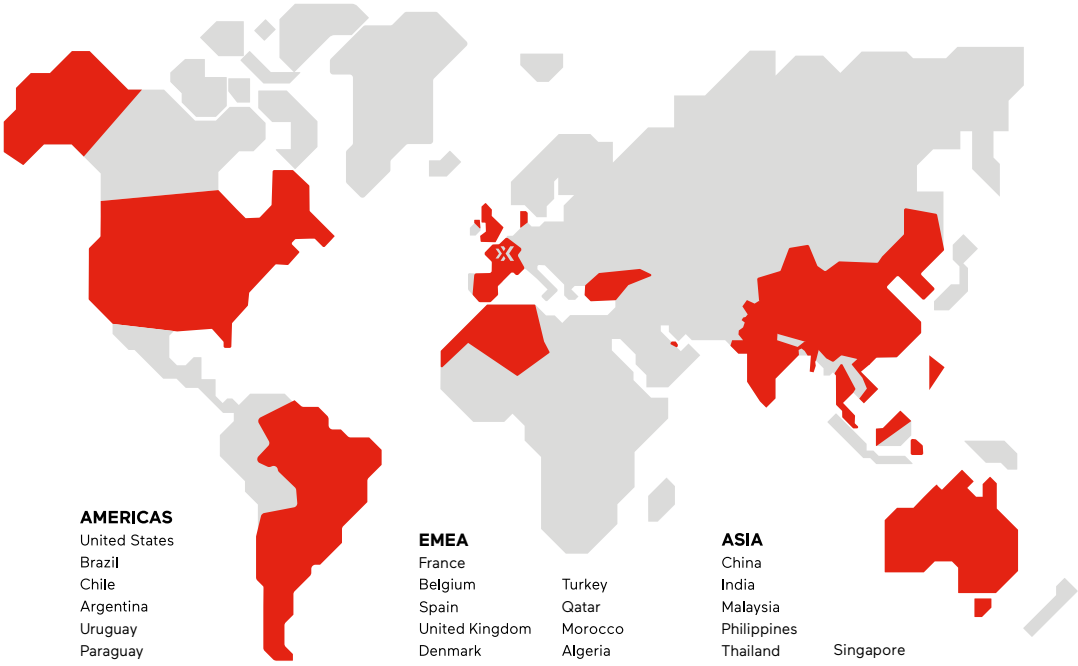
PAREXLANKO
PAREXLANKO
E33 EPOXY GROUT
THIN SECTION EPOXY GROUT

1 PAREX GROUP

1.1 Business overview

PAREX is an international construction chemical company providing specialty solutions to the building and construction industry.

With close on 4,500 employees in 23 countries, 74 manufacturing facilities, 2 group R&D centres in France and China, the Group achieved more than 1 billion euros in sales in 2018. PAREX has a strong presence in Western Europe, Asia Pacific, South and North America, North Africa and the Middle East.



AMERICAS
United States
Brazil
Chile
Argentina
Uruguay
Paraguay

EMEA
France
Belgium
Spain
United Kingdom
Denmark
Turkey
Qatar
Morocco
Algeria

ASIA
China
India
Malaysia
Philippines
Thailand
Vietnam
Singapore
Australia

Our product lines include:

- Façade Protection and Decoration
- Tile Setting and Flooring Materials
- Technical Solutions and Waterproofing Systems

The range of products manufactured by the Group covers both the New Build and Renovation markets, in three distinct construction segments: residential, non-residential and infrastructure.

MARKET SEGMENTS

SPECIALTY DRY-MIX

Facade Protection & Decoration

Mineral renders
Aesthetics, water resistance

Organic renders
Aesthetics, water resistance

EIFS
Aesthetics, insulation, water resistance

Ceramic Tile Setting Materials

Self-leveling compounds
Floor leveling

Ceramic tile adhesives
Tiles setting

Grouts
Aesthetics, water resistance

Concrete Repair & Waterproofing

Waterproofing systems
Waterproofing of wet rooms, roof, terrace, basement...

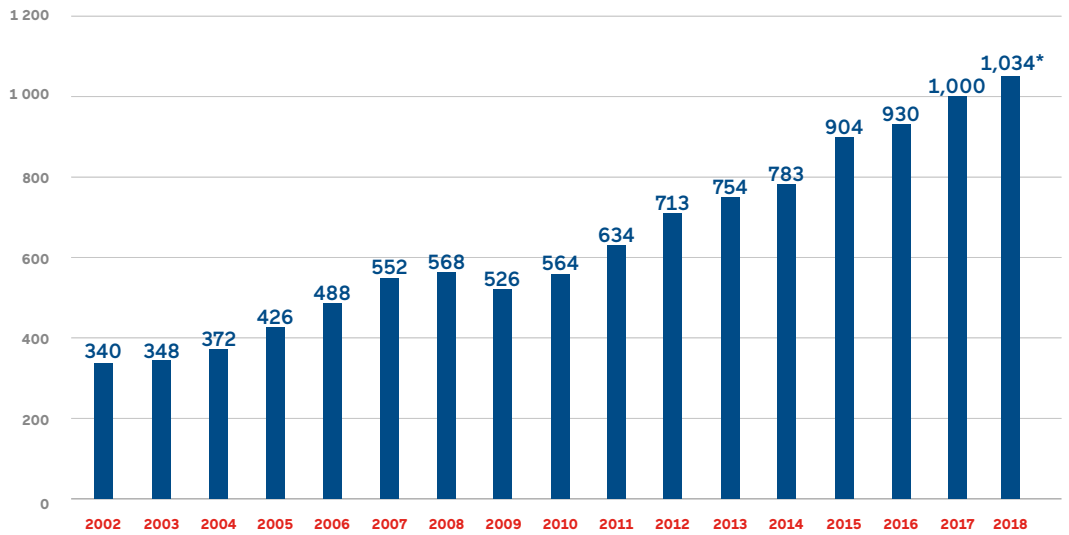
Concrete repair
Concrete repair and protection

Other technical mortars
Assembly, sealing, paving, anchoring

THE GROUP BOASTS A NUMBER OF STRONG LOCAL BRANDS

In 2018 the Group attained a revenue level of 1,034 million euros, in line with IFRS international standards (before application of standard IAS 29 Hyperinflation).

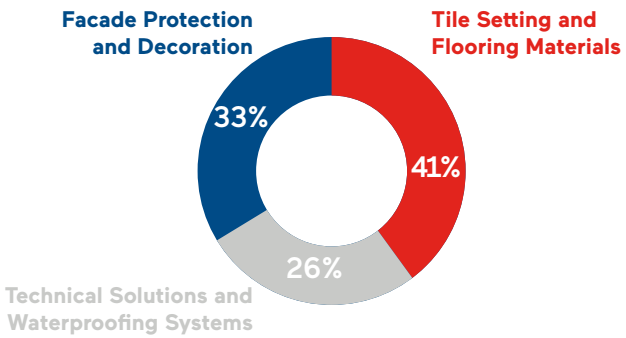
GLOBAL SALES EVOLUTIONS* (M€)



(*) before IAS 29

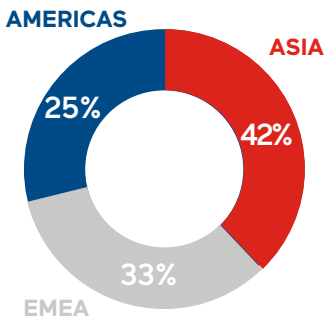
SALES BREAKDOWN IN 2018*

SALES BY MARKET



(*) before IAS 29

SALES BY ZONES



(*) before IAS 29

PAREX brings innovation, aesthetics and sustainability to the world of construction.

Our reputation as the preferred partner of local building communities is based on our pragmatism and sense of service, reflected in the valued and profitable solutions we deliver to the industry, including applicators, distributors, architects and builders.

PAREX combines strong brands (e.g. Parexlanko in France, Davco in Asia, Klaukol in Argentina...) with global expertise in R&D, technical assistance, manufacturing processes, product marketing and distribution.

Our culture is first and foremost that of entrepreneurs. For us, "think locally, leverage globally" reflects our strong belief in empowering the local teams who drive our business while capitalizing on our global expertise through regional and worldwide open networks. Our decentralized structure provides local management teams with an efficient degree of autonomy, guaranteeing a strong focus on the local business requirements. This local autonomy coupled with transparent financial management has proved highly beneficial for our partners and clients.

1.2 Governance

The PAREX system of governance is organized around a Supervisory Board on which the majority shareholder, CVC Capital Partners (95% shareholding at 31 December 2018), is represented and an Executive Board, composed of members of the Executive Committee. This Executive Board, appointed by the Supervisory Board, consists of:

- ERIC BERGÉ, Chairman and Chief Executive Officer
- FRÉDÉRIC HERBAUT, Chief Financial Officer
- RODRIGO LACERDA, Senior Executive VP and Managing Director for Americas and EMEA

The Group Chairman, Eric Bergé, has appointed an Executive Committee in order to steer the Group's strategic reflection processes and to monitor performance. The Executive Committee examines key issues relating to organization and major projects, including Group policy and performance in terms of social, environmental and society-oriented policies and performance.

In respect of the latter, the Executive Committee in 2018 reviewed the analysis of Health & Safety objectives, set new objectives for reducing our carbon footprint and also reviewed the analysis of non-financial risks identified by the different countries.

As of 31 December 2018, the members of the Executive Committee are as follows:

- ERIC BERGÉ, Président Chairman and Chief Executive Officer
- XAVIER CHAMPENOIS, Senior Vice-President, Strategy and Marketing
- FRÉDÉRIC HERBAUT, Chief Financial Officer
- TIM HOLFERT, Executive Vice-President, Managing Director South Asia and Pacific
- RODRIGO LACERDA,Senior Executive Vice-President and Managing Director for Americas and EMEA
- GUILLAUME LATIL, Executive Vice-President, Managing Director France
- CATHERINE MATHIEU, Vice-President Human Resources & Organization
- DANIEL MONTEIRO, Managing Director South America
- YING XU, Vice-President, Managing Director China

2 STRATEGY

By creating high-performance solutions and products for Sustainable and Responsible Construction, PAREX contributes to the quality of life of its consumers through comfort, energy efficiency and aesthetics and prioritizes the Health and Safety of its clients and employees.
The Group's aim is to be the preferred partner, solutions and services provider for local building communities, and to be the best-performing benchmark supplier while also retaining our local roots.

2.1 Organic growth strategy

With average growth in excess of 8% in recent years, PAREX is the group that has recorded the highest level of organic growth in the building materials sector, thanks largely to a strategy of geographic diversification in emerging countries and an assertive policy of advanced innovation. Indeed, our group has established itself as a market leader in countries such as Brazil, Chile, Thailand and China. Our business is spread between America (25%), Asia (42%) and the EMEA region (33%).
Our focus on innovation enables us to generate 15% of our sales from products that have been on the market for less than 5 years. In a construction industry characterized by the drive to improve human habitats and by rapidly evolving modes of distribution, PAREX aims to be the preferred partner of local building communities. Thus, in emerging markets, we offer and share our expertise on solutions that bring quality and productivity to address the challenges of rapid urbanization, while in mature markets, we respond to the ever-growing demand for comfort, aesthetics and environmentally friendly solutions.
Thus, in 2018:

- The number of global sales outlets increased by 37%,
- The number of users receiving specific training in the application of our products rose by 18%,
- e-commerce enjoyed strong growth in china, with a 64% increase in sales between 2017 and 2018.

"The success of this strategy is first and foremost driven by our unique PAREX business model, based on decentralization, autonomy and trust as well as agility and reliability."

ERIC BERGÉ, PAREX CEO

2.2 Sustained external growth

For PAREX, external growth has always been a key development driver, enabling us to strengthen our local positions, to expand synergies in specific fields and to break into new markets.

During 2018 and early in 2019, PAREX made the following corporate acquisitions:

PAREX places its trust in a specific business model: local brand names are often preserved, along with the existing managers and their operational teams, so as to maintain good relations with their customers and distributors.

Such an approach thus nurtures the strong entrepreneurial spirit advocated by the PAREX management team and enables the development of an integrated model that can nevertheless be adapted by local teams, who retain responsibility for their performance and results.

2.3 PAREX's model & culture – "Building expertise, together"

The success of this strategy is first and foremost driven by our unique PAREX business model, based on decentralization, autonomy and trust, as well as agility and reliability.
Above all, our reputation has been built upon our technical expertise in the formulation of products and the provision of associated consulting services, along with the close ties that we forge with our customers in the building trade.
Last, but by no means least, our international growth is founded on a combination of empowering the local teams who drive our business and delivering global expertise in terms of R&D and technical support, manufacturing processes, product marketing and retail distribution.

2.4 2.4 Values and principles

BE THE PREFERRED PARTNER

RESPONSIBILITY
HUMAN & ENVIRONMENTAL

SAFETY
FOR ALL

INTEGRITY
IN THE WAY WE DO BUSINESS

EMPOWERMENT
ENTREPRENEURSHIP & ACCOUNTABILITY IN A DECENTRALIZED ENVIRONMENT

TEAM SPIRIT
DETERMINED TO WIN TOGETHER IN A FRIENDLY WORK ENVIRONMENT

TRUST
FREEDOM OF EXPRESSION AND TRANSPARENCY

CREATIVITY
INNOVATIVE PRODUCT & SERVICE PROVIDER, SET FOR CONTINUOUS IMPROVEMENT

These values and principles are outlined in detail in the Group's Code of Conduct.

3 BUSINESS MODEL

The PAREX business model is founded upon a strong local presence with products manufactured and distributed locally. Thus we are as close as possible to our customers, combined with global professional divisions and centres of expertise allowing for the creation of synergies and the sharing of good practice.

OUR WAY OF WORKING

Think **Locally,**
Leverage **Globally**

8 strong and agile networks
Cross-fertilization couples with autonomy

VALUE CHAIN OF SPECIALTY DRY-MIC SOLUTIONS AND KEY SUCCESS FACTORS ASSOCIATED

The Group's activities range from product formulation right through to training and technical support for end users.

	Formulation	Raw material sourcing	Manufacturing process	Marketing/ Branding	Distribution	Application
MAIN ACTIVITIES	• Developments of **new formulas** for products meeting client needs. • Up to **20 different ingredients** from various natures (sands, cements, polymers, pigments...) i.e. both **mineral and organic ingredients**	• Key **raw materials**: - **Fillers**: silica, calcium carbonate - **Binders**: cements, lime, polymer... - **Additives**: redispersable powder polymers, plasticizers, cellulose ethers, thickening agents, pigments...	• Raw materials **weighing** • Raw materials **mixing** • **Differentiated manufacturing equipment** for powder, liquid, mix • Typical plant production capacity ranges from **20** to **200 kt/year** • **Packaging** (bags, boxes, pails)	• Marketing strategy • Definition of **product mix** • **Branding policy** and management of different brands (global vs local) • **New product** development, positioning and launch	• **Transport** to distribution points • Typical distibution **channels:** - **Building merchants** (predominantly) - Do-It-Yourself (**DIY**) - **Direct distribution**	• Use on construction work by applicators (craftsmen typically): **tilers, facade applicators** • Powders to be **mixed with water or with resin**
	PAREX				CUSTOMERS	
KEY SUCCESS FACTORS	• Necessity to **constantly innovate** with new formulas to **differentiate** from competitors	• Strong capacity to **source locally** as most of raw materials are expensive to transport (bulky) • **Global sourcing of key chemicals** (redispersable powders, cellulose ethers)	• **Operational excellence** to ensure **exact dosing** of materials and **quality/ consistency of final product**	• **Knowledge** of **local markets** • **Branding skills** • **New product development**, positioning and launch	• Local business requiring **dense** and **diversified distribution network** • Necessity to have **production sites close** to distribution points to reduce transport costs	• Ability to **influence** the **market** and to be **specifier** in order to support **specialty Dry Mix adoption** e.g. in emerging countries • **Applicators' training** • **Technical assistance**

4 PRIMARY ENVIRONMENTAL AND SOCIAL CHALLENGES FOR PAREX

4.1. Process of identification of challenges and analysis of main environmental and social risks and opportunities

Identification of environmental and social challenges and risks was undertaken throughout the entire Group, including all subsidiaries controlled as of 31 December 2018, and all suppliers and all products marketed by the Group. (Subsidiaries acquired during 2018 were excluded.)

The analysis process consisted of defining the scope of applicable risks by means of:

- Interviews conducted within the company's different professional divisions and with the heads of each geographic area,
- Analysis of non-financial reporting benchmarks widely referred to at international level, such as the Global Reporting Initiative, and analysis of available sectorial and geographic data,
- A limited number of interviews with external stakeholders, chosen on account of their expertise on specific issues.

This process made it possible to draw up a list of challenges presenting a potential risk.

These potential risks, along with opportunities resulting from their effective control, were subject to a review by the Managing Directors and Chief Financial Officers of the Group's different entities, so as to determine both the potential levels of exposure and also the existing corrective procedures. The level of residual risk at local and Group level was evaluated on the basis of the analysis of the assessments carried out at country level, complemented by existing procedures at Group level.

This analysis was conducted by a Steering Committee reporting to the Chief Financial Officer and composed of representatives from Human Resources, Legal & Compliance, Environment, Health & Safety and Internal Auditing, with the assistance of an independent consulting firm. The Steering Committee's findings were then the subject of presentations to the Executive Committee.

Their work also gave rise to a number of targeted action plans, focused on the priority challenges that would, in certain cases, make it possible to take the risk analysis a step further, and then complement or reinforce existing actions.

4.2. Main stakes and risks identified

In consideration of the Group's business activities, the main potential risks considered by the Group as being priorities for intervention, are as follows:

MAIN CHALLENGES AND RISKS IDENTIFIED	ACTION TAKEN BY THE GROUP	KEY PERFORMANCE INDICATORS
CLIMATE CHANGE		
The Group has identified elements that contribute to climate change, in particular the raw materials used in the manufacturing of our products (cement and chemical additives), but also the transport of these materials to our production and distribution sites, and finally, to a lesser extent, our manufacturing processes. The tightening and the evolution of national, European and international regulations pertaining to the reduction of greenhouse gas emissions could have an impact on the Group's operations and generate an increase in our operating costs. The consequences of climate change (increased amplitude and frequency of extreme climatic events such as flooding, drought or cyclones and rising temperatures) could have an impact on the Group's operations in certain geographic areas, either directly within its operations or indirectly via the supply chain.	Managing greenhouse gas emissions (chapter 7.2.2) Strengthening the role of eco-design in new product development (chapter 6.1) Adapting to the consequences of climate change (chapter 7.3.6) Responsible procurement (chapter 9.2)	R&D expenditure increased from 1.3 to 1.4 % of turnover between 2017 and 2018. The Group reduced its energy intensity by 4.6% between 2017 and 2018. At the end of 2018, 31 PAREX sites had attained ISO 14001 certification At the end of 2018, 18 countries had measured their greenhouse gas emissions In 2018, 34,000 trees were planted worldwide by means of our partnership with PUR Projet

MAIN CHALLENGES AND RISKS IDENTIFIED	ACTION TAKEN BY THE GROUP	KEY PERFORMANCE INDICATORS
EMPLOYEE HEALTH & SAFETY		
The Group's activities can have a negative impact on the Health and Safety of workers by means of its production processes at its manufacturing sites.	Health & Safety program rolled out across all Group sites and implementation of the Group's "Act for and with all of our employees" CSR policy (chapter8.2)	A total sum of € 1.9 m was invested in Environmental risk prevention and Safety initiatives in 2018 (€ 2.3 m in 2017) The TF accident frequency rates rose between 2017 and 2018: TF1 (1.7 to 2.5), TF2 (2.5 to 3.4), TF3 (15.3 in 2018)
TALENT ATTRACTION AND COMPETENCY DEVELOPMENT		
Company performance is clearly linked to an ability to attract and retain talented individuals, to develop them further and ensure that they abide by the company's values and culture	Act for and with all of our employees (chapter 8)	In 2018, PAREX employees benefitted on average from 15.4 hours of training. In 2018, 2,475 members of staff had an annual appraisal interview with their direct superior.
REDUCE THE IMPACT OF THE GROUP'S PRODUCTS ON PUBLIC HEALTH AND THE ENVIRONMENT		
The Group's products can have an impact on the Environment and on the Health & Safety of users and consumers if they are not employed in the correct way or if appropriate safety measures are not taken. In certain geographic areas, the Group must abide by specific regulations (e.g. REACH in Europe) in order to reduce the impact of chemical products on human health and on the environment.	Customer Health & Safety - a core priority for PAREX (chapter 6.2)	3 countries are now using the common Safety Data Sheet management platform. 130,000 users received PAREX product application training in 2018 (up from 110,000 in 2017).

MAIN CHALLENGES AND RISKS IDENTIFIED	ACTION TAKEN BY THE GROUP	KEY PERFORMANCE INDICATORS
ENGAGE OUR SUPPLIERS IN ADOPTING ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE PRACTICES, RESPECTING HUMAN RIGHTS AND FIGHTING AGAINST BRIBERY & CORRUPTION		
The weighting of Group purchases in the supply chain and their potential impact on the Environment, Health, Safety, Human Rights and corruption requires PAREX to be particularly vigilant so as to identify and mitigate any such potential impacts. In particular, the very high global level of sand consumption generates tensions in certain regions of the world with regard to the availability of this resource and the environmental and social impacts linked to its extraction. Thus, new country-specific regulations that temporarily or structurally limit access to sand resources could have an impact on our business.	Responsible procurement (chapter 9.2)	178 suppliers had signed up to the PAREX Responsible Procurement Charter by the end of 2018 (compared to 21 in 2017). 65 suppliers had been assessed by Ecovadis by the end of 2018 (compared to 20 in 2017)
BUSINESS INTEGRITY		
Compliance with environmental and social laws and regulations and seeking to detect and wipe out corruption are essential considerations for ensuring the sustainability of the Group's activities in all the countries in which it operates.	Business integrity (chapter 10)	The Group's Compliance Committee convened for 5 meetings in 2018. 369 Group employees successfully completed the anti-corruption e-learning program. No reports were made to the dedicated hotline in 2018.

The following sections of this document (chapters 5 to 10) present the policies and actions that have been implemented to address these risks, along with the results of these actions and performance scores for 2018.

5 BUILDING RESPONSIBLY

PAREX's "Building Responsibly" program is structured around the three pillars of Sustainable Development, on the basis of which every Group entity makes the following four commitments.

BUILDING RESPONSIBLY

ECONOMIC

Constantly innovate to contribute to Sustainable Development

SOCIAL

Act for and with all of our employees

ENVIRONNEMENTAL

Reduce our environmental footprint throughout the lifecycle of our products

Anchor our sites in their territories

This program includes the Group's responses to the challenges that it considers as being of primary importance.

The Group's commitments are set out in further detail in the Code of Conduct distributed to all employees and are broken down into 5 social engagements:

- Employee health & safety
- Respect for human rights
- Diversity and non-discrimination
- Mutual respect
- Freedom of association

... and 3 environmental engagements (extract from the PAREX Code of Conduct):

The company has implemented an environmental policy that revolves around 3 key commitments:

- Optimize the use of natural resources;
- Mitigate the environmental impacts related to the Group's activities;
- Reinforce the environmental management system.

Within PAREX, each country and each site is responsible for implementing its own environmental management system, in line with the Group's standards, in order to:

- Ensure compliance with relevant environmental laws and regulations;
- Take environmental issues into account at each stage of a product's life cycle;
- Identify risks to the environment on each site, preventing and remedying any harmful effects of its activities.

6 HIGH-PERFORMANCE SOLUTIONS AND PRODUCTS FOR SUSTAINABLE AND RESPONSIBLE CONSTRUCTION

CONSTANTLY INNOVATE TO CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

PAREX has established a stringent policy of product innovation aimed at meeting the needs of the people who apply them while also taking care to protect the Environment.

The Group has set out two ways in which it will fulfil its commitments to these issues:

- Strengthening the role of eco-design in new product development,
- Making customer Health & Safety a core priority.

Total expenditure engaged in Research and Development in 2018 (excluding the tax credit for research in France) stood at 1.4% of Group revenue.

6.1. Strengthening the role of eco-design in new product development

Our approach to eco-design is founded upon 3 key objectives that are closely linked with the Group's social and environmental priorities, i.e.:

- Reducing our products' carbon footprint by using alternative raw materials that are less CO_2 productive. This initiative falls within the scope of the Group's program for reducing greenhouse gas emissions (see 7.2.2. Managing greenhouse gas emissions),
- Promoting the use of renewable raw materials,
- Ensuring compliance with regulations pertaining to the handling of raw materials used in the manufacturing of our products.

Edifice Alferez Rojas, Espagne

These initiatives aim to increase the security of our strategic supply chain and to identify, if so required, alternative raw materials and/or suppliers and to optimize the Group's readiness to deal with any threats and/or seize opportunities that are likely to have a long-term impact. The Group's project portfolio is validated twice a year by the Executive Committee in response to proposals put forward by the R&D and Marketing Divisions.

In order to meet the objective of reducing our products' carbon footprint, an eco-responsible task force made up of representatives from the Strategy, Purchasing, R&D, Marketing and Sustainable Development teams was set up in 2017. Meetings are held every two months in order to review the status of Group projects aimed at reducing the environmental footprint of our products and investigating alternative materials.

In 2018, this task force initiated a pilot program in France with a view to developing a tool that would make it possible to systematically and automatically calculate the carbon footprint of our product formulations. This tool has been made available to our R&D teams in order to raise their awareness of the "CO_2 cost" of formulations and to encourage them to develop new, more environment-friendly solutions.

Since 2015, France has achieved a 5% reduction in its greenhouse gas emissions.
With an ever greater focus on the circular economy and finding ways of preventing climate change, the Executive Committee has in recent years given its seal of approval to projects that involve the use of recycled or bio-sourced raw materials.

Biarritz Dance Studio, ZAC Kleber (64)
Photo credit: Samazuzu Architectes

PAREX contributes to the structuring of agricultural channels by promoting the use of bio-sourced aggregates in the building industry:

- To this effect, PAREX has initiated a number of collaborative projects sponsored by the French Environment & Energy Management Agency, ADEME, which are aimed at producing thermal and phonic insulation mortars containing bio-sourced aggregates,
- PAREX is also an active member of the AMBIOS industrial chair, a joint venture set up at the end of 2017 with UNILASSALE in order to look at ways of making better use of non-food agri-resources by creating bio-based materials.

Furthermore, certain products or systems developed by the Group are the subject of standardized Health & Environment Data Sheets (FDES - Fiche de Déclaration Environnementale et Sanitaire) with the goal of inciting PAREX customers to opt for solutions with less of an environmental footprint.

By way of example, the Group has developed the following eco-designed projects and products:

- Low VOC-emitting products

France: voluntary EC1+ Emicode® certification (minimum emission level) obtained for 13 products.

- Technological innovation for External Thermal Insulation (ETI) using plant matter (IBIS patent)
- SGBC (Singapore Green Building Council) certification

Contribution to Excellent & Leader projects for 90% of sales (58 products from the range)

Finally, PAREX is expanding its offer of external thermal insulation systems, which improve the energy efficiency and comfort of buildings.
First launched in France, these solutions are now being marketed in China, the United States, Spain, the United Kingdom and Chile.

6.2. Customer Health & Safety – a core priority for PAREX

At every stage, from design within the laboratory to manufacture in the plant to on-site application and contact with the end user, PAREX makes every effort to develop solutions that preserve the health and comfort of professional users and end customers.

6.2.1. Products that consider the Health of users and end customers

In 2018 the Group invested in Safety Data Sheet (SDS) publishing software with the aim of standardizing the presentation of these data sheets in all of its worldwide locations. This software is now in use in France and the USA and deployment is ongoing in Argentina, Brazil and Chile. Full-scale rollout to all of the Group's operating countries will be completed, under the supervision of the Corporate R&D division, in 2020.

In France, the role of the Regulatory Affairs Taskforce is to help the R&D, Quality and Purchasing divisions to select raw materials and sourced products and to develop products that offer the very best profiles in terms of Health, Safety and Environmental protection, in compliance with regulations in force (e.g. REACH, Biocide Directive, Positive List Compliance...).

Consequently, a Hazardous Products Policy was drawn up in 2017 by the Regulatory Affairs Officer in collaboration with the Quality Manager in order to specify acceptance criteria for raw material ingredients of new products developed in our manufacturing facilities and of sourced products.

A mapping survey of all in-house and sourced products was also conducted in 2018 in order to identify any raw materials that could be replaced where suitable alternatives exist or to define any necessary restrictions of use or sale.

6.2.2. Products that are easy to apply and thus more user-friendly

The Health, Safety and ease-of-use for users of our products are all key concerns of our development teams.
In order to integrate these concerns at the very earliest stage of the product design and manufacturing process, our R&D team request the active input of qualified professionals who assess the applicative quality of products and, by means of an iterative process, make it possible to ensure optimal ease-of-use when applying the product.
In order to improve the working conditions of building professionals on jobsites, PAREX continues to develop dust-free and lightweight mortars, which reduce risks for users.

- Launch in the USA and continuous roll-out in Spain and China of reduced dust mortars in our tile setting range.
- Lightweight, iso-yield products, which reduce risks for users, e.g.:

5074 PROLICRÈME tile adhesive employs dust-free technology and is ideally packaged in 15 kg bags with handles. A 15 kg bag of this very effective lightweight adhesive yields identical coverage to that of a 25 kg bag of traditional tile adhesive.

MONOMAX GM and MONOMAX BLANCO, lightweight single-layer façade coatings: 24 kg transported for final square-metre coverage equal to that of a 30 kg bag of heavy coating.

• The majority of tile adhesives developed by PAREX in France have been awarded A+ certification (i.e. very low emissions), which guarantees that workers breathe an excellent quality of air during tile laying operations. In China, 90% of sales are accounted for by A+ products.

Raising user awareness of our technical solutions represents a key target for PAREX, in particular in emerging countries, where the making-up of products directly on the worksite is still the most widespread practice used by building professionals.

For this reason, the Group has taken the decision to invest in user training and in product communication.

In France, PAREX boasts a Technical Training Centre located on the same site as its Innovation Centre.

This Technical Training Centre also organizes in-house training sessions and exchange groups bringing together international experts from within the Group to work on a variety of topics such as façade protection and insulation, undertile waterproofing etc...

In 2018, more than 130 users benefitted from our training solutions and PAREX currently has more than 500,000 followers on social media.

In France, 147 professionals (large and small contractors, distributors, architects, craftsmen) received training in 2018 at the technical training centre at Saint-Quentin-Fallavier. The training sessions focus on the Group's various business lines (tile adhesives, technical mortars, external thermal insulation, etc.). The compulsory apprenticeship tax is paid over to apprentice training centres.

Since 2016, Parexlanko has been the official partner of the "Tiler" category in the WorldSkills competition and has signed up again for the 2018 – 2019 series, widening its involvement by including the profession of "Floor coverer". In this capacity, the Company provides its support at the different regional WorldSkills events whilst also contributing to the development of training facilities by means of product donations and the provision of technical input.

In China, some 900 professionals took part in 37 different tile-laying competitions in 2018, enabling them to familiarize themselves with best practices for their profession and to discover the products of the local brand DAVCO. More than 1,500 managers of exclusive retail outlets also received training in using the brand's products.

A similar program has also been rolled out in Australia where the Group provides equipment to contestants in the "Construction" category at the World Apprentice Championships.

In Argentina, around 14,000 users have benefitted from training from local teams, with additional back-up via social media providing a means of enhancing communication.

7 ENVIRONMENTAL POLICY

REDUCE OUR ENVIRONMENTAL FOOTPRINT THROUGHOUT THE LIFECYCLE OF OUR PRODUCTS

In the context of its Building Responsibly program, PAREX's consideration of environmental issues is inextricably linked to that of its economic performance.

This has entailed the Group investing €1.9 million in the prevention of environmental and safety risks in 2018, including €0.4 million in France.

All the Group's industrial sites are subject to stringent local rules with regard to authorizations and operating licenses granted by local governments, which carry out controls on a regular basis in the same way as in France for installations classified for environmental protection.

Responsibility for environmental affairs is held by the senior management of each country, to which the industrial department responsible for coordinating the actions reports.

PAREX's environmental policy is based on three priorities:

- To strengthen the Environmental Management System and implement good environmental practices,
- To optimize the use of resources necessary for the Group's activities,
- To limit the environmental impacts relating to the Group's activities.

7.1. Strengthen the Environmental Management System

Preventing and controlling environmental risks is one of the Group's priorities. PAREX continued its efforts in risk prevention and strengthening the level of environmental management at all its industrial sites by way of a twofold approach:

- Obtaining ISO 14001 certification, the international environmental management Standard. At the end of 2018, 31 PAREX sites had been certified ISO 14001, including 100% of the industrial sites in France;
- Setting up multi-year plans to implement the actions identified during the audits.

Several initiatives for informing and training personnel in matters relating to environmental protection were undertaken:

- The system launched at the end of 2017 for detecting and analyzing Environmental Incidents having an impact on the area around our sites (EI1) was continued. Only three incidents were recorded during the year, in Argentina, Turkey and the Philippines, with corrective actions being successfully undertaken;

- In Singapore, ISO 50001 certification (Energy Management Systems) was successfully renewed.

- PAREX UK has been the first subsidiary in the Group to be certified BES 6001 (responsible sourcing standard for the construction industry).

In China, 9 of our 10 sites obtained ISO 14001 certification in 2018. Furthermore, one day each year is dedicated to enhancing employees' awareness of the issue of environmental conservation;

In Brazil, on World Environment Day, groups of employees performed local actions to promote recycling;

7.2. Optimize the use of resources in our products and businesses

PAREX's industrial activity is based on combining several raw materials to formulate products intended for the construction industry.
Energy consumed is primarily attributable to operations within our manufacturing plants (mixers, sand-driers in certain cases, conveyor belts ...) and to the heating of our premises.

Looking at the overall supply chain, energy consumption entirely attributable to our products and business activities is relatively limited; by way of comparison, greenhouse gas emissions from energy used represent just 3% of total emissions, including those relative to raw materials, transport, energy and business travel.

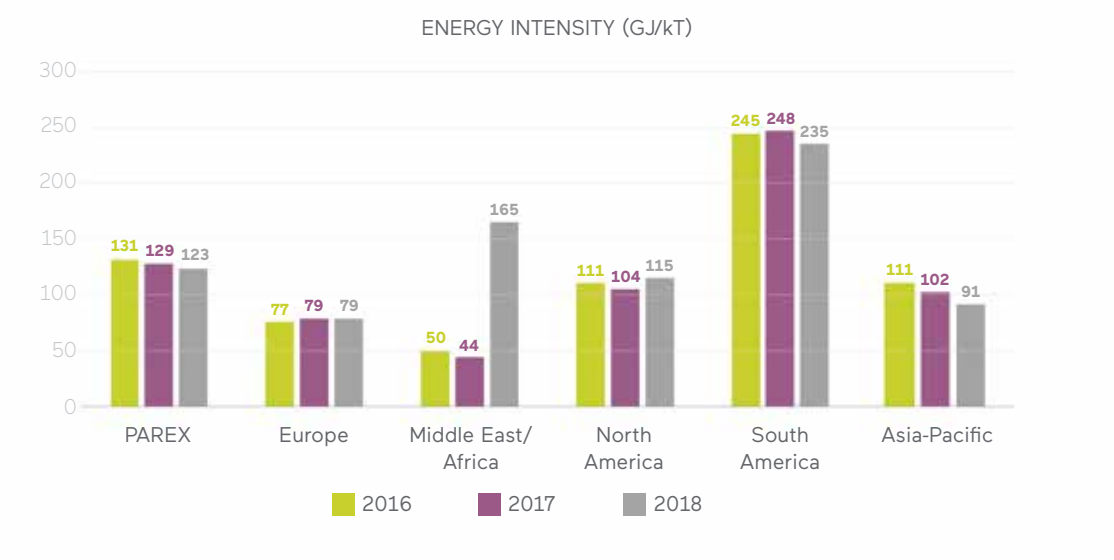
The optimization of energy consumption is incorporated into the Group's general Policy.

7.2.1. Managing energy, optimizing energy efficiency

The breakdown of types of energy used is as follows:

- Gas: 50%
- Electricity: 37%
- Fuel oil: 12%
- Others: 1%

Energy used for operating sand driers represents 30% of total energy consumption and is the object of an optimization campaign launched in 2017 and described in section 7.2.2



Energy intensity at Group level fell by 4.6 % between 2017 and 2018.
The increases in the Middle East and in North America are primarily attributable to the integration of two new sites (i.e. Bejaia and New York)
The reductions in South America are primarily attributable to positive developments in the field of sand drying.

Several measures already implemented by different countries with a view to reducing energy consumption continue to produce encouraging results:

- More widespread use of LED lighting on our sites in Australia, the United Kingdom, the Philippines, Thailand and Denmark,

- Several initiatives aimed at reducing the frequency of inter-site shipments: installation of a new production line at our Saint-Pierre-de-Chandieu site in France, due to start up in 2019; construction of a new site in Nador, in the north of Morocco; development of local production in Argentina.

Installation of solar panels on our Moroccan sites in Casablanca and Agadir providing for a 10% reduction in external electricity consumption.

7.2.2. Managing greenhouse gas emissions

The consumption of energy by buildings and in the construction sector accounts for more than one-third of world energy consumption and contributes to approximately one-quarter of worldwide greenhouse gas emissions.

Following on from the Paris Agreement signed in December 2015, and in no doubt about the need to take action, PAREX has decided to commit itself further to the combat against climate change through the **PAREX Climate Program.**

This initiative has been launched in partnership with PUR Projet, a French social enterprise specializing in operating community agroforestry programs, reforestation and ecosystem conservation projects.

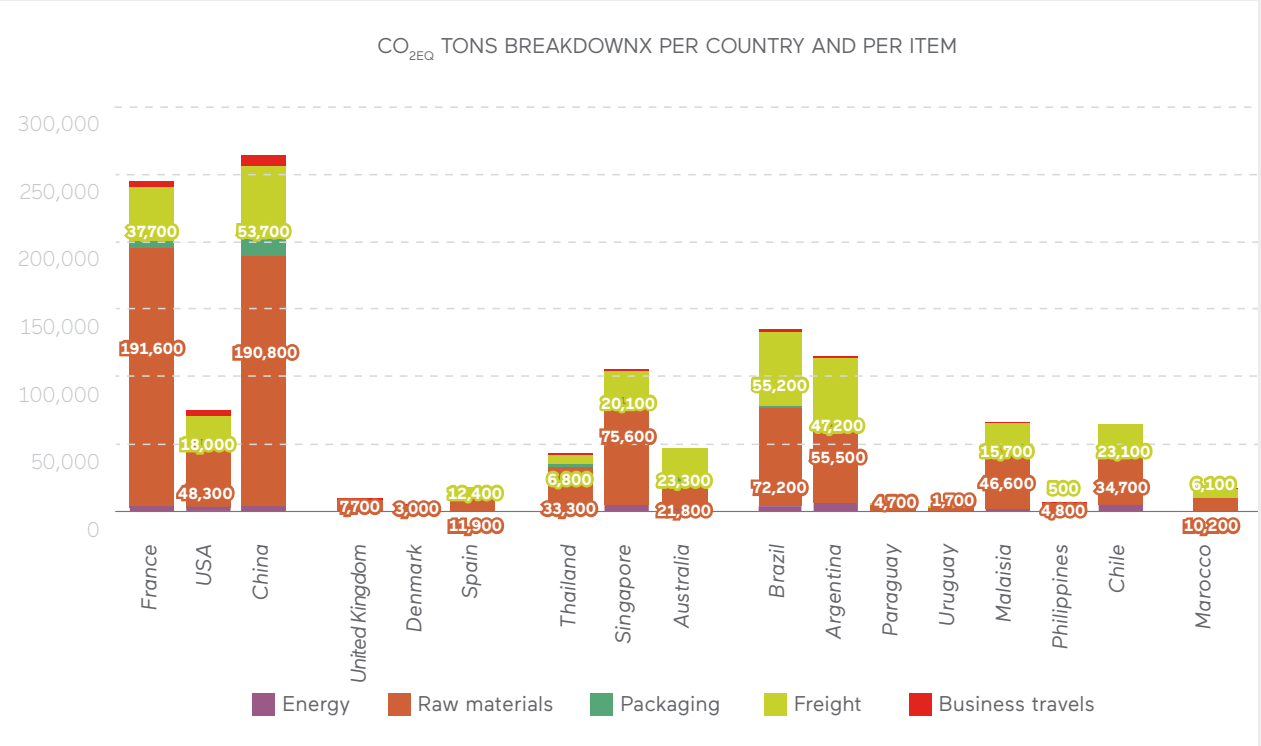
PAREX Climate Program is a 3-step process aimed at controlling greenhouse gas emissions and thus reducing our carbon footprint:

CLIMATE PROGRAM PAREX

1. Measure

After performing the first audits of our greenhouse gas emissions in France, China and the USA in 2016, the environmental consulting firm Carbone 4 was assigned by PAREX to do the same in all the Group's operating countries in 2017 & 2018, with the exception of Belgium, India, Qatar and Algeria, the latter four countries together accounting for less than 2% of total Group revenue.
Significant line items entailing greenhouse gas emissions are raw materials & packaging and also freight transport, which together account for some 95% of total emissions. In view of the uniform nature of the Group's industrial activities in all of these countries, particular attention was paid to these significant items.

In addition, emissions linked to on-site energy consumption, business travel and home/work commuting were also taken into account. Other line items, deemed to be non-significant, were not assessed.
Measurements recorded in 2016, 2017 and 2018 for 18 of the countries in which the Group operates made it possible to estimate global emissions at 1.25 million tonnes of CO_{2eq}. The breakdown per country and per item is shown below:



2. Reduce

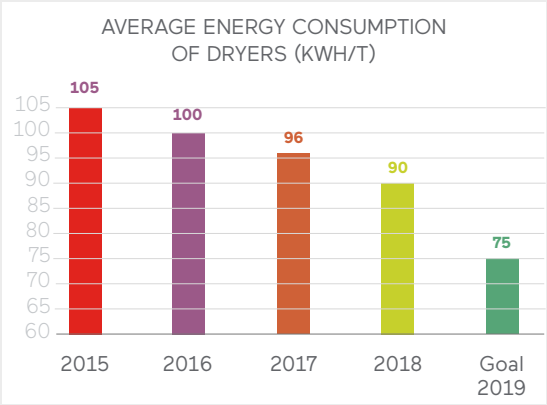
In each country, actions aimed at reducing greenhouse gas emissions are already in place and will be continued.

The PAREX Climate program has launched three initiatives that will result in the implementation of specific action plans:

1. Use of alternative materials that produce lower CO_2 emissions (see paragraph 6.1 Strengthening the role of eco-design in new product development).

2. Optimization of sand drying equipment, which represents a significant item in terms of energy consumption in our plants.

This action, founded to a large extent on the exchange of good practice between countries, enabled a 10% reduction in sand-drying energy requirements across 16 Group sites.



A summary of these good practices will be drawn up during the first half of 2019 and published in a specific manual.

3. Launch in mid-2018 of a pilot project covering 6 countries (i.e. France, China, USA, Brazil, Argentina, Australia) aimed at optimizing transport flows and in certain cases incorporating criteria for choosing hauliers based on the CO_2 emissions of their equipment.

To this effect, in 2018, Argentina launched an experimental operation using double-deck truck trailers in order to optimize load & transport capacity.

3. Adapt and mitigate

For residual emissions, an internal carbon price system has been introduced. Between 2017 and 2021, it will cover 100% of greenhouse gas emissions due to our journeys and 30% of the energy consumption of our plants. This budget will be used to fund ecosystem restoration projects (agroforestry and reforestation) in and around the countries where the Group operates.

Each country thus contributes collectively to the global effort, choosing the PUR Projet programs that are most likely to inspire their employees, customers and partners.

This positive dynamic incites PAREX to keep on reducing its residual emissions while combating climate change and contributing to the development of local communities.

In 2017 and 2018, some 58,000 were planted through 10 agroforestry projects run by PUR Projet.

By 2021, PAREX will have contributed to the plantation of more than 250,000 trees worldwide.

7.2.3. Managing raw materials and packaging

The principal raw materials employed in the Group's manufacturing processes are sand, cement and additives. The majority of these are procured locally and securely - thanks to the approval of a number of sources carried out by our laboratories in partnership with the Purchasing Department.

The replacement of traditional raw materials by alternative materials with lower carbon emissions has begun in Australia and has continued in France and Singapore (see chapter 6.1.: Strengthening the role of eco-design in new product development).

Furthermore, several other actions have been implemented on different PAREX sites to optimize the use and impact of inputs required in our product manufacturing processes, such as the use of recycled pallets, now 19% of the total used in France and 100% of the total used in the United Kingdom.

Finally, the Group has taken a number of steps to improve efficiency in the use of raw materials and packaging:

- Whenever volumes permit, delivery in loose format rather than bags or big-bags,
- Projected launch of a pallet consignment program in France for 2020,
- Purchase of a short-run seal printer in France for small batches, thus reducing the number of outdated and thus unusable seals,
- In Brazil, replacement of product cases by plastic bags,
- In Denmark, recycling of plastic film used for wrapping raw materials

7.3. Limit the impact of our activities on the environment

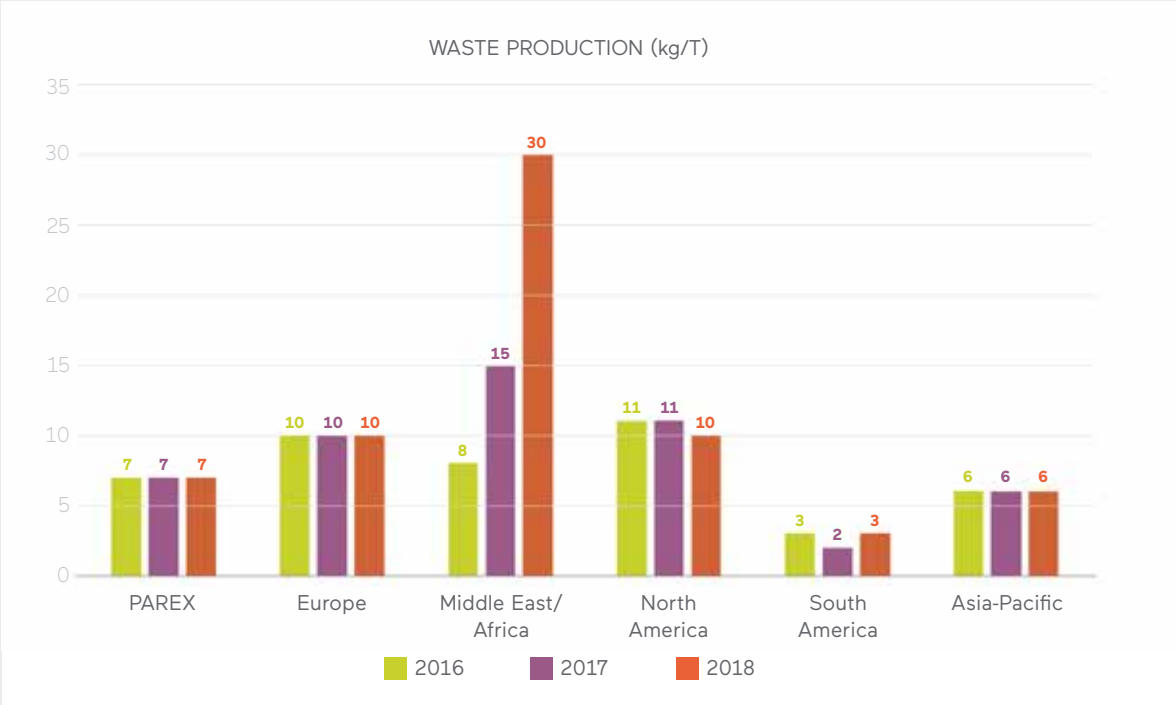
7.3.1.Measures for preventing, recycling, reusing and eliminating waste

The general policy is in keeping with the logic of the circular economy and is based on three points: limiting waste production at source; sorting waste and ensuring its ultimate traceability; recovering it where possible. This policy is fully integrated into the eco-design strategy outlined in Chapter 6.1.

The processes involved in PAREX's activities generate a small amount of waste, which is processed in specialized streams.

Such waste is composed of packaging materials, rinsing water and non-recyclable product waste.

In 2018, 96 % of this waste was classified as non-hazardous according to European nomenclature on industrial waste.



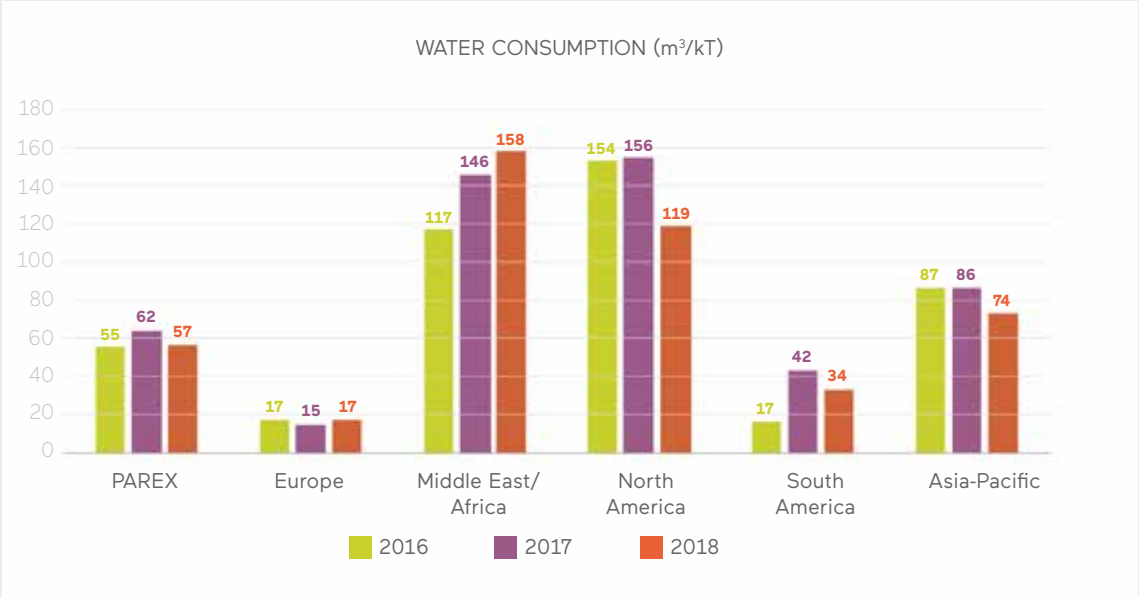
In 2018, the quantity of waste produced per tonne of product remained stable by comparison with 2017.

The increase in the Middle East - Africa zone is a consequence of the integration of new sites in Algeria and Qatar.

7.3.2 Management of water consumption

The vast majority of products marketed by the Group are in powder form. Indeed, water-based products (paste) account for less than 5% of Group sales. Water is therefore not a significant resource in the manufacture of our products, being primarily used on sites as a process facilitator.

Average water consumption therefore remained largely stable between 2017 and 2018.



7.3.3 Prevention, reduction and remediation of air and water emissions significantly affecting the environment

PAREX's industrial activities do not generate air and water emissions that significantly affect the environment. In all cases, actions undertaken to reduce dust have the effect of reducing such emissions.

7.3.4 Noise pollution

Industrial sites are operated in such a way as to minimize noise emissions.

The majority of sites are subject to noise pollution controls in the context of compliance with local legislation. If necessary, an action plan for noise reduction is drawn up. Since 2014, the Isle-sur-la-Sorgue site in France has been using a dust extractor with a speed controller, thus enabling a 10% reduction in noise to be achieved as well as reducing energy consumption.

7.3.5 Use of land

PAREX's industrial activities leave a limited physical footprint and also have a limited impact on land, which does not justify the close monitoring of our land use.

In certain cases, the Group can be asked to rehabilitate a site on which it is installed. On the Paviers site in France, which is situated on a former underground quarry, the Group has complied with the authorities' request to progressively rehabilitate the sub-soils beneath the site. A request to restrict use of this land in order to avoid any danger to third parties has been submitted to the local authorities for approval.

7.3.6 Adapting to the consequences of climate change

The consequences of climate change on our activities may be of two different kinds:

- The tightening and the evolution of national, European and international regulations pertaining to the reduction of greenhouse gas emissions could have an impact on the Group's operations and generate an increase in our operating costs;
- The consequences of climate change (increased amplitude and frequency of extreme climatic events such as flooding, drought or cyclones and rising temperatures) could have an impact on the Group's operations in certain geographic areas, either directly within its operations or indirectly via the supply chain.

To address these challenges, the Group has launched a number of actions:

- Purchasing and R&D

Mitigating supply shortages by substituting certain raw materials with alternative inputs (see chapter 6.1 pertaining to eco-design);

- Industrial:

Following Group guidelines pertaining to the prevention of natural risks when starting operations on new sites

- Insurance:

Group insurance policy covering damage to goods and lost business

7.3.7 Measures taken to safeguard and develop biodiversity

It goes without saying that actions described above aimed at limiting the use of resources and our impact on the environment also contribute to safeguarding biodiversity.

Nevertheless, the Group remains vigilant on this issue. When drawing up new manufacturing projects, efforts are made to include this criterion at the design stage. Good examples of such initiatives are provided by Paraguay, where the earth excavated for the construction of a future site was retained and re-used on the very same site; and Chile, where the site is integrated within a conservation area.

Lastly, as part of its Responsible Procurement policy, the Group has undertaken to map the location of its sand suppliers, with a view to identifying any high-risk areas in terms of biodiversity conservation and, if necessary, to implement appropriate corrective actions (see chapter 9.2, "Responsible Procurement").

8 SOCIAL POLICY

ACT FOR AND WITH ALL OF OUR EMPLOYEES

PAREX continues to grow while paying the closest attention to workplace safety conditions for each employee, ensuring that every site is a place of personal and professional development, of transparency and of a pleasant working environment. PAREX's Human Resources Department guarantees the Human Resources Policy within the Group.

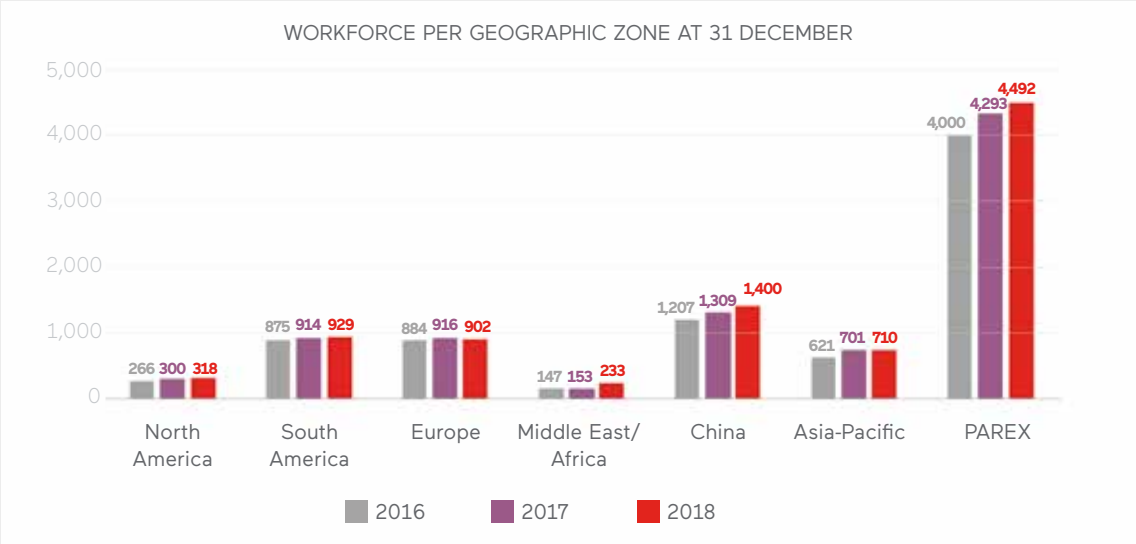
It is responsible for its implementation, coherence and control, in particular by means of regional HR seminars (two per year), participation in seminars organized by operational teams (especially manufacturing) and visits to Group sites in conjunction with local Human Resources teams.

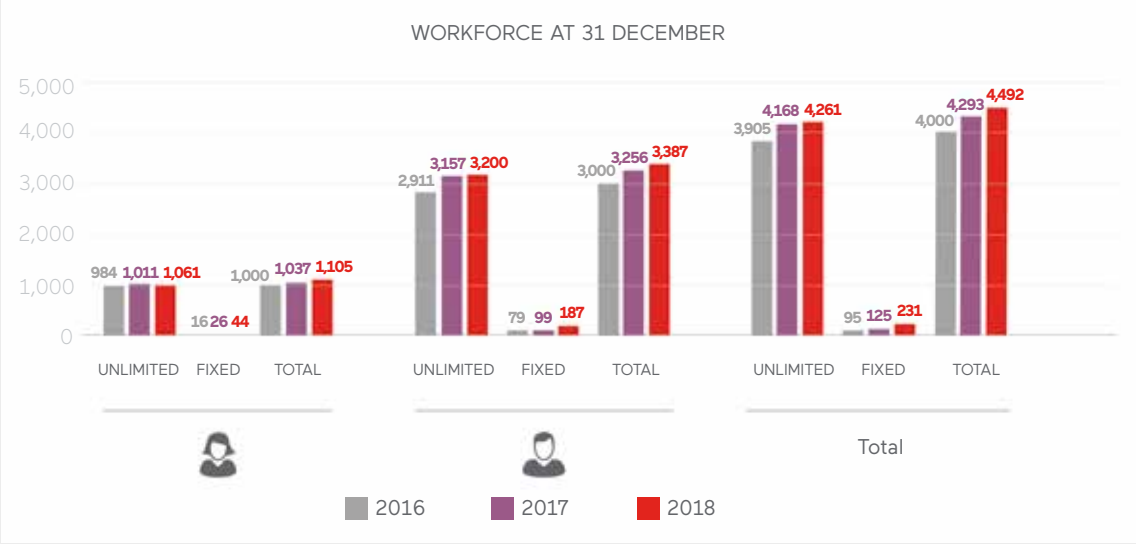
The Human Resources Policy is based on the following key points:

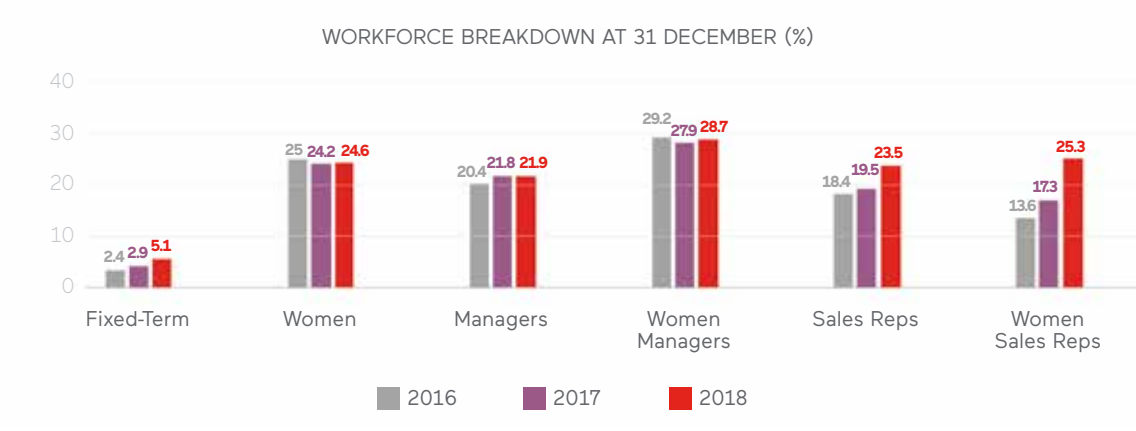
- encouraging the development of each individual in an organization where initiative and empowerment are actively encouraged,
- ensuring that the annual appraisal and career interview processes are correctly implemented, in order that each employee plays an active role in shaping his or her own career,
- delivering suitably adapted training plans,
- encouraging and implementing remuneration systems coherent with levels in markets in which the business operates and with individual and/or collective performance,
- working to eliminate all forms of discrimination and guaranteeing that social legislation is respected and applied throughout its businesses,
- preventing all forms of harassment and violence at the workplace, detecting any psychosocial risks and contributing to the deployment of the Safety culture within the Group.

To this end, internal regulations have been instituted in France and a harassment prevention committee consisting of employees and members of management is in place in order to investigate any cases that may be identified. Furthermore a psycho-social risk (PSR) prevention program was initiated in 2018 by CARSAT, the occupational health watchdog in France, with PAREX being selected to conduct a pilot study of its PSR assessment tool in the Rhône-Alpes region with a view to a national rollout after the test phase.

8.1 Workforce



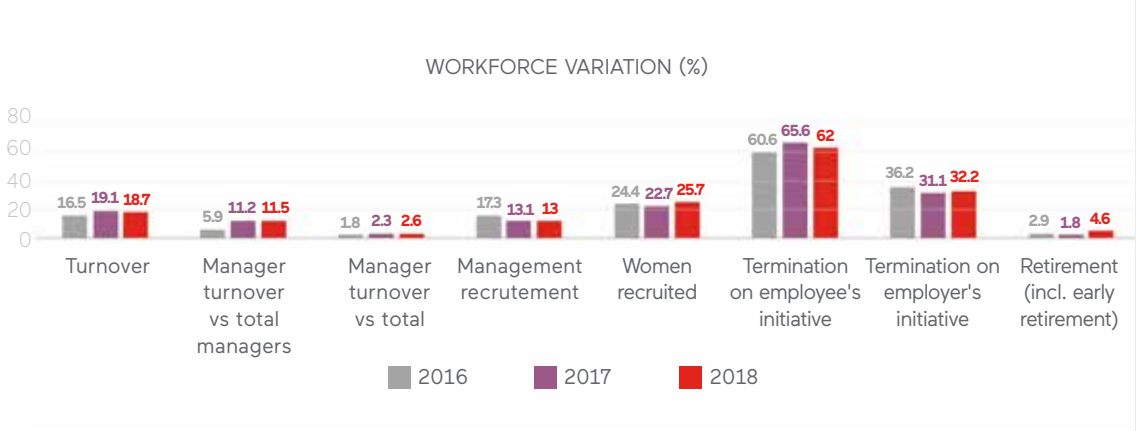


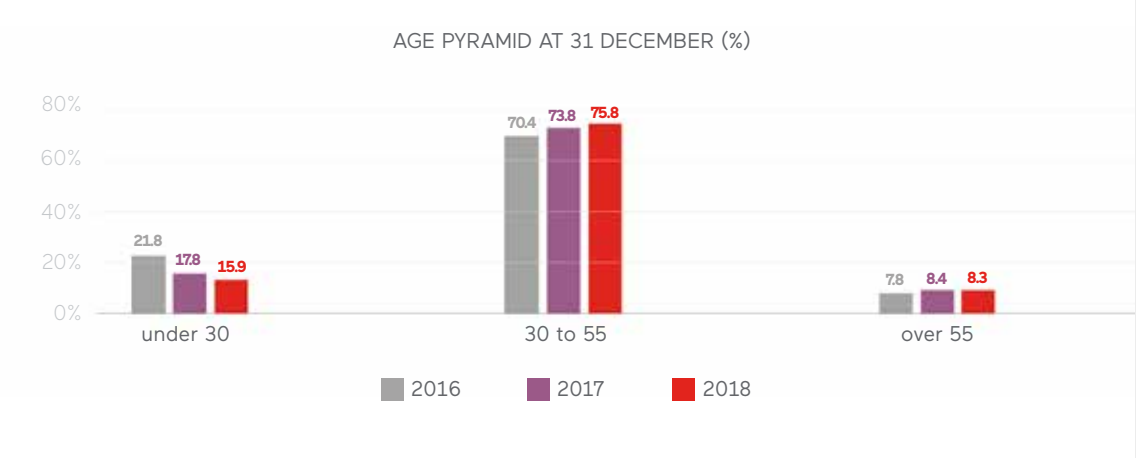


The evolution of employee turnover relates exclusively to changes in personnel on permanent contracts.

It includes recruitments, with the exception of movements within the Group, departures on the employee's initiative (resignation, termination of a contract before the end of the probationary period), departures on the employer's initiative (redundancy, termination of a contract before the end of the probationary period) and those relating to reorganizations and to deaths.

The rate of management turnover remains low at 2.5 %.





8.2 Development of a Safety culture and protection of employees' Health

Preserving people's health and safety is one of PAREX's core values. The Health and Safety Policy is the direct responsibility of the Group's Chairman and Chief Executive Officer.

On all of its sites throughout the world, the Group pays great attention to its employees' working and living conditions and their compliance with Health and Safety standards.

In China, all sites are now equipped with an online dust measurement system equipped with a sonic and visual alarm that is triggered when the maximum permissible limit is exceeded.

8.2.1 Health policy

On account of its industrial activity, the Group has identified 2 main factors that could have an adverse effect on its employees' Health and has thus implemented policies and action plans in order to mitigate these risk factors.

a. Reduction of dust emissions:

The rollout of the Systematic Dust Reduction (SDR) program launched in 2016 continued in 2018.

Three sets of actions have been taken in every country:

- Measuring dust levels. At the end of 2018, 62 sites (i.e. 85% of Group total) had implemented systematic dust measurement programs;
- Installation or upgrading of industrial equipment to reduce dust levels during transfer of materials and products and mixing operations, at the Argentine sites of Rosario and San Luis and the Thai site of Saraburi, renovation of the centralised suction systems has resulted in significant dust reduction;
- Changing teams' mindsets so as to reject the idea that dust is inevitable, following Australia's lead by enforcing a "Clean as you go" rule so that each successive shift team finds a clean working environment when it arrives.

At the Paviers site in France, a sand conveyor belt has been replaced by a screw feeder which enables dust to be eliminated as sand is conveyed.

Local regulations regarding acceptable dust levels vary from one geographic region to the next. The objective that will be pursued in 2019 is the creation of a Group standard common to all countries.

b. Reduction of risks associated with handling heavy loads:

The Group is also committed to reducing the risks relative to the lifting of heavy loads, focusing in particular on factory-based employees who are involved in product handling and packaging operations.

On the French site at L'Isle-sur-la-Sorgue, the preparation station has been completely overhauled and reequipped with ground-based pallet raisers, handling facilitation equipment and pallet inverters (providing easy access to bags at the bottom that may have been pierced by lifting forks) and discharge equipment for dust-free waste removal. Furthermore, the motors of power-driven equipment are located outdoors so as to reduce noise levels inside the premises.

• *A chiropractor visits the Wetherill Park site in Australia once a week to provide care and treatment to employees who request it.*

To this effect, material-handling equipment has been installed on several sites, including Manilla in the Philippines.

c. Other health-associated initiatives

In 2018, providing evidence of the Group's commitment to preserving the Health of its employees, PAREX conducted an inventory of all sites using crystalline silica, a product that can entail health risks if insufficient protection measures are taken. For the 3 sites identified, a replacement programme of this material in 2019 has been launched by the R&D teams.

PAREX also promotes the development of other Health risk prevention actions, even if they are not directly linked to the Group's own activities.

Several local initiatives demonstrate the group-wide commitment to preserving the Health and well-being of its employees:

- Breast and prostate cancer awareness campaigns in Argentina, Brazil and the United States,
- Road safety awareness campaigns in Brazil (Yellow May),
- Installation of defibrillators at all sites and provision of balanced breakfasts in Spain.

8.2.2 Safety policy

The Safety Policy, fully integrated into the management of the company, is based on three priorities:

a. Create a genuine safety culture within the Group:

The safety of the Group's men and women as well as their working conditions are as fundamental a concern as PAREX's economic success. Safety must therefore be a major element of each individual's behaviour. Each person is expected to set a good example and to show rigour and commitment.

PAREX's Safety Policy is based on five essential rules which are circulated and explained to all staff; i.e. Group employees (permanent and temporary) as well as subcontractors :

- Wearing personal protective equipment
- Compliance with traffic rules on sites
- Safe practices for lifting weights
- A place for everything and everything in its place
- Implementation of logout/tagout procedure before working on industrial equipment

The Group Safety Steering Committee, which meets three times a year, and all the senior management teams are heavily involved in initiatives to build and transmit the safety culture.

The Group's Safety Director is responsible for implementing and managing the policy throughout the Group. Safety Managers in each country manage the Policy at the local level according to the targets that have been set.

Each year since 2010, World Safety Day has given all sites an opportunity to further raise the awareness of teams so that safety forms part of everyone's day-to-day behaviour.

In 2018, the thematic scope of this day focused on Risk Prevention.

Several original initiatives were thus instigated:

- In France, awareness campaigns focusing on the risks associated with mobile telephone usage,
- For the second successive year, 40 Australian employees took part in a virtual "Walk Tasmania" challenge, taking a minimum of 10,000 steps per day in order to highlight the importance of regular physical exercise,
- Signed personal commitments on the "Safety Wall" by all members of staff in China and Chile,
- In India, simulation of the consequences of failure to wear hard hats.

b. Prevent accidents

An accident with lost time is an event that requires at least one day's sick leave following a consultation with a competent medical authority.

An accident without lost time is an event that requires less than one day's sick leave following a consultation with a competent medical authority.

In 2015, 35 accidents were recorded (26 with lost time and 9 without), 11 more than in 2017.

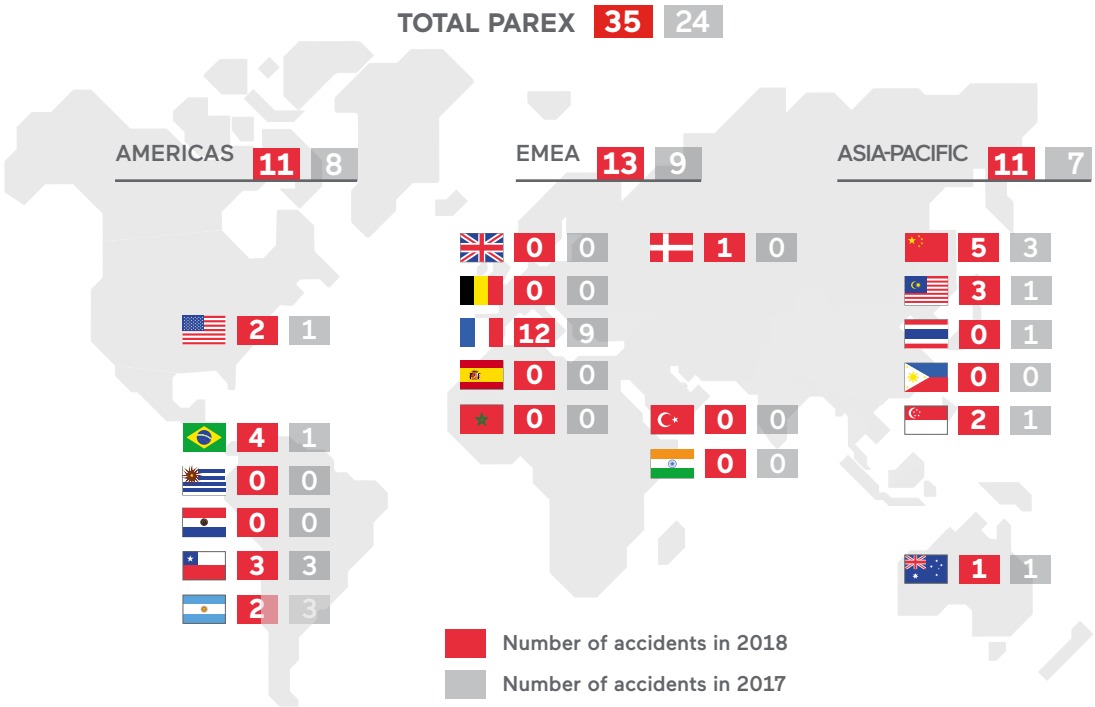
This increase is largely attributable to permanent members of staff.

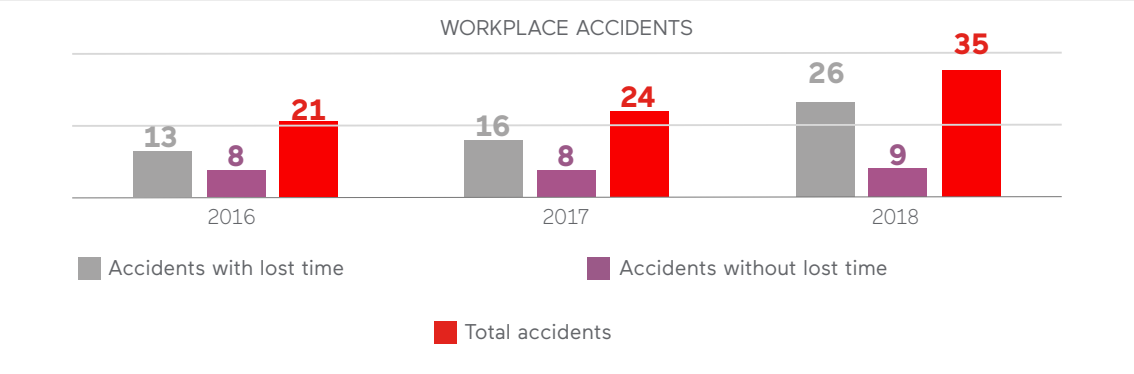
The TF1 frequency rate (number of lost-time accidents per million hours worked) rose from 1.7 in 2017 to 2.6 in 2018.

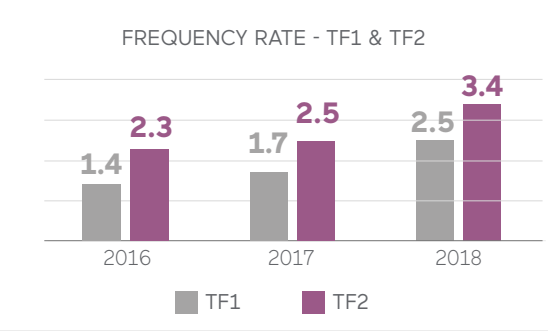
The TF2 frequency rate (number of accidents with and without lost time) rose from 2.5 in 2017 to 3.4 in 2018.

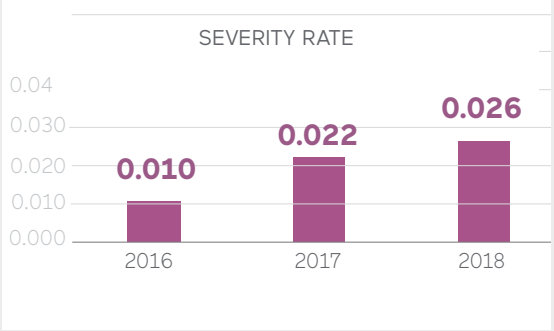
Meanwhile, the severity rate (number of days of sick leave due to work-related injuries per thousand hours worked) rose from 0.02 in 2017 to 0.03 in 2018, i.e. an average of 11 days' sick leave per accident.

NUMBER OF WORKPLACE ACCIDENTS



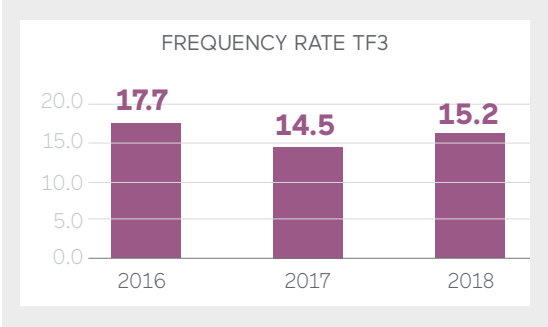






In every country, all accidents (whether with or without lost time) are subject to root cause analysis carried out jointly with the employee, the Safety Manager and the local Safety Committee in order to identify the corrective actions that need to be taken.

To improve still further in terms of accident prevention, since 2016 the Group has been monitoring and analyzing so-called "near misses" and also the administration of first aid. In all, 120 cases of first aid being administered and 266 "near miss" situations were identified throughout the Group in 2018.



The TF3 frequency rate (total number of accidents with and without lost time, including medical care and first aid, per million hours worked) came to 15.1 in 2018, a slight increase on 2017 (14.5).

More than 900 examples of "grass roots feedback" from French employees were identified in 2018. Two-thirds of which were concerned with the issue of Safety and 90% of which resulted in the implementation of improvement actions.

The Group works with all parties in the company, particularly the personnel representatives, to improve the safety of employees and safeguard their health.

In France, there is an action plan to prevent physical hardship. Following the publication in 2015 of decrees setting limits for exposure to factors of hardship, it was decided to review criteria for hardship on 2016, in conjunction with an external consultant. A survey that was conducted showed that 5.6% of PAREX employees were subjected to a factor of hardship.

Finally, the international community of in-house auditors known as Auditeurs+, set up in 2013, and the role of which is to improve the Safety management system by means of inter-site comparative audits, continued its actions.

Each audit is the object of a full report highlighting the key strengths and the areas in need of improvement, a report that is shared with the different countries.

In 2018, 31 comparative audits of this kind were carried out throughout the Group.

c. Take account of safety in our industrial approach:

The process of obtaining OHSAS 18001 certification for the Group's industrial sites has been under way for several years.

At the end of 2018, 53 Group sites were certified to OHSAS 18001, including all of the industrial sites in France.

Our British subsidiary PAREX UK is the first to have obtained ISO 45001 certification, the standard that is replacing OHSAS 18001, which is being phased out.

PAREX wishes to go beyond traditional certification procedures to ensure that every employee has a safe and secure working environment. During onsite safety inspections, a pair of observers watch an employee at his or her workstation and a dialogue is built up to make the employee being observed more aware of identified at-risk situations.

This makes each individual more involved, and a stakeholder not only in his or her own safety, but also in that of other people.

The Group endeavours to establish safety and environmental best practices right from the design phase of new plants (choice of sites, location of workshops, essential industrial safety equipment, etc.).

Since 2016, a manual providing safety and environmental guidelines to be followed when developing new plants has been made available in every country.

8.3 Career management, training and competency development

8.3.1 Training

The Training Policy has the following aims:

- helping new employees settle into the Company,
- maintaining and developing their skills in relation to the changing business environment and changes in the organization of the Company,
- supporting the deployment of the Compliance program,
- securing career paths and maintaining the employability of our employees.

Since 2016, the Human Resources Department has asked the countries to lay greater emphasis on in-house training programs.

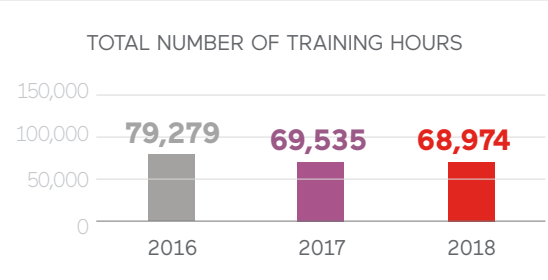
The HR Department has acquired an e-learning tool (360Learning platform) used first of all in France to provide on-line training in the use of sales tools as a back-up tool for face-to-face training sessions. It is also used to complement to product training and training in the Group's Compliance program.

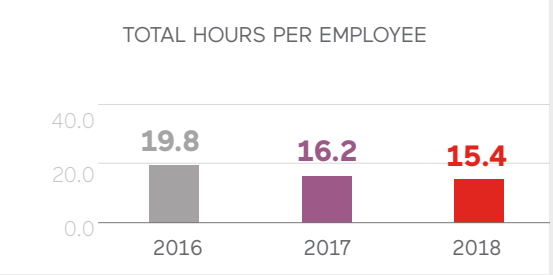
Group modules are also made available to all subsidiaries, with themes including new employee onboarding, Compliance issues (preventing corruption), use of the Galileo manufacturing information system and product marketing. In addition, each new Manager joining the Group is asked to follow the PAREX induction e-learning module.

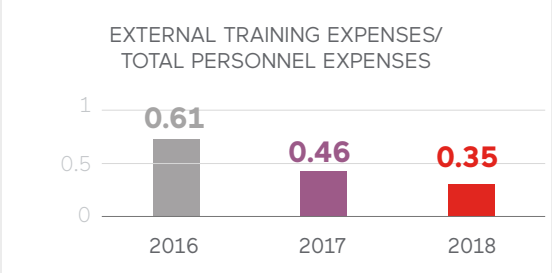
In France, 2018 saw the launch of a new training program dynamic for employees, with the development of an e-learning foundation program for the sales force, including Company Integration, Sales tools (CRM Tablet, Qlikview) and Sales Administration. This also coincided with the phasing out of the national sales techniques development program. Safety continues to be a major focus of the Training Policy, along with management coaching and personal and professional development for all members of staff. Finally, some 500 employees received corruption prevention training via the e-learning platform within the framework of its anti-corruption initiatives.

At the PAREX Innovation Centre at Saint-Quentin-Fallavier, 207 in-house trainees took part in theoretical and practical training in the application of Parexlanko products and solutions in 2018.

In China, e-learning modules – which are available for the past five years on the Group's website - enable employees to be trained and to evaluate their knowledge not only in technical areas, but also on more general themes, such as safety, marketing, etc.





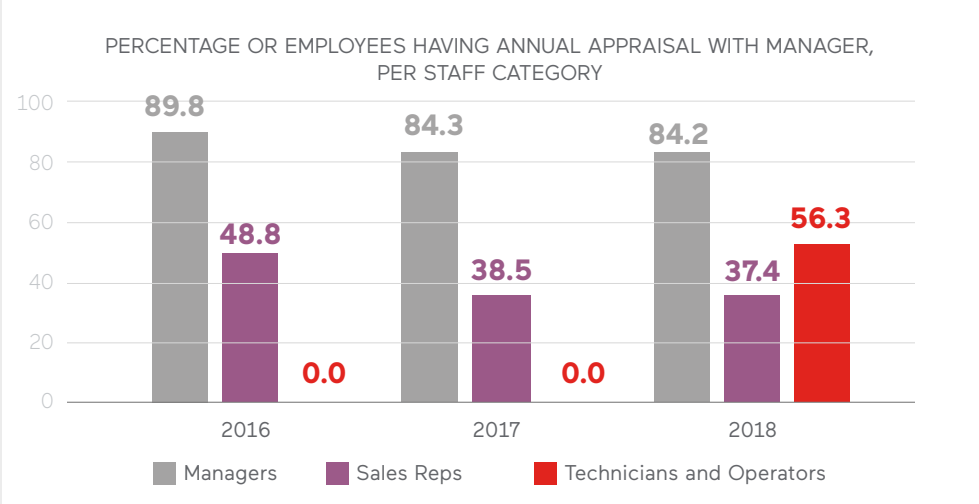


8.3.2 Annual appraisal interviews and career interviews

The annual appraisal interview is a key moment in the relationship between individual employees and their managers. It is a performance management tool that enables each employee to be aware of what is expected of them and to commit to priorities and objectives that are coherent with those of the company. It gives rise to a discussion on the individual's performance and achievement of the targets set at the start of the year, upon which the variable part of the remuneration is based. It is also the time when targets are set for the coming year.

In France, each employee is also entitled to request a formal interview with their manager at the beginning of the year to discuss their professional aspirations. This career interview ("entretien professionnel") provides the opportunity to discuss the individual's development and personal wishes and to identify training needs. This procedure is currently being rolled out to other countries in which the Group has established operations.

Since 2015, the proportion of management staff having had an annual appraisal interview with their immediate superior is greater than 80%.

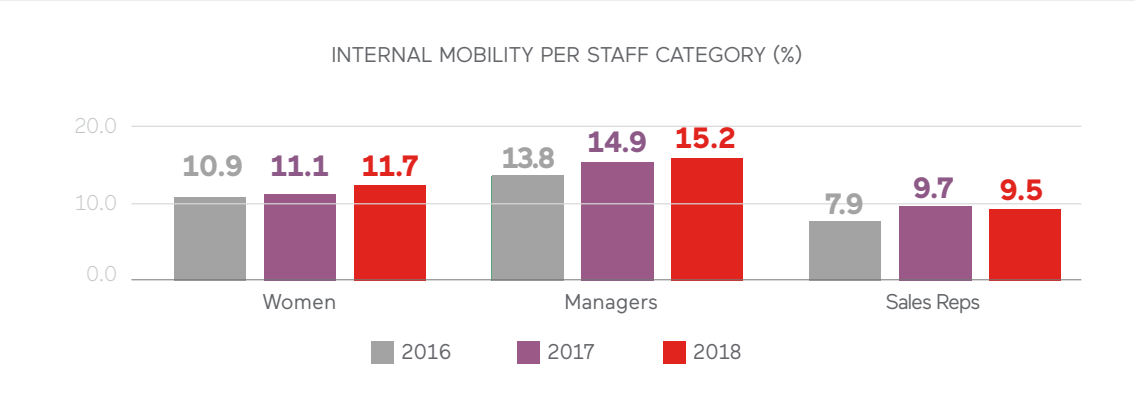


8.3.3 Career management and planning

A succession plan for managers is maintained by the Human Resources Department in order to foster career development and mobility within the Group.

The Group's human scale and its highly decentralized organization also make it possible to identify talents internally and to encourage them to develop by taking advantage of opportunities offered by the growth strategy. The Human Resources Department actively promotes in-house mobility, which has been on the rise since 2016.

A collective agreement on strategic workforce and competency planning was signed in 2018. By means of this agreement, the parties expressed their joint willingness to foster opportunities for voluntary functional and geographical mobility within the company and to consider such opportunities as the best means of adapting workforce requirements to situational and structural changes, establishing direct links between the different professions within the company and the training policy.



8.3.4 Work/Study programs and Internships

In France, PAREX has undertaken a certain number of engagements vis-à-vis young adults (i.e. under 26) and seniors (i.e. 57 and over) within the framework of a Generational Bridging Agreement entered into in 2016: Thanks to this agreement, new arrivals are tutored by senior members of staff, thus ensuring a meaningful transfer of knowledge and know-how.

Every year, PAREX welcomes young people in France on work/study programs for periods of 12 or 24 months. These contracts have a number of aims:

- to enable young people to acquire skills and thereby gain proven experience,
- to transfer know-how over a long period, creating ambitions and having the opportunity to prepare future employees,
- to comply with the legal requirement of taking on and training the equivalent of 4% of its workforce with young people on contracts of this type.

Some interns are offered contracts on a Volunteer for International Experience (VIE) program, allowing them to gain a taste of working abroad.

8.4 Remuneration

PAREX's Remuneration Policy is based on the following 3 principles:

- Compliance with applicable regulations and the minimum contractual salary in force,
- Recognition of individual and collective performance,
- Ensuring fairness internally.

Variable remuneration systems that depend on both individual and collective results have been introduced. The Group's executive leaders all benefit from the same bonus scheme.

The Human Resources Department carries out benchmarking from time to time to ensure that its remunerations are in line with those of the market.

Each year, negotiations conducted within the Group lead to the conclusion of a number of local collective bargaining agreements.

In 2018, eighteen such agreements relating to remuneration were signed across the Group.

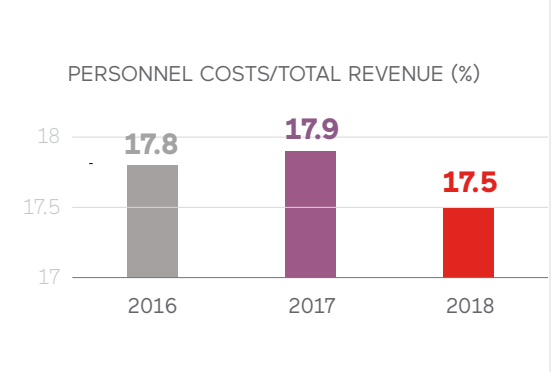
Personnel costs as a ratio of total revenue have remained largely constant over the last three years.

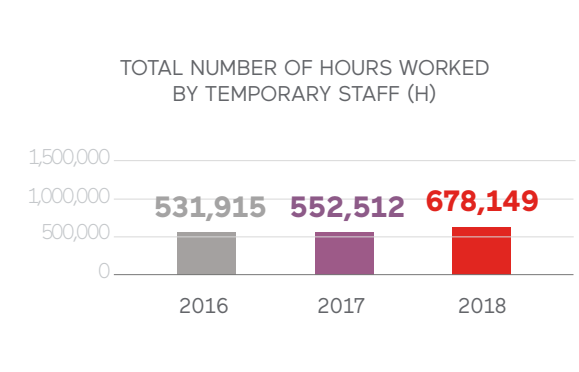
8.5 Work organization

PAREX ensures that its operations are in compliance with the requirements of local regulations with regard to labour law.

Continuous improvement in organization and working conditions is a key priority in the Group's Human Resources policies. This Policy respects and promotes the Group's values.

The use of temporary employees rose between 2017 and 2018 in order to meet needs resulting from business expansion.

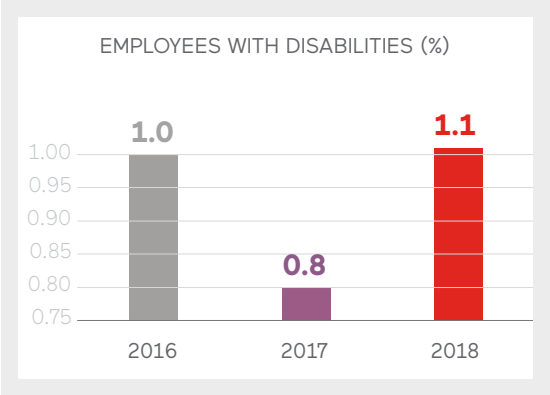




8.6 Diversity

The diversity of employees who work together and share the same objectives is one of PAREX's strengths.
Any discrimination based on race, religion, sex, nationality, disability, age or any other discriminatory characteristic is strictly forbidden.
PAREX supports non-discriminatory practices in terms of employment, and practices equal opportunities in the recruitment process and in the professional development of its employees.
In France, these commitments are incorporated into the Company's internal regulations and in rules on the prevention of harassment (signature of the Harassment Prevention Plan in 2012).
Beyond the legal obligation of ensuring that people with disabilities make up 6% of its workforce, PAREX expresses its commitment in France in the form of a stated objective of taking full account of disability issues in the company. This commitment is presented in a brochure for all employees intended to inform and educate them.

By way of example, a campaign promoting the integration of workers with disabilities, "Handi-Cap ou pas Cap?" (Disabled or Unable) has been highly successful.
In 2018, PAREX France was exempted from payment of the annual compensatory tax paid to the disabled employment fund manager, having intensified its efforts in helping and supporting people suffering from temporary disabilities. Further actions will be taken once again in the coming years to facilitate the employability of workers with disabilities. The benefits of such measures will undoubtedly ensure that our compensatory tax obligations remain at the lowest possible level.
In Spain, PAREX has continued its partnership with FEMAREC, a company employing people with disabilities for the purpose of subcontracting.
In 2018, over the whole Group, the proportion of people with disabilities among all employees stood at 1.1 %.



8.7 Freedom of association

PAREX undertakes to respect the requirements of local regulations and to allow free access to bodies offering employee representation, consultation and social dialogue. The Company strives to establish fair, transparent and constructive relations with employees and their representatives, and tolerates no discrimination or harassment towards an employee who chooses or does not choose to join a trade union.
In 2018, 21 collective bargaining agreements were signed with trade unions throughout the Group.

9 SOCIAL ENGAGEMENT TO FURTHER SUSTAINABLE DEVELOPMENT

ANCHOR OUR SITES IN THEIR TERRITORIES

A key aspect of PAREX's social commitment is found in its relations with local communities.

The Group has a desire to provide support for education, culture, local initiatives and the integration of people in difficulty through its commitment to anchoring its sites in their territories.

9.1 Stakeholder relations and means of dialogue

The Sustainable Development program developed by PAREX takes full account of the environmental and social impacts of its activities on all stakeholders at each and every level of the value chain.

Interactions with stakeholders take many different forms and have a variety of aims:

- Listening - in order to pick up on customers' needs and thus anticipate business and market trends and regulatory requirements but also to manage risks and identify opportunities;
- Discussing - in order to involve stakeholders: e.g. collective bargaining agreements involving employees, supplier and university partnerships, relations with local authorities;
- Contributing to development by leading partnership projects in the field of construction and housing: supporting local associations, humanitarian aid programs, ...

The key themes of interactions with Group stakeholders are presented in the table below:

KEY STAKEHOLDERS	KEY THEMES
Employees	Remuneration, working conditions, safety commitments, skills development, diversity, integration
Customers and Expert channels	Provision of quality products, innovative solutions, business integrity
Shareholders and Investors	Governance, risk management
Suppliers	Business integrity, long-term relations, sustainable supply, Responsible Procurement Charter, supplier assessment on non-financial criteria
Local communities and organizations	Quality of life, social impact, corporate sponsorship, dialogue and education
Universities	Cooperation for research and innovation, long-term partnerships
Public authorities	Social and economic impact, integrating sites in their local environments, dialogue and education

9.2 Responsible procurement

Group purchases can be divided into 2 main families: global purchases and local purchases.
Global purchases account for approximately 40% of total purchases. Our suppliers are international providers from the cement industry, the chemical industry and packaging. Local purchases are primarily made up of raw materials for which transport costs are prohibitive compared to production or extractions costs (in particular sand).

PAREX involves its suppliers and subcontractors in its Building Responsibly initiatives.
The Group's Responsible Procurement Charter, reviewed and revised in 2017, consists of two main strands:

- the exemplary nature of behaviour shown by PAREX teams to their suppliers,
- consideration of suppliers' own commitment to comply with social, environmental and health & safety regulations at all times and to be beyond reproach in terms of ethical responsibility.

In 2018, this Charter was signed by 178 suppliers representing 41% of Group purchases.
Our target for the end of 2020 is to achieve a level of 80% of Group purchases.

To enhance this process even further, PAREX, in partnership with EcoVadis, took the decision in 2017 to initiate a third party assessment of the non-financial performance of its suppliers.
This assessment is based on a set of 21 CSR indicators covering 4 themes: Environment, Equitable working conditions, Professional Ethics and Supply chain management.
At the end of 2018, 63 suppliers representing 35% of Group purchases had been assessed and achieved an average score of 51 out of 100 (against the mean average EcoVadis score of 42). This assessment is part of a continuous improvement process. Thus, suppliers who do not attain the minimum score set by PAREX are required to implement specific corrective actions agreed with the PAREX teams.

The target for the end of 2020 is to have assessed a supplier panel representing 60% of Group purchases.

Furthermore, PAREX has reinforced its checking process of the operating licenses of all strategic suppliers. This reinforcement follows the identification of risks of interruption of supply, especially in China, related to the tightening of controls of companies' compliance with local business regulations by the Chinese authorities.

Last of all, PAREX has initiated specific actions aimed at assessing risks associated with sand suppliers.
To this effect, the Group has drawn up a map of all sources of sand procurement for all of the countries in which it has established operations, with an objective of precisely identifying its suppliers' sand extraction sites. Initially, this information is compared with available public data in order to identify suppliers or extraction sites that present a potential risk in terms of environmental protection, biodiversity conservation and human rights. Wherever necessary, additional local assessments will be conducted. This work will continue in 2019.

9.3 Territorial impact on jobs and regional development and on neighbouring and local populations

The impact of the Group's economic activity and the activity generated by the use of the products it distributes is primarily local.

The manufacture of PAREX products is essentially local. Furthermore, on several of its sites, PAREX is one of the principal employers in the region.

Similarly, the raw materials used in the industrial processes are essentially local, and thus help create a local supply chain.

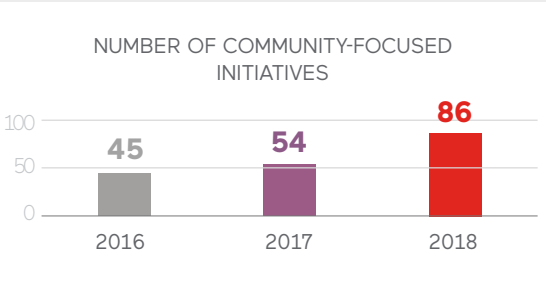
PAREX strives to maintain constructive relations with the authorities and with local stakeholders. For this reason, an annual exercise in industrial crisis management is organized on French sites to verify and improve the procedures in place. In 2018, this operation took place on the Portet-sur-Garonne site.

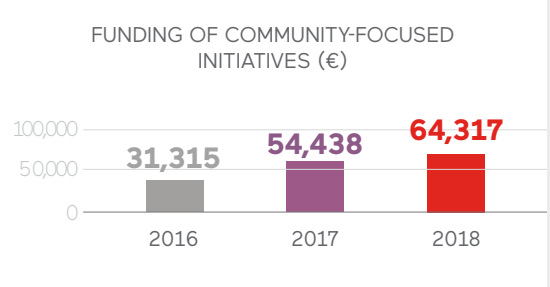
9.4 Actions supporting education, underprivileged communities and partnerships

In 2018, PAREX continued to develop its community-focused initiatives in several areas:

a. Education:

- Donation of products for the construction of schools in Argentina, Chile and Brazil,
- Support for hardship-affected students in China to enable them to complete their study programs, within the framework of the "Hope School" program,
- For the second year running, support for "A Tale for Every Child", a charitable association aimed at promoting reading in Spain
- Support for child protection associations in Thailand, the Philippines (TNK Foundation) and Australia (The Smith Family).





b. Underprivileged populations and people suffering hardship:

- Support for the "Bonnie Support Services" Foundation, providing safe transitional housing for women who have been the victims of domestic abuse in Australia,
- Counselling and assistance for patients suffering from terminal illnesses in Malaysia

c. Partnerships:

- Partnership with the Construction 21 social media platform for the fifth year running in the context of the Green Building Awards for the promotion of innovative and sustainable building solutions.
- Partnership with ACRES, an environmental protection organization in Singapore, for saving endangered animal species.

10 BUSINESS INTEGRITY

PAREX has drawn up a Code of Conduct in five languages, distributed early in 2016 to all Group employees and revised in January 2018.

The Code of Conduct sets out our values and aims in terms of social and environmental responsibility, along with our principles of business ethics:

- Compliance with the law and Internal Rules
- Fair competition
- International trade controls
- Anti-corruption
- Conflict of interest
- Confidential business information

With regard to business ethics, PAREX's policy is to reject all forms of corruption under all circumstances.

The General Managers of each PAREX entity are responsible for ensuring that the Code of Conduct is understood, accepted and applied within the organization that they manage. At Group level, a Compliance Coordination Committee is responsible for monitoring and reviewing the Code of Conduct. The Committee defines priorities, creates or sources appropriate tools (maps, policies, training, etc...) with a view to sharing these with all Group entities, monitors regulations and reports to the audit committee each year. The Compliance Coordination Committee convened for 5 meetings in 2018.

In April 2018, the role of Chief Compliance Officer (CCO) was created and entrusted to the Group's Legal Director.

The anti-corruption measures implemented by the Group now include a new alert mechanism launched in November 2018 - the "PAREX Integrity Line". This is a secure digital report platform hosted by an independent external service provider. This platform guarantees the confidentiality of any reports submitted, enables them to be processed and easily tracked, thus providing an indicator of number of reports per country per subject. Access to this platform is open to all stakeholders (https://parex.integrityline.org/). The Managing Directors and Financial Directors of each country have been informed of the availability of this report system and are responsible for ensuring that everyone within their scope of responsibility is informed of its existence.

As of 17 January 2019, a total of 1,974 visits to the platform had been recorded, with 50 clicks on the "Submit a report" button; to date however, no actual incidents have been reported. An alternative telephone hotline option is also available in the United States, with, once again, no incidents having been reported at the time of writing.

PAREX also works on educating its employees with input from across the Group. In addition to local initiatives driven by HR teams, two awareness sessions organized by the Legal Department were delivered to the CFOs of the Group's entities in April 2016 and March 2018.

During 2018, the Group launched an e-learning program on the subject of controlling bribery and corruption, available in French and English. By the end of the year, 369 management and non-management staff had successfully completed the program.

In order to monitor subsidiaries' efforts in terms of training on Compliance issues, the Group decided in 2017 to implement a half-yearly indicator. Thus, in 2018, 2033 employees (managers, sales reps, technicians and workers) received a total of 2707 training hours within the Group's subsidiaries.

By way of example, in Brazil, a day was set aside in November 2018, on all sites, to raise employee awareness of the issue of Compliance.

As stated earlier, in chapter 9, the supplier evaluation process via the EcoVadis platform includes the issue of Professional Ethics as one of its assessment criteria.

11 REPORTING PROCEDURES

11.1 Scope and methods of consolidation

The environmental and social data contained in this document meets the new EU regulatory requirements for the publication of a corporate report on Non-Financial Performance, as stipulated by Order n° 2017-1180 and Decree n° 2017-1265, replacing Directive 2014/95/UE of the European Parliament and Council dated 22 October 2014, pertaining to the disclosure of non-financial information.

The obligation to publish such information is borne by ParexGroup SA, a French company wholly-owned by Financière Dry Mix Solutions SAS, a French company holding the rights to all activities in the different global geographic areas in which the Group has established operations.

ENTITÉ	PAYS
Financière Dry Mix Solutions SAS	France
Mortero (Algeria)	Algeria
Spinna Argentina	Argentina
ParexKlaukol SA (1)	Argentina
Dry Mix Solutions Pty Ltd	Australia
ParexGroup (Australia) Pty Ltd	Australia
ParexGroup Belgium Bvba	Belgium
ParexGroup Nv	Belgium
ParexGroup Brasil Industria e Commercio (2)	Brazil
Quimicryl (3) (4)	Brazil
ParexGroup (Chile) Itda	Chile
Suzuka International Shanghai Co ltd	China
Suzuka International Shijiazuang Co ltd	China
Parex China (Shanghai) Management Co Ltd	China
Home of Heart (Shanghai) E-Commerce Co Ltd	China
ParexDavco Guangzhou Management Co Ltd	China
ParexDavco Guangzhou Co Ltd (5)	China
Dry Mix Solutions Aps	Denmark
Skalflex A/S	Denmark
Dry Mix Solutions Investissements SAS	France
ParexGroup Participations SAS	France
ParexGroup SA	France
Parex China Ltd	Hong Kong
Suzuka International	Hong Kong
Apurva (India) (6)	India
ParexGroup (Malaysia) Co Ltd (7)	Malaysia
Sodap Maroc SA	Morocco
*ParexGroup Pty Ltd	New Zealand
ParexGroup Paraguay	Paraguay
ParexGroup Philippines Inc	Philippines
ParexGroup Llc	Qatar
ParexGroup (Singapore) Pte Ltd	Singapore
ParexGroup Iberica SA	Spain
ParexGroup Morteros SAU (8)	Spain
Davco Holding Thailand	Thailand
ParexGroup (Thailand) Co Ltd	Thailand
ParexGroup (Turkey) AS	Turkey
Dry Mix Solutions Ltd	UK
Parex Ltd	UK
*EIFS Ltd	UK
*Easipoint Marketing Ltd	UK
ParexGroup Uruguay	Uruguay
ParexGroup North America Inc	USA
Parex USA Inc	USA
A&P Construction Chemicals Joint Stoc Company (9)	Vietnam

*dormant companies

1) including VDP Logistica SA (100%)

(2) including *ELN Parex Comercio de Materiais de Construçao (100%)

(3) including P.J. Empresa Imobiliaria Itda (100%) and J.P.J. Participaçoes Itda (100%)

(4) acquisition completed in December 2018

(5) including 9 Chinese entities: ParexDavco Chengdu Co Ltd, ParexDavco Dongguan Co Ltd, ParexDavco Nanjing Co Ltd, ParexDavco Quanzhou Co Ltd, ParexDavco Shanghai Co Ltd, ParexDavco Shijiazhuang Co Ltd, ParexDavco Wuhan Co Ltd, ParexDavco Guangdong New Material Co Ltd, ParexDavco (Changsha) Co Ltd

(6) Acquisition of the "Second Tranche" of 10% on 15th January 2019

(7) including *Supracoat Suprachem Sdn Bhd (100%) and *Davco Latimal Novabond Sdn Bhd (100%)

(8) including *Cotegran Morteros SL

(9) acquisition completed in December 2018

In order to provide the best possible information, data presented in the non-financial performance report relates to the activities of the parent company Financière Dry Mix Solutions SAS, its subsidiaries, as described in article L. 233-1 of the French Code of Trade, and all companies that it controls (article L. 233-3) , the complete and combined set of entities being referred to in this report as PAREX or The Group.

Data pertaining solely to ParexGroup SA is specified at the end of the report.

This document does not provide environmental and social data for A&P Construction Chemicals Joint Stock Company (MOVA) in Vietnam, nor for Quimicryl in Brazil, these companies having been acquired by the Group at the end of 2018 and thus too late to allow for an exhaustive collection and reliable consolidation of such data. The companies of the PAREX group that are included in this report are listed hereafter and are all directly or indirectly owned by Financière Dry Mix Solutions SAS:

For each of the three pillars of Sustainable Development (i.e. Economic, Environmental and Social), this document describes the main challenges that the Group is faced with, the policies and actions implemented during 2018 and also the results of these initiatives.

Given that PAREX's activities are not are not directly associated with actions aimed at combating food waste, eradicating hunger, preserving animal welfare and promoting responsible, fair and sustainable food consumption, no information is provided here on these issues.

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11.2 Responsibility and controls

The production of social data is the responsibility of local Human Resources Managers, and consolidation is carried out by the Group Human Resources Department and the Director of Safety and Sustainable Development.

The production of environmental indicators is the responsibility of local Safety and Environment Managers, and consolidation is carried out by the Group Director of Safety and Sustainable Development.

The production of economic indicators is the responsibility of the Finance Department and the Marketing Department.

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12 PAREXGROUP SA KEY INDICATORS

12.1 Social indicators

Human Resources indicators	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
WORKFORCE			
PAREXGROUP S.A.	**694**	**720**	**709**
of which permanent contracts	663	682	675
of which permanent contracts (%)	96	95	95
of which fixed-term contracts	31	38	34
of which fixed-term contracts (%)	4	5	5
of which women	201	213	210
of which women (%)	29	30	30
of which men	493	507	499
of which men (%)	71	70	70
Joined the Group	**73**	**87**	**51**
of which women	30	35	20
of which women (%)	41	40	39
of which fixed-term contracts	32	35	21
of which fixed-term contracts (%)	44	40	41
Left the Group	**61**	**61**	**84**
of which women	18	22	23
of which women (%)	30	36	27
of which redundancies	4	8	10
of which redundancies (%)	7	13	12
Breakdown of employees by facility			
Isle-sur-la-Sorgue	72	75	73
Issy-Les-Moulineaux	129	134	133
Malesherbes + Ludres (2016)	89	95	91
Noisy	9	9	9
Paviers	87	88	89
Portet-sur-Garonne + Bègles	88	88	86
Saint-Amand	78	79	75
Saint-Pierre-de-Chandieu	76	80	83
CIP Research Laboratory, Saint-Quentin-Fallavier	66	72	70

Human Resources indicators	**2016** Dec. 31	**2017** Dec. 31	**2018** Dec. 31
WORKFORCE			
Breakdown of employees by age			
Under 26	37	43	34
26 to 35	143	142	141
36 to 45	211	209	207
46 to 56	223	206	209
Over 57	80	120	118
Personnel costs as a ratio of sales (%)	**18.60**	**18.30**	**18.40**
Absenteeism (%)	**1.80**	**1.94**	**1.81**
Training			
Number of employees taking part in at least one training program	539	504	657
% of employees taking part in at least one training program	78	70	83
Average number of hours of training per employee	25	10,3	8,5
Total number of hours of training	13,874	10,710	11,597
Expenditure on external training as a % of payroll	1.2	0.8	0.8
Trade unions			
Number of trade unions agreements signed	3	3	2

NB:

- data for departures concerns both fixed-term and unlimited-term work contracts

- data for absenteeism does not include leave of absence for long-term illness, occupational accidents, maternity/paternity/parental leave, long-term training leave or sabbatical leave

12.2 Safety indicators

	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
Human safety (2)			
Number of workplace accidents with at least 1 lost day	5	7	10
Number of workplace accidents with no lost days	1	2	2
Frequency rate of lost-time accidents	4.3	5.9	8.3
Frequency rate of accidents with and without lost time	5.1	7.5	10
Severity rate	0.04	0.11	0.12
% of industrial sites with OHSAS 18001 certification	100	100	100

(2) scope including employees, temporary staff and subcontractors

12.3 Environmental indicators

	2016 Dec. 31	2017 Dec. 31	2018 Dec. 31
% of industrial sites in France subject to an environmental audit	100%	100%	100%
% of industrial sites in France with ISO 14001 certification	100%	100%	100%
Waste generated (% of production tonnage)	0.92	0.84	0.86
Consumption of energy (TJ)	66.2	70.2	70.1
CO_2 emissions (T) (1)	243,800	243,800	243,800
Water consumption (m^3)	13,792	12,762	14,954

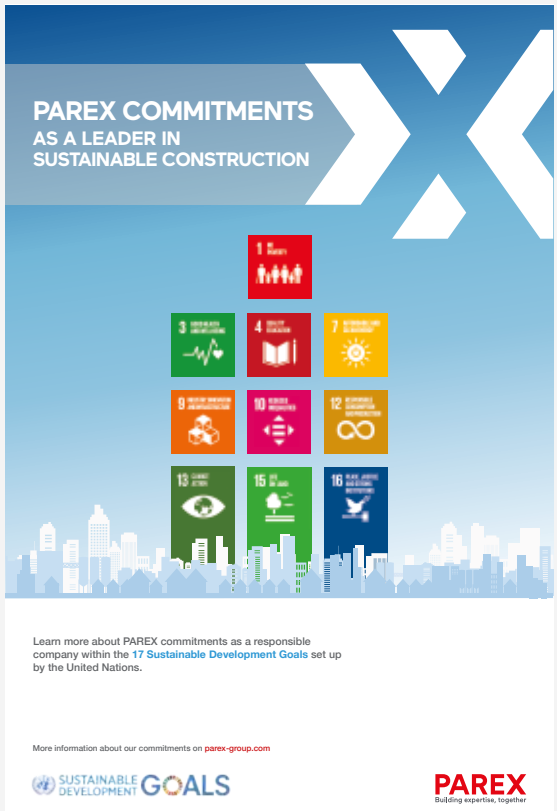
(1) Carbon assessment performed in 2016 by Carbone 4

13 PAREX'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

At the end of 2015, 193 countries adopted the United Nations' 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) with a combined total of 169 targets. Officially coming into force on 1 January 2016, the SDGs are a global call to action aimed at eradicating poverty, protecting the planet and ensuring prosperity for all. The involvement of all stakeholders (governments, civil society, the private sector, citizens) is absolutely essential in ensuring that these Goals are achieved.

Having taken the decision to mobilize its efforts to participate in this historic program, PAREX has evaluated its involvement by taking each SDG in turn and identifying the nature of its contribution, i.e.:

- Strategic, linked to a priority engagement in terms of social and environmental responsibility,
- Direct, resulting from deliberate, voluntary actions,
- Indirect, resulting from the Group's activities.



	Act for and with all of our employees	Innovate to contribute to Sustainable Development	Reduce our environmental footprint	Anchor our sites in their territories
1 NO POVERTY				indirect
2 ZERO HUNGER				indirect
3 GOOD HEALTH AND WELL-BEING	strategic			
4 QUALITY EDUCATION	strategic			
5 GENDER EQUALITY	direct			
6 CLEAN WATER AND SANITATION		strategic		
7 AFFORDABLE AND CLEAN ENERGY			strategic	
8 DECENT WORK AND ECONOMIC GROWTH	strategic			direct
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		strategic		
10 REDUCED INEQUALITIES	strategic			indirect
11 SUSTAINABLE CITIES AND COMMUNITIES		strategic		indirect
12 RESPONSIBLE CONSUMPTION AND PRODUCTION			direct	
13 CLIMATE ACTION			strategic	
14 LIFE BELOW WATER			indirect	
15 LIFE ON LAND			indirect	
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	direct			direct
17 PARTNERSHIPS FOR THE GOALS	direct			direct

Contribution : strategic direct indirect

Examples of our contributions to the Sustainable Development Goals:

Preserving people's Health and Safety is one of PAREX's core values. The Health and Safety Policy is the direct responsibility of the Group's Chairman and Chief Executive Officer. On all of its sites throughout the world, the Group pays great attention to its employees' working and living conditions and their compliance with Health and Safety standards.

In terms of Safety, actions undertaken by the company have led to a substantial reduction in the accident frequency rate (i.e. number of accidents with lost time per million hours worked) from 6 in 2008 to 2.5 in 2018.

In terms of Health, actions have been undertaken to reduce on-site dust and mitigate risks associated with the handling of heavy loads. Free vaccinations are also provided in several countries in which the Group operates.

PAREX has established a stringent policy of product innovation aimed at meeting the needs of the people who apply them while also taking care to protect the Environment. The Group has set out two ways in which it will fulfil its commitments to these issues:

- Strengthening the role of eco-design in new product development, and developing new solutions for furthering sustainable construction
- Making customer Health & Safety core priorities.

By way of example, to improve the working conditions of building professionals on jobsites, PAREX continues to develop dust-free and lightweight mortars, which reduce risks for users. A new 3-in-1 hydraulic mortar UNITE, used in the creation of External Thermal Insulation systems, was launched in France in 2017. This is easier to use and quicker to apply than its predecessors (one single product for all worksites and sprayable in one single coat), UNITE is also a more cost-effective solution since leftover products can be transferred from one worksite to the next.

The Group is also engaged in a number of R&D partnerships sponsored by the French Environment & Energy Management Agency, ADEME, aimed at producing thermal and phonic insulation mortars containing aggregates of plant origin. In this respect, PAREX is one of the founding members of the AMBIOS industrial chair and contributes in this way to the structuring of agricultural channels by promoting the use of bio-sourced aggregates in the building industry.

Following on from the Paris Agreement signed in

December 2015, and in no doubt about the need to take action, PAREX decided to commit itself further to the combat against climate change through the PAREX Climate Program.

Since 2016, audits of our greenhouse gas emissions have been carried out in 18 of the 22 countries in which the Group operates. Several actions have been implemented to reduce these emissions, most notably the sourcing of sustainable raw materials and the optimization of our manufacturing processes and logistic operations. Between now and 2023, the Group has set a target of reducing its emissions by 20%.

For residual emissions, an internal carbon price system has been introduced. Between 2017 and 2021, it will cover 100% of greenhouse gas emissions resulting from travels and 30% of the energy consumption of our plants. This budget will be used to fund ecosystem restoration projects (agroforestry and reforestation) led by PUR Projet in and around the countries where the Group operates. By 2021, PAREX will have contributed to the plantation of more than 250 000 trees worldwide.

With regard to business ethics, PAREX's policy is to refuse all forms of corruption under any circumstances.

PAREX has drawn up a Code of Conduct in five languages, distributed early in 2016 to all Group employees and revised in January 2018. The Code of Conduct sets out our values and aims in terms of social and environmental responsibility, along with our principles of business ethics:

- Compliance with the law and Internal Rules
- Fair competition
- International trade controls
- Anti-corruption
- Conflict of interest
- Confidential business information

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