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# **Extra-Financial Performance Declaration**

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**March 2021**

## **1. Presentation of the Cromology's activity**

### **a. Description of activity**

Cromology is a European decorative paints company. The group designs, manufactures and distributes a wide range of paints and other decorative products for professionals and DIY users. It distributes innovative products in more than 50 countries around the world, with a direct presence in 8 of them (Belgium, France, Italy, Luxembourg, Morocco, Portugal, Spain and Switzerland).

Throughout its 270 years of history, Cromology has acquired a recognized expertise in the field of decorative paints. Cromology's commercial brands stand for its professionalism, its technical and aesthetic know-how and its capacity for innovation (25% of our revenue was generated with products released in the last three years).

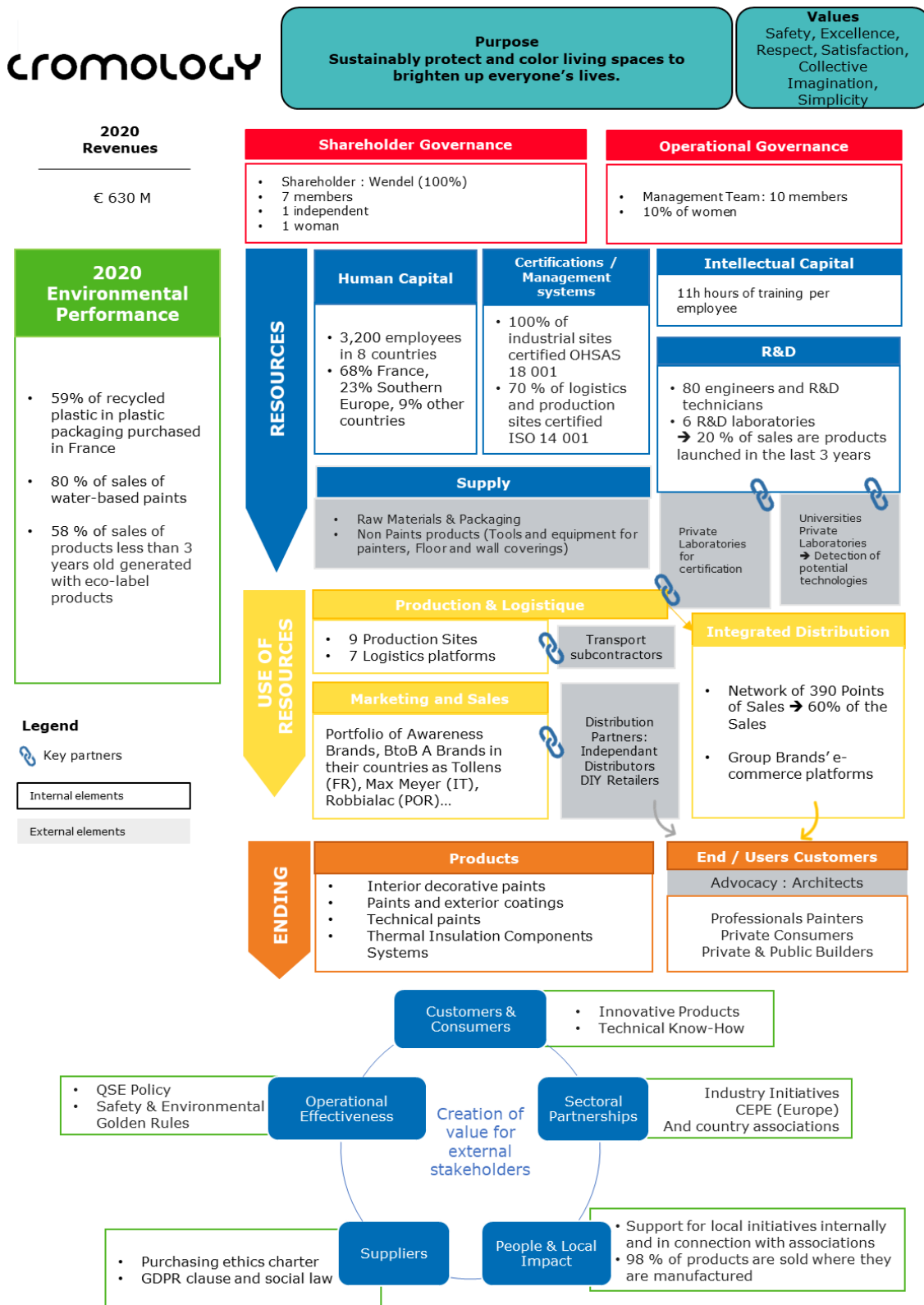
Thanks to a high-value customer experience and quality products offering the best value for money, Cromology aims to develop its presence in the decorative painting industry, especially in Europe, while doing the most to minimize the environmental impact of its operations.

In 2020, Cromology has redefined its purpose as:

**Sustainably protect and color living spaces to brighten up everyone's lives.**

This purpose is meant to guide and motivate everyone at Cromology on a daily basis for the benefit of all our stakeholders.

## b. Business Model



## 2. Materiality Matrix

Cromology CSR roadmap (described hereunder chapter “Cromology’s 2023 Vision”) reflects the material topics derived from a materiality matrix. This matrix (established in Feb .2021) includes both risks and opportunities regarding Cromology sustainable engagements.



- 1. HUMAN RESSOURCES**
1. Talent management & training
  2. Well-being & quality of life at work
  3. Labour relations
  4. Employee engagement & attractiveness
  5. Diversity, inclusion & equal treatment
  6. Employees' working conditions and workplace safety
  7. Prevention of industrial risks related to chemical agents
  8. Occupational health and safety certification of production sites

- 2. BUSINESS ETHICS**
1. Anti-corruption, deontology and transparency
  2. Data protection
  3. Raw materials sourcing & traceability
  4. Suppliers & supply chain responsible management
  5. Relations with retailers
  6. Governance
  7. Consultation and collaboration with public institutions and stakeholders
  8. Compliance to regulation on chemical products

- 3. ENVIRONMENT**
1. Energy management
  2. Sustainable logistics and transport
  3. Greenhouse gas emissions reduction
  4. Air and soil pollution management
  5. Waste management (production, distribution and logistics site)
  6. Water management
  7. Biodiversity & ecosystems protection
  8. Environmental certification of production sites

- 4. PAINTS & COLORS**
1. Sustainable paint solutions development
  2. Sustainable packaging solutions
  3. Products end-of-life management and circular economy
  4. Quality management & quality management certification
  5. Consumer experience
  6. Indoor air pollution reduction
  7. Products information to consumer

- 5. SOCIETAL**
1. Societal commitment, social bond and civic life
  2. Support for local economic development and job creation

### 3. Overview of identified risks & mitigation policies in place

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
<b>HEALTH AND SAFETY</b>	Risks linked to Personal Safety.	Risks within Cromology's sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, "gestures & postures", daily activities (hot news released, conducted audits). Golden safety rules. OHSAS 18001 / ISO 45001 certification	<p>Frequency rate of accidents with days lost (LTIFR).</p> <p>Frequency rate of all work-related accidents.</p> <p>Severity rate of accidents.</p>	8.c.i
	Risks linked to security of industrial process and operation of points of sale.	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion.	Implementation of measures to anticipate and reduce risk described in the HSE policy. Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	<p>% of industrial sites with OHSAS 18001 or ISO 45001 certification.</p> <p>Insurance audits performed (%).</p> <p>Deployment of the 5S method in points of sale (%).</p>	8.c.i
<b>CSR PERFORMANCE OF PAINTS AND COLORS</b>	Risks associated with products not being in line with market needs.	<p>Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified.</p> <p>In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles.</p>	<p>Regulatory monitoring and innovation</p> <p>Raw material supplier innovation monitoring</p> <p>Packaging optimization and innovation monitoring</p>	<p>Percentage of revenue generated by products launched within the last three years.</p> <p>Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years).</p> <p>Share of revenue generated by eco-certified products in total sales.</p> <p>Share of revenue generated by water-based products in total sales.</p> <p>Share of recycled plastic in plastic packaging purchased by Cromology in France.</p> <p>Share of metal packaging.</p>	8.e

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
ENVIRONMENTAL	Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances.	Risk related to the volume of effluent released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force.	Regular assessment of waste is carried out. It is reinforced, should a site overpasses waste values regulatory thresholds, and an action plan is formalized for this site.	% of ISO 14001-certified industrial and logistics sites. Total Suspended Solids (TSS) (metric tons). Chemical Oxygen Demand (COD) (metric tons).	8.d.i
	Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or-carcinogenic substances.	Emissions of certain substances liable to harm human health (via inhalation) or fauna and biodiversity.	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working group on biocide users. Monitoring of VOC emissions in order to verify that we comply with regulatory thresholds.  Risk control actions (wearing personal protective equipment, collective protection, training).	CO <sub>2</sub> emissions – Scope 1 (metric tons CO <sub>2</sub> -eq). CO <sub>2</sub> emissions – Scope 2 (metric tons CO <sub>2</sub> -eq). CO <sub>2</sub> emission ratio – Scope 1 (metric tons CO <sub>2</sub> -eq/kT produced). CO <sub>2</sub> emission ratio – Scope 1+2 (metric tons CO <sub>2</sub> -eq/kT produced).	8.d.i
	Risks associated with the hazardous waste generated by the activity.	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment.	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax.	Waste generated (% of production volumes). Hazardous waste produced (% of production volumes).	8.d.i
	Risks related to regulatory changes in relation to raw materials.	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures.	Regulatory watch. Regular reformulation according to new regulations.	Share of number of raw materials involved. Share of volume of raw materials involved.	8.d.i 8.d.i
	Risks associated with the transportation of hazardous products.	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, trainings.	Percentage of Cromology personnel trained in ADR among those to be trained (%).	8.d.i

<b>CSR topics</b>	<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs.</b>	<b>Related paragraph</b>
<b>SOCIAL</b>	Risks related to the lack of employee engagement	The level of employee engagement is key to the development of the business.	Actions for employee engagement (wages, training, career evolution, work conditions).	Absenteeism rate in calendar days (AR1) (%). Absenteeism rate in days worked (AR2) (%). Share of departures at employee initiative (%). % of employee benefiting of variable or bonus remuneration plan Average number of hours of training per employee % of promotion	8.a.ii

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
<b>COMPLIANCE</b>	Risks associated with employees, representatives or partners behaviors non-compliant with anti-corruption regulation (Sapin 2 law).	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	<p>Updated policy and procedures (ABC policy, conflict of interests, third parties evaluation procedures, internal rules establishing accountability for adherence to the code); Gifts and hospitalities register and standard clauses in the agreements.</p> <p>Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities.</p> <p>Third parties' due diligence: procedure with decision matrix, 2 tools implemented (data &amp; questionnaire).</p> <p>Training: e-learning for all employees including acknowledgment of the Policy &amp; specific trainings according to the position in the organization/level of risk + new comers arrival package.</p> <p>Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% employees of the purchasing department.</p>	<p>% of employees who have signed the Anti-corruption Policy among all Cromology's employees</p> <p>% of employees who have been trained on group's anti-corruption policy among all eligible Cromology employees</p>	8.b.i
	Risks associated with the handling of personal data non-compliant with the GDPR regulation.	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	<p>GDPR Committee, a designated referent in each department, classification of data collected according to the GDPR standard, Data processing register, precautionary measures (IT charter, Communication, Contracts), communication and trainings for employees (deployment in progress)</p>	<p>% of employees who have signed the Data Protection policy among all group's employees</p> <p>% of employees who have been trained on group's data protection program among all Cromology's employees</p>	8.b.ii



CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
<b>Supply Chain</b>	Suppliers' & Supply Chain Risks.	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology own production's capacity.	<p>Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department</p> <p>Definition of an annual Purchasing progress plan.</p>	<p>Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter.</p> <p>Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter.</p> <p>Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter</p>	8.b.iii

Extra financial risks and mitigation policies are reviewed by the CSR Committee every year.

## 4. CSR 2020 highlights

### a. Measures to increase resilience against the background of COVID-19

During the first Covid-19 peak that began in March, Cromology experienced a full shutdown for two weeks in France and Switzerland as against a partial or no shutdown in the other main areas (Italy, Spain, Portugal and Morocco). Its business fell by half in March and April. During the first lockdown in France, its main market, the authorities allowed the reopening of the building trade, including painters and DIY retailers. Cromology gradually restarted operations from April with a "Zero Contact Drive" at its Points of Sale. Following the first lockdown, demand bounced back strongly from mid-May. During the lockdowns in the second Covid-19 peak in the Autumn, Cromology was permitted to continue operating.

Right from the start of the Covid-19 crisis, management very quickly put in place Group-wide and regional emergency plans and adjusted them as the situation evolved. Top priority was given to:

- Safe working and shopping. In compliance with requests and regulations at local and national level, Cromology put in place stringent health & safety measures governing human interaction;

Training was provided to safeguard employee health mainly around hygiene protocols, team rotations, home office and rules governing customer interactions. This has allowed Cromology to safeguard the health of its employees in its facilities as well as of clients visiting Cromology's integrated Points of Sale;

- The proper functioning of the supply chain. This has meant adapting operating processes from plants to Points of Sales to restore activity;
- Major investment in Sales skills and Sales Management trainings;
- Setting up new communication and management routines to ensure internal cohesion and morale and maintain BtoB customer relationships remotely;
- Leveraging e-commerce channels, enhancing its own existing BtoB ecommerce websites while launching BtoC websites, digital color selection tools and color sample delivery while developing call-and-collect and click-an-collect offerings from its stores;
- Improving IT platforms: "mobile office", data management, CRM, Business Intelligence, go-live of e-learning and e-recruitment platforms;
- Switching production across plants and countries to handle demand peaks.

### b. Social

*Strong social relations to help us through the pandemic*

Between mid-March and end-April, over one hundred meetings were held with staff representative bodies in the two main countries worst affected by the pandemic (France and Italy). As a result of these meetings it has been possible to :

- Obtain government support through partial operating agreements that avoided a financial impact for both employees, who were able to safeguard their income, and the company;
- Bring forward vacation periods;
- Maintain strong social dialogue and the engagement of staff representative bodies on all the steps taken during the pandemic.

*Actions relating to salaries and employee retention*

In early 2020, in order to improve sales representative retention in France, a new salary grid was introduced based on the turnover and profitability of each sales representative. Over fifty sales representatives took advantage of this new salary grid.

During the Covid pandemic, sales bonuses for sales representatives and their management have been repeatedly reviewed to keep them attractive and fair in a low sales environment.

The strong social dialogue has also made it possible to complete the compulsory annual negotiations with agreement on no salary increases.

#### *Improved employee engagement*

In December, a special €500 bonus (€700 in Switzerland and €150 in Morocco) was paid to all employees on the 2020 payroll. This was as thanks for their dedication during what was a very challenging year.

In order to improve quality of life at work in big cities, an agreement on remote working was drafted and signed in December 2020. This benefits employees at the Clichy and Lyon headquarters. 300 people are eligible for this agreement, which was rolled out from January 2021.

#### *Skills development*

C-Learning, an e-learning solution, was rolled out in France from May 2020. This digital training solution is available to all employees in France, either from their computer or smartphone. By end-2020, over 40 training programs had been developed and made available. C-Learning will be rolled out across all Cromology's countries from the end of the first half of 2021. It was already successfully launched in Italy in mid-January.

#### *Talent acquisition*

In France, a series of action plans have been drawn up to improve the quality and speed of the recruitment process:

- Advertisements and employer branding have been reviewed;
- Procedures have been harmonized;
- The job posting policy has been updated; and
- An Applicant Tracking System (ATS) set up for the benefit of both the HR team and the management team.

The number and quality of applicants has improved as has the speed of recruitment. Furthermore, the rollout of this ATS has allowed Cromology to lower the cost of recruitment agencies. Trialed in France, this solution may also be made available in other countries.

### **c. Compliance**

In 2020, Cromology launched a new compliance program called "Acting with Integrity". It encompasses anti-corruption, data protection and fair competition programs designed to identify and mitigate risks and build a compliance culture that is a source of pride for employees and trust for all stakeholders.

Indeed, the anti-corruption program was strengthened in 2020 to make it efficient in line with the Sapin II Act and AFA recommendations. An updated version of the Policy and risk mapping has been completed. New procedures (conflict of interest) and tools (third party due diligence, e-learning) have been put in place.

The priorities for 2021 are:

- The roll-out of the anti-corruption program to ensure the effectiveness of what has been implemented;
- A focus on data protection and competition.

A new Chart of authority for Cromology globally will be also drawn up and approved.

A Purchasing policy has been approved. The main initiatives for 2021 involve the drawing up of a double sourcing roadmap and the approval of a coverage policy to increase the inventory of raw materials.

#### **d. Health and Safety**

To protect its employees and customers, Covid 19 prevention plans were put in place at all Cromology locations (plants, warehouses, points of sale, offices...). This involved the roll-out of new operating procedures and equipment.

In anticipation of the upcoming regulation on TiO<sub>2</sub> in powder form, Cromology has mapped the production sites to identify where TiO<sub>2</sub> is used in this form. It has taken TiO<sub>2</sub> dust measurements at production sites and labs in all the countries in which it operates. Where necessary, improvements will be implemented in 2021 to ensure the health and safety of employees.

To standardize practices, Cromology has reviewed and provided all sites with the accident reporting procedure and relevant documents in the event of an accident.

Concerning its occupational health and safety management system, in 2020 Cromology started migrating from OHSAS 18001 certification to ISO 45001 certification. Switzerland, Portugal, Italy and one site in France obtained ISO 45001 certification in 2020. This migration will be completed in 2021.

#### **e. Environment**

Cromology has launched a number of new initiatives that will be ongoing in 2021. Regarding Cromology's emissions, hybrid vehicles are now included in the French Car policy (half of renewed vehicles in 2020 were hybrid). An energy audit was undertaken in France. Action plans are being drawn up to improve energy efficiency. Cromology has decided to work with suppliers of renewable electricity in each country in which it operates. This initiative will be implemented in 2021. Cromology will also do an assessment of its carbon footprint this year and draw up action plans to reduce emissions. Further assessments will be done periodically (every 2 years) to evaluate the action plans.

Cromology has also promoted paint waste recycling across its integrated network. This includes the Rekupo initiative run with EcoDDS in France (a free waste paint collection service offered to clients). Cromology is looking for similar initiatives in subsidiaries with a distribution network.

In order to embed environmental concerns into every employee's mindset, Cromology has established a set of "Environmental Golden Rules".

#### **f. Paints and colors**

Cromology extended its portfolio of eco-certified products with major launches including Crylo on the French market, a value for money interior paint. Half of total Paint sales were from eco-certified products.

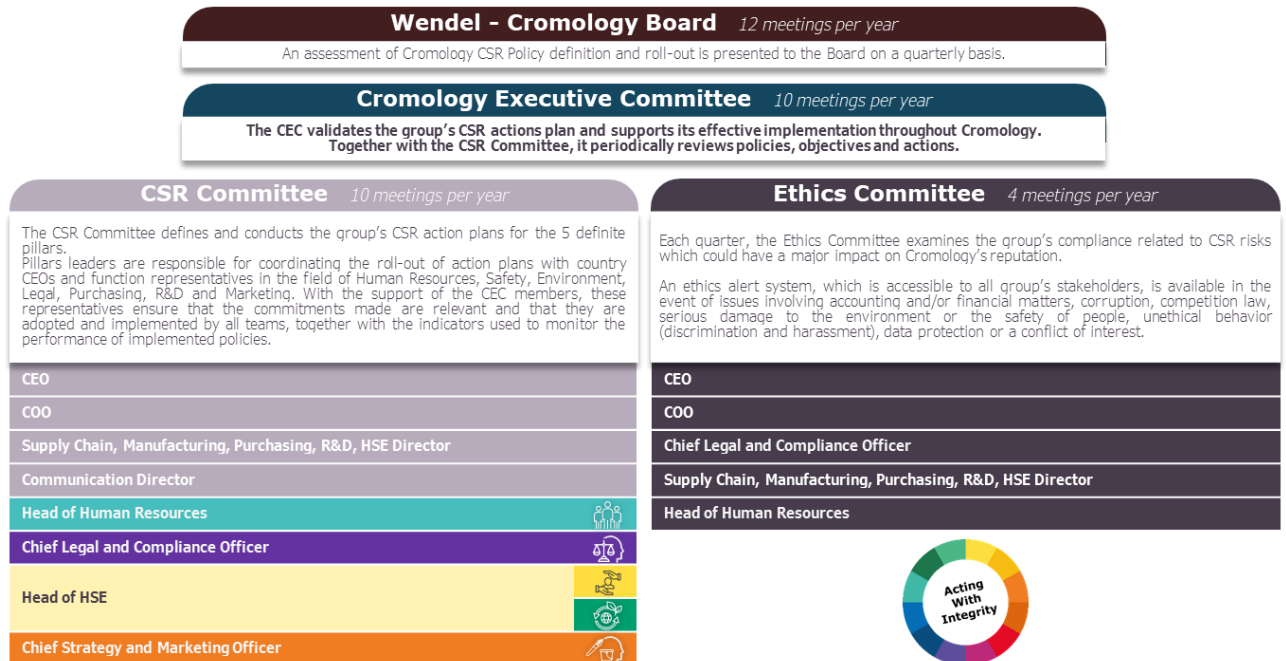
Cromology has developed a set of digital and color initiatives during lockdowns. A new e-commerce website was developed for DIY customers together with a color selection App using augmented reality and new color testers to finalize color choice in real world conditions with zero contact. A new Cromology fandeck was launched with 300 new colors shaping future color trends.

Cromology also delivered a set of customer training programs to improve their application skills and health and safety awareness. These training sessions took place at our factories and headquarters. Some of them are certifying trainings (ETICS training part of the Cromology Campus in Italy). Cromology Tech' Services, a team of dedicated and highly skilled technical support specialists helping client throughout the project, wherever they are in our countries, has been reorganized in France with new processes. It has developed new IT tools in France to more rapidly answer requests from clients in our integrated networks.

## 5. Governance

In 2020, Cromology has launched a major initiative to set out the company's CSR vision for 2020-2023. As part of this, Cromology established a CSR Steering Committee. It is responsible for drawing up and managing the group's CSR vision.

The CSR Steering Committee met 9 times in 2020.



## 6. Cromology's 2023 CSR Vision

*"Sustainably protect and color living spaces to brighten up everyone's lives".*

*Our purpose motivates Cromology employees every day to design, produce and distribute decorative paints that offer the best value for money.*

*Decorative painting brings colors and textural effects to our immediate environment. It protects against wear and tear from weather and time. It infuses calm and warmth into our interiors. Applied on facades, it enhances the architectural and cultural heritage of our towns and cities.*

*We thus help sustainably maintain homes, individual or collective properties and enrich our clients' quality of life and well-being.*

*These beliefs make us proud to wear our brand colors and values. They also engage us to be a company that is even more responsible and innovative.*

*In 2020, we decided to put our Corporate Social Responsibility (CSR) at the heart of our business strategy, as well as profitable growth and professional experience.*

*Henceforth, in an ongoing drive for improvement, we integrate our "CSR" targets into both our business conduct and new project launches.*

*We have set 2023 targets around 5 key CSR issues:*

- *Human Resources: Enabling employees to overachieve & grow, professionally & personally;*
- *Business Ethics: Fostering maximum integrity & compliance within the organization;*

- *Health & Safety: Providing healthy working conditions for employees, clients & subcontractors;*
- *Environment: Minimizing the environmental impact of Cromology's operations;*
- *Paints & Colors: Innovating to offer more user & environmentally friendly paints & colors.*

*Our commitment to CSR aligns with the UN Sustainable Development Goals (SDG). We have identified the five relevant SDGs for our activities.*

- *Good Health and Well-being (Goal 3)*
- *Gender Equality (Goal 5)*
- *Decent Work and Economic Growth (Goal 8)*
- *Responsible Consumption and Production (Goal 12)*
- *Climate Action (Goal 13)*

*Building on this, we are committed to pursuing responsible and sustainable performance to maximize the value created by Cromology for all stakeholders."*

The Cromology CSR Committee



## 7. Roadmap 2020-2023

As part of its 2023 CSR strategy, Cromology has defined a roadmap which links its main objectives with extra financial Key Performance Indicators. 2020 values of indicators are disclosed in this extra financial performance declaration, in the corresponding paragraph, tagged "2023 roadmap".

CSR Pillars	Vision	Topics	2023 Targets	KPIs.
<b>Human Resources</b>	<b>Enabling employees to overachieve and grow professionally and personally</b>	<b>Employee engagement</b>	100% of employees having completed one training a year, by 2023 Average employee training time of 14 hours per year One third of open positions to be filled through internal promotions	% of employees having completed at least one training program Average number of hours of training per employee % of promotion – internal mobility
		<b>Diversity, inclusion and equal treatment</b>	Overall group score of 85/100 (French Gender Equality Index) Develop diversity action plan and policies	French Gender Equality Index
<b>Business Ethics</b>	<b>Fostering maximum integrity and compliance within the organization</b>	<b>Anti-corruption</b>	Anti-corruption programs rolled out 100% of employees trained on anti-corruption	% of employees who have signed the group's anti-corruption policy
		<b>Data protection</b>	GDPR programs rolled out 100% of employees trained on GDPR	% of employees who have signed the Data Protection policy
		<b>Suppliers &amp; Supply Chain Risks</b>	Purchasing policy and partners code of conduct fully deployed	% of Purchasing employees who have signed the Ethical Procurement charter per country Share of Purchasing (Raw Materials, Packagings, Good for Resale) volume covered by suppliers who have signed the Responsible Purchasing charter
		<b>Competition</b>	Competition programs rolled out	
		<b>Governance</b>	Appropriate governance charter in place	

CSR Pillars	Vision	Topics	2023 Targets	KPIs.
Health & Safety	Providing healthy working conditions for employees, clients and subcontractors		Lost Time Injury Frequency Rate (LTIFR) reduction by 30% in 2023	Frequency rate of accidents with days lost (LTIFR).
			All manufacturing and logistic sites ISO 45001 certified by 2023	% of industrial sites with OHSAS 18001/ISO 45001 certification
Environment	Minimizing the environmental impact of Cromology's operations	Waste management	All production and logistic sites ISO 14001 certified by 2023 Environmental Golden Rules rolled out across all sites Recovery and treatment program of waste generated by professional and individual clients	% of Industrial and logistics sites ISO 14001 certified
		Emissions reduction	GHG assessment, including scope 3 elements and action plans to reduce our emissions Develop green energy supply within global energy consumption	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) CO2 emissions
		Compliance to regulation on chemical products	Ongoing compliance with all current chemical substance regulations Meetings to share and align all countries with changes in Raw Materials regulations (at least two per year) Compliance with discharge regulations across all facilities Compliance with ADR across all facilities	% of Cromology personnel trained in ADR Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons) % of raw materials concerned by regulatory watch (out of raw materials' total)
		Natural resources	Waste water recycling in production facilities as far as possible in order to optimize water consumption Implementation of internal energy-savings culture	Energy consumption



CSR Pillars	Vision	Topics	2023 Targets	KPIs.
Paints & Colors	Innovating and offering paints and colors that are more user and environmentally friendly	<p><b>Design formulas meeting the latest regulatory requirements and customers' expectations with regards to sustainability and affordability</b></p>	<p>Design formulas with bio-sourced or additive free components.</p> <p>Ban plastic from our packaging ranges wherever it's possible.</p> <p>Promote paint waste recycling initiatives at Point of Sales.</p> <p>Define a sustainable product portfolio assessment.</p>	<p>Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)</p> <p>Share of Paint revenue generated by eco-certified products</p> <p>% of metal packaging</p>
		<p><b>Provide all necessary guidance and training to ensure safe and high-quality paint application and color choice.</b></p> <p><b>Roll out professional training programs for applicators to champion painters' trade and value proposition</b></p>	<p>Develop integrated Teams of paint technology experts covering all steps of the product development cycle</p> <p>Ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey</p>	<p>Number of operational company offering professional training programs</p>

## 8. Deep Dive into each priority of CSR Vision

### a. Human Resources - Enabling employees to overachieve and grow professionally and personally

Cromology aims to achieve true customer satisfaction by means of passionate and genuinely engaged employees.

The Group works to enable all employees to be successful in their roles, while growing professionally and personally. The prospect of achieving goals, developing skills and expertise, changing or increasing responsibilities is within everyone's grasp at Cromology.

The Group fosters a high-performance culture and values high-quality working relationships, diversity, inclusion and equal treatment.

#### i. Cromology demographics

<b>Indicators (voluntary)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Demographics</b>			
Group workforce	<b>3,647</b>	<b>3,319</b>	<b>3,217</b>
<i>of which permanent contracts</i>	<b>3,504</b>	<b>3,205</b>	<b>3,118</b>
<i>of which permanent contracts (as a %)</i>	<b>96.1%</b>	<b>96.5%</b>	<b>96.9%</b>
<i>of which fixed-term contracts</i>	<b>143</b>	<b>114</b>	<b>99</b>
<i>of which fixed-term contracts (as a %)</i>	<b>3.9%</b>	<b>3.4%</b>	<b>3.1%</b>
<i>of whom women</i>	<b>1,085</b>	<b>969</b>	<b>941</b>
<i>of whom women (as a %)</i>	<b>29.8%</b>	<b>29.2%</b>	<b>29.3%</b>
<i>of whom men</i>	<b>2,562</b>	<b>2,350</b>	<b>2,276</b>
<i>of whom men (as a %)</i>	<b>70.2%</b>	<b>70.8%</b>	<b>70.7%</b>
New hires in the group <sup>(1)</sup>	<b>542</b>	<b>362</b>	<b>317</b>
<i>of whom women</i>	<b>184</b>	<b>105</b>	<b>97</b>
<i>of whom women (as a %)</i>	<b>33.9%</b>	<b>29.0%</b>	<b>30.6%</b>
Departures from the group <sup>(2)</sup>	<b>614</b>	<b>648</b>	<b>414</b>
<i>of whom women</i>	<b>174</b>	<b>196</b>	<b>128</b>
<i>of whom women (as a %)</i>	<b>28.3%</b>	<b>30.2%</b>	<b>30.9%</b>
<b>Breakdown of staff by geographic region</b>			
France (including Belgium and Luxembourg)	<b>68.7%</b>	<b>68.8%</b>	<b>68.5%</b>
Southern Europe (Spain, Italy, Portugal)	<b>22.5%</b>	<b>22.5%</b>	<b>22.9%</b>
Other countries (Morocco, Switzerland)	<b>8.9%</b>	<b>8.7%</b>	<b>8.7%</b>

<sup>(1)</sup> Permanent contract + fixed-term contracts converted into permanent contracts + internal transfers + acquisitions.

<sup>(2)</sup> Permanent contracts only.

## ii. Employee engagement action plans

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs</b>
Risks related to the lack of employee engagement.	The level of employee engagement is key to the development of the business.	Actions for employee engagement (wages, training, career development, work conditions).	Absenteeism rate in calendar days (AR1) (%).
			Absenteeism rate in days worked (AR2) (%).
			Share of departures at employee initiative (%).
			% of employee benefiting of variable or bonus remuneration plan
			Average number of hours of training per employee
			% of promotion

### Wages

Cromology aims to pay fairly within the company and compared to the market. Employee salaries should reflect their contribution to the company's success. Incentive mechanisms and bonuses are based on a wide range of KPIs. These reflect multiple aspects of the company's performance: sales, gross margin, cost, WC, service levels, CSR criteria .... Wherever possible, Cromology believes individual and collective performance or underperformance should be reflected in everyone's compensation.

### Training

To enable everyone to grow and develop personally, Cromology supports a range of training initiatives involving teamwork, mentoring, projects and traditional training.

Internal training programs have been put in place to help upskill all employees. Beginning in 2020, an eLearning platform is being rolled out across all entities to give ready access to courses.

The number of employees having completed at least one training program rose over 4 points on last year. This is mainly thanks to the e-learning solution rolled out in France. In parallel, the average number of hours of training per employee fell 1 hour. This was due to the pandemic which prevented face-to-face training whereas e-learning training programs are shorter than face-to-face.

### Career development

As internal mobility is high on management's agenda, Cromology encourages and supports employees in their search for opportunities within the Group. This may be in their field of expertise or in a new role.

Since 2020, a new online recruitment system allows employees to apply for any available position. This initially covers France. A co-option system enables employees to nominate candidates with a financial reward if successfully recruited. These tools will be progressively rolled out across all Cromology entities.

### Working conditions

Good working conditions are a pre-requisite to safety and high performance at work. For this reason, Cromology continuously invests in new equipment and IT tools to improve life at work.

Dedicated action plans are set up to improve employee engagement. Cromology strives to provide appropriate means to enable them to achieve their objectives.

For back-office employees living in highly congested cities such as Paris and Lyon, Cromology facilitates home-working thanks to appropriate management support and collaborative tools.

The change in absenteeism in 2020 was primarily due to the pandemic. 137 Cromology employees were infected with Covid19. Many were quarantined when they were close contacts, pending testing.

### iii. Diversity, inclusion & equal treatment action plans

Diversity, inclusion & equal treatment are at the heart of Cromology's values.

When recruiting, rewarding or promoting employees, Cromology makes every effort to avoid any discrimination in the decision-making process.

Thanks to the French "Act for the freedom to choose one's future career", Cromology now monitors a gender balance index at all Cromology entities in France.

It has been decided to roll-out the same index across the Group. The goal is to ensure that everyone within the Group is treated equally and that progress is made everywhere.

Cromology intends to further support diversity and inclusion in the coming years primarily by communicating on these topics within the organization and in recruitment ads.

For the first time, Cromology has consolidated a Gender Equality Index for all entities with over 20 employees. It will be analyzed and will allow for improvement plans to be put in place for each entity. This will help Cromology develop policies around diversity, inclusion and equal treatment.

<b>Key Performance Indicators – Human Resources</b>	<b>2018</b>	<b>2019<sup>(1)</sup></b>	<b>2020</b>
<b>Employee Engagement</b>			
Absenteeism rate in calendar days (AR1) (%)	<b>3.9%</b>	<b>4.45%</b>	<b>5.00%</b>
Absenteeism rate in days worked (AR2) (%)	(1)	<b>4.90%</b>	<b>6.09%</b>
Share of departures at employee initiative (%)	<b>71.19%</b>	<b>45.8%</b>	<b>67.18%</b>
Average number of hours of training per employee "2023 roadmap"	<b>15.5</b>	<b>12.3</b>	<b>11.2</b>
% of employees having completed at least one training program "2023 roadmap"	<b>73%</b>	<b>84%</b>	<b>88.5%</b>
% of promotion	(2)	(2)	<b>6.1%</b>
% of promotion – internal mobility "2023 roadmap"	(2)	(2)	<b>28%</b>
<b>Diversity, inclusion &amp; equal treatment</b>			
% of women among all employees	<b>29.8%</b>	<b>29.2%</b>	<b>29.3%</b>
% of women among management	(2)	(2)	<b>26.9%</b>
% of women among recruitments	<b>33.9%</b>	<b>29.0%</b>	<b>31.7%</b>
Gender Equality Index "2023 roadmap"	(2)	(2)	<b>76.8</b>

<sup>(1)</sup> Training: As of 2019, the training indicators take into account Health & Safety training. The 2018 data presented in this table do not take these training courses into account.

<sup>(2)</sup> New 2020 indicator

**b. Business Ethics - Fostering maximum integrity and compliance within the organization**

Cromology is committed to operating fairly with maximum integrity and compliance with all applicable laws.

Group compliance programs (e.g. anti-corruption, data protection, fair competition) are designed to identify and mitigate risks as part of a continuous improvement approach.

Cromology’s compliance culture is a source of pride for its employees and trust for all its stakeholders.

i. Anti-bribery and corruption action plans <sup>(1)</sup>

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs</b>
Risks associated with employees, representatives or partners behaviors non-compliant with anti-corruption regulation (Sapin 2 law).	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology’s reputation.	Updated policy and procedures (ABC policy, conflict of interests, third parties evaluation procedures, internal rules establishing accountability for adherence to the code); Gifts and hospitalities register and standard clauses in the agreements.  Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities.  Third parties’ due diligence: procedure with decision matrix, 2 tools implemented (data & questionnaire).  Training: e-learning for all employees including acknowledgment of the Policy & specific trainings according to the position in the organization/level of risk + new comers arrival package.  Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% employees of the purchasing department.	% of employees who have signed the Anti-corruption Policy among all Cromology’s employees  % of employees who have been trained on group’s anti-corruption policy among all eligible Cromology employees

Code of conduct for both employees and partners that covers the specific risk areas identified in the risk assessment and provides specific guidance;

Strategic communications plan to raise the compliance culture and enhance employees’ commitment. This includes regular and efficient communication to create managerial awareness as to their responsibilities;

Appropriate training tools: business ethics training sessions are regularly run for Group employees to help them detect and manage potentially sensitive situations;

Cromology has a zero-tolerance policy to corruption across all Group business activities.

<sup>(1)</sup> Accurate risk mapping depending on business sectors and geographical location.

## ii. Data Protection action plans

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs</b>
Risks associated with the handling of personal data non compliant with the GDPR regulation.	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	GDPR Committee, a designated referent in each department, classification of data collected according to the GDPR standard, Data processing register, precautionary measures (IT charter, Communication, Contracts), communication and trainings for employees (deployment in progress)	% of employees who have signed the Data Protection policy among all group's employees  % of employees who have been trained on group's data protection program among all Cromology's employees

In the course of its business and operations, Cromology may collect and process personal data relating in particular to its partners (suppliers, service providers, business partners, and customers) and clients.

In line with applicable regulations, Cromology uses data in a legitimate and proportionate manner.

Cromology has put in place technical and organizational measures to ensure data integrity and confidentiality (Data processing register, IT charter, Communication, Contracts).

The data protection Committee and its representatives in all departments ensure the relevance and effectiveness of the system and develop employee tools and training courses.

## iii. Supplier & Supply Chain Risks action plans

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs</b>
Suppliers' & Supply Chain Risks.	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology own production's capacity.	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department  Definition of an annual Purchasing progress plan.	Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter. Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter. Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter

To ensure its sustainable development, Cromology expects its suppliers to:

Comply with high standards of social and environmental responsibility.

Conduct all business activities in a fair and transparent manner, in compliance with the law and the highest ethical standards.

Cromology formalized its CSR requirement through a Responsible Purchasing Charter for partners and a Purchasing Ethics Charter for the procurement team.

Supply agreements also include GDPR, labor and anti-bribery and corruption clauses.

Cromology may also conduct audits to ensure that production conditions are in line with regulations and best standards.

These expectations are covered by the Cromology Purchasing Policy which has been approved in 2020.

In 2020, the scope of "Purchasing employees who have signed the Ethical Procurement Charter" that previously encompassed employees in France was extended to all purchasing employees within the Group.

Cromology also continues to ask suppliers to sign up to the Responsible Purchasing Charter, notably with goods for resale suppliers. Regarding the share of Packaging Purchasing volume covered by suppliers who have signed up to the Responsible Purchasing Charter the change in 2020 stemmed from an equity change at one supplier that split into two entities and the transfer of volumes to a supplier that had not already signed up to the charter. Both these suppliers will sign up to the charter in 2021.

#### iv. Competition action plans

Cromology believes that fair competition provides consumers with more choice and helps produce higher quality products and services at the fairest price. This then leads to greater innovation.

As part of its commitments, Cromology makes commercial decisions independently of other market players (suppliers, customers, distributors) and does nothing that restricts normal competition.

Appropriate tools and training sessions are put in place to help employees detect and manage potentially sensitive situations. An ethics whistleblower system has been established. This is available to all Group stakeholders in the event of competition law concerns.

#### v. Governance

The corporate governance is effective and transparent. It protects the rights of shareholders and encompasses both strategic and operational risk management. It looks to balance the Company's short-term needs with a long-term vision. And it holds directors accountable for their management of the business.

Our governance ensures a high degree of communication and transparency by encouraging full explanation of decisions and transactions.

The governance framework sets out the principles, structures, enabling factors and interfaces through which the organization's governance arrangements operate. It also involves delegating appropriate levels of authority and responsibility to managers and other entities and ensuring accountability.

The process and the people who took part in the decision can be traced.

Corporate governance allows for conduct to be examined prior to scrutiny by regulatory bodies.



<b>Key Performance Indicators – Business Ethics</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
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<b>Anti-bribery and corruption</b>			
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% of employees who have signed the group’s anti-corruption policy among all Cromology Group’s employees <b>“2023 roadmap”</b>	(1)	(1)	<b>58.2%</b>
% of employees who have been trained on group’s anti-corruption policy among all Cromology Group’s employees	(1)	(1)	<b>58.2%</b>

<b>Data Protection</b>			
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% of employees who have signed the Data Protection policy among all Cromology Group’s employees <b>“2023 roadmap”</b>	(3)	(3)	(3)
% of employees who have been trained on group’s data protection program among all Cromology Group’s employees	(3)	(3)	(3)

<b>Supplier &amp; Supply Chain Risks</b>			
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% of Purchasing employees who have signed the Ethical Procurement charter <b>“2023 roadmap”</b>	(1)	<b>100%</b>	<b>100%</b>
Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	(1)	<b>80.5%</b>	<b>81%</b>
Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	(1)	<b>89%</b>	<b>82%</b>
Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter	(2)	(2)	<b>54%</b>
Share of Purchasing (raw material, packaging, goods for resale) volume covered by suppliers who have signed the Responsible Purchasing charter <b>“2023 roadmap”</b>	(2)	(2)	<b>69%</b>

(1) Data unavailable for 2018

(2) New 2020 indicator

(3) New 2021 indicator

**c. Health & Safety - Providing healthy working conditions for employees, clients and subcontractors**

Excellence in Health, Safety and Environment (HSE) is at the heart of Cromology’s DNA.

The Group strives for the highest HSE standards in all aspects of its operations, encompassing employees, customers, suppliers and the communities living around its facilities.

Cromology’s Safety Policy is meant to protect everyone’s health on a day-to-day basis.

i. Health & Safety action plans

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs.</b>
Risks linked to Personal Safety.	Risks within Cromology’s sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, “gestures & postures”, daily activities (hot news released, conducted audits). Golden safety rules. OHSAS 18001 / ISO 45001 certification	Frequency rate of accidents with days lost (LTIFR). Frequency rate of all work-related accidents. Severity rate of accidents.
Risks linked to security of industrial process and operation of points of sale.	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion.	Implementation of measures to anticipate and reduce risk described in the HSE policy. Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	% of industrial sites with OHSAS 18001 or ISO 45001 certification. Insurance audits performed (%). Deployment of the 5S method in points of sale (%).

Health and Safety key actions are organized around:

- Keeping all industrial facilities certified (sites are currently OHSAS 18001 or ISO 45001 certified).
- Continuously improving the Lost Time Injury Frequency Rate (LTIFR).
- Having a contingency plan in all industrial facilities and warehouses, and a crisis management plan in all other sites: administrative, head office, Points of Sale (PoS).
- Maintaining and renewing the prevention and coordination mechanisms (including security records, warnings, reports of dangerous situations, near-misses and improvement suggestions, etc.).
- Fostering a real safety spirit in all locations, including points of sale (PoS).
- Having each facility develop their own safety improvement plan.
- Identifying the LOPCs, to analyze them and plan the related corrective actions.
- Setting up a monitoring system using an authorized external body for 100% of industrial and commercial facilities to ensure equipment and facilities continue to comply with regulations and remain efficient.
- Striving to comply, across the integrated distribution network, with local public retail safety guidelines in the countries in which Cromology operates.
- Equipping all production facilities with suitable static security systems (if necessary, sprinkling, RIA, etc.).

In 2020, there were 27 accidents with days lost, compared with 41 in 2019.

As regards insurance audits performed in 2020: 4 audits were initially planned with 7 ultimately being carried out.

In 2020, Cromology enhanced the use of the 5S method (Sort, Set in order, Shine, Standardize, Sustain). In 2019, the deployment of this method was engaged in 317 French point of sales, representing 80% of Cromology point of sales. In 2019, our objectives were to have made one audit in each point of sales during the year. During 2020 it has become a monthly routine with 3,804 audits performed (objective one audit per month and per point of sales). The change in the perimeter explain the evolution between 2019 and 2020. In 2021 Swiss point of sales will start to deploy this method.

<b>Key Performance Indicators – Health &amp; Safety</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Frequency rate of accidents with days lost (LTIFR) <b>“2023 roadmap”</b>	<b>5.93</b>	<b>6.24</b>	<b>5.09</b>
Frequency rate of all work-related accidents	<b>7.52</b>	<b>8.27</b>	<b>7.73</b>
Severity rate of accidents	<b>0.28</b>	<b>0.34</b>	<b>0.34</b>
Deployment of the 5S method in points of sale (%) <b>“2023 roadmap”</b>	(1)	<b>97%</b>	<b>94.9%</b>
% of Insurance audits performed	(1)	<b>100%</b>	<b>175%</b>
% of industrial sites with OHSAS 18001/ISO 45001 certification <b>“2023 roadmap”</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) Data unavailable for 2018

## d. Minimizing the environmental impact of Cromology's operations

Cromology is committed to operating safely in a sustainable environmentally friendly manner. Cromology aims to achieve the highest regulatory standards across its entities.

### i. Environmental action plans

Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.
Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances.	Risk related to the volume of effluent released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force.	Regular assessment of waste is carried out. It is reinforced, should a site overpasses waste values regulatory thresholds, and an action plan is formalized for this site.	% of ISO 14001-certified industrial and logistics sites. Total Suspended Solids (TSS) (metric tons). Chemical Oxygen Demand (COD) (metric tons).
Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or-carcinogenic substances.	Emissions of certain substances liable to harm human health (via inhalation) or fauna and biodiversity.	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working group on biocide users. Monitoring of VOC emissions in order to verify that we comply with regulatory thresholds. Risk control actions (wearing personal protective equipment, collective protection, training).	CO <sub>2</sub> emissions – Scope 1 (metric tons CO <sub>2</sub> -eq). CO <sub>2</sub> emissions – Scope 2 (metric tons CO <sub>2</sub> -eq). CO <sub>2</sub> emission ratio – Scope 1 (metric tons CO <sub>2</sub> -eq/kT produced). CO <sub>2</sub> emission ratio – Scope 1+2 (metric tons CO <sub>2</sub> -eq/kT produced). Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT).
Risks associated with the hazardous waste generated by the activity.	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment.	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax.	Waste generated (% of production volumes). Hazardous waste produced (% of production volumes).
Risks related to regulatory changes in relation to raw materials.	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures.	Regulatory watch. Regular reformulation according to new regulations.	Share of number of raw materials involved. Share of volume of raw materials involved.
Risks associated with the transportation of hazardous products.	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, trainings.	Percentage of Cromology personnel trained in ADR among those to be trained (%).

## ii. Waste management

Developing and selling new products with minimum environmental impact and waste is a top priority. All our subsidiaries respect local waste management regulations. 70% of Cromology's production facilities are ISO 14001 certified. This standard ensures traceability and proper management of chemical substance waste (hazardous and non-hazardous).

A hazardous waste collection system has been set up across French distribution networks in collaboration with an external service provider specialized in waste treatment.

We encourage all workers, both in industrial facilities and offices, to sort waste.

In the main countries in which it operates, Cromology is a member of organizations, whose mission is to encourage the sorting, collection and treatment of certain chemical waste. This includes EcoDDS in France, ECOEMBES in Spain and CONAI in Italy.

In France, Cromology is a founding member and shareholder of EcoDDS. Cromology contributes to the shared effort of chemical companies by paying an eco-contribution. This covers the costs of collecting and treating specific household diffuse waste (chemical waste). Cromology also complies with the regulations on graph paper and pays an annual contribution to the environmental organization CITEO.

In 2020 the % of industrial sites having an ISO 14001 certification has decreased due to the closing of one site.

## iii. Emissions reduction

Cromology monitors VOC emissions at all its industrial facilities to check that these regulatory thresholds are respected. It has also installed collective protective mechanisms, such as the vacuum system, to limit employee exposure and avoid atmospheric emissions. Strict accordance with mandatory personal protective equipment is one of the golden rules for health and safety.

Cromology's R&D is focused on the development of new products with significantly reduced VOC content.

The Group works with suppliers to minimize the environmental impact of the raw materials it buys.

In 2021, Cromology will realize a carbon footprint assessment and define action plans to reduce its emissions. This assessment will be held periodically (every 2 years) to evaluate action plan accuracy.

## iv. Compliance with chemical substance regulations

Cromology strives for ongoing compliance with all regulations and to even anticipate them.

Cromology is an active member of the European Industrial Association of Paint Manufacturers CEPE and regularly participates in the Technical Regulation Committee. This committee monitors all regulations affecting the industry (VOC, CLP, CMR, REACH, etc.). It is also a member of the working group for biocide users. This allows Cromology to be continually informed of legislative changes and the proper interpretation thereof.

Industrial facilities regularly control discharges to comply with current legislation.

Facilities with discharge values above regulatory thresholds are subject to heightened regular checks and an action plan drawn up in agreement with the competent authorities.

Cromology also ensures compliance with the ADR regulation, as sender and shipper. The safety advisor draws up annual reports.

In 2020, 146 employees were trained on the ADR regulation comparing to 93 in 2019 (Morocco is excluded from this perimeter as there is no specific regulation about ADR). In 2021, Cromology will continue to roll-out its ADR trainings program.

The TSS volume increase due to a default in a new installation implemented in one of Cromology industrial site. A dedicated action plan is currently under investigation in order to reduce those emissions in 2021.

v. Sourcing of Raw Materials and natural resources

Cromology monitors regulatory developments to mitigate risks and anticipate legislative changes<sup>(1)</sup>. The forward planning team uses this regulatory monitoring. This team is tasked with identifying innovative technologies or products (possibly from other industries). This is to assess their technical and economic potential, alongside Cromology's strategic marketing and R&D teams.

The forward planning team allows Cromology to anticipate how new developments in its commercial offering might comply with potential new regulatory requirements.

Concerning natural resources, 80% of the paints produced by Cromology are water-based.

On average, water accounts for 45 to 60% of a paint's make-up.

<sup>(1)</sup> Except in Morocco, in the absence of specific regulations, Cromology has set the target of also complying with EU regulations and has started to list dangerous raw materials based on the same criteria as in the EU.

<b>Key Performance Indicators - Environment</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Wastes management</b>			
% of industrial sites ISO 14001 certified <b>"2023 roadmap"</b>	<b>70</b>	<b>77</b>	<b>70</b>
Waste generated (% production volume)	<b>5.4</b>	<b>5.5</b>	<b>4.3</b>
Hazardous waste generated (% production volume)	<b>0.9</b>	<b>1</b>	<b>1</b>
<b>Emissions reduction</b>			
CO <sub>2</sub> emissions – Scope 1 (metric tons CO <sub>2</sub> -eq)	<b>4,741.9<sup>(1)</sup></b>	<b>3,338.99</b>	<b>2,160.42</b>
CO <sub>2</sub> emissions – Scope 2 (metric tons CO <sub>2</sub> -eq)	<b>(2)</b>	<b>4,749.48</b>	<b>4,396.00</b>
CO <sub>2</sub> emission ratio – Scope 1 (metric tons CO <sub>2</sub> -eq/kT produced)	<b>20.37</b>	<b>15.13</b>	<b>10.77</b>
CO <sub>2</sub> emission ratio – Scope 1+2 (metric tons CO <sub>2</sub> -eq/kT produced) <b>"2023 roadmap"</b>	<b>(2)</b>	<b>36.67</b>	<b>32.70</b>
Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) <sup>(3)</sup> <b>"2023 roadmap"</b>	<b>0.62</b>	<b>0.67</b>	<b>0.62</b>
<b>Compliance to regulation on chemical products</b>			
% of eligible Cromology personnel trained in ADR among those to be trained <b>"2023 roadmap"</b>	<b>(3)</b>	<b>90.3</b>	<b>69.9</b>
Total Suspended Solids (TSS) (metric tons) <b>"2023 roadmap"</b>	<b>32.66</b>	<b>26.41</b>	<b>52.50</b>
Chemical Oxygen Demand (COD) (metric tons) <b>"2023 roadmap"</b>	<b>38.58</b>	<b>53.33</b>	<b>60.40</b>
<b>Raw Materials and natural resources sourcing</b>			
% raw materials concerned by regulatory watch out of raw materials' total <b>"2023 roadmap"</b>	<b>(3)</b>	<b>9</b>	<b>9</b>
Volume of raw materials concerned by regulatory watch (% of raw materials' total)	<b>(3)</b>	<b>3</b>	<b>2.1</b>
Energy consumption (TJ) <b>"2023 roadmap"</b>	<b>197.9</b>	<b>168.6</b>	<b>140.19</b>

<sup>(1)</sup> Data adjusted retroactively.

<sup>(2)</sup> In 2018, only Scope 1 was calculated (gas and domestic heating oil consumption).

<sup>(3)</sup> Data unavailable for 2018, this is a new indicator from 2019. In 2020, 149 persons were trained to ADR in comparison to 93 in 2019.

**e. Innovating to offer more user and environmentally friendly paints & colors**

Cromology’s purpose is to sustainably protect and color living spaces to brighten up everyone’s lives.

The group develops high-performance products, meeting best-in-class sustainability requirements, to take interior and exterior building finishes to the highest functional standards with a trendy but durable aesthetic touch.

Cromology is dedicated to serving and supporting end-users, applicators and contractors, in the long run, from sourcing to applying its products and solutions.

<b>Extra-financial Risks</b>	<b>Risk description</b>	<b>Mitigation policies and actions</b>	<b>KPIs.</b>
Risks associated with products not being in line with market needs.	Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified.  In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles.	Regulatory monitoring and innovation	Percentage of revenue generated by products launched within the last three years.
		Raw material supplier innovation monitoring	Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years).
		Packaging optimization and innovation monitoring	
			Share of revenue generated by eco-certified products in total sales.
			Share of revenue generated by water-based products in total sales.
			Share of recycled plastic in plastic packaging purchased by Cromology in France.
			Share of metal packaging.

Its focus are

**Design formulas meeting the latest regulatory requirements and customers’ expectations with regards to sustainability and affordability, with the following actions:**

- Design formulas with bio sourced or additive free components;
- Ban plastic from our packaging ranges wherever it’s possible;
- Promote paint waste recycling initiatives at Point of Sales;
- Define a sustainable product portfolio assessment.

**Provide all necessary guidance and training to ensure safe and high-quality paint application and color choice.**

**Roll out professional training programs for applicators to champion painters’ trade and value proposition**

- Develop integrated Teams of paint technology experts covering all steps of the product development cycle
- Ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey

In 2020, the change in sales from eco-certified products was impacted by a country mix effect. Countries with a lower share of eco-certified products rose significantly more. A



significant number of eco-certified product launches were also postponed due to the pandemic. These launches will take place in 2021.

Regarding applicator training, all operating companies have programs in place to enhance customer know-how regarding paint technology and to promote safe application practices.

<b>Key Performance Indicators – Paints &amp; Colors</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Share of Paint revenue generated by products launched within the last three years	<b>25%</b>	<b>23%</b>	<b>19.7%</b>
Proportion of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) <b>“2023 roadmap”</b>	<b>64%</b>	<b>60%</b>	<b>58.3%</b>
Proportion of Paint revenue from eco-certified products in total sales <b>“2023 roadmap”</b>	(1)	<b>50%</b>	<b>48%</b>
Share of production generated by water-based products out of total production	<b>91.5%</b>	<b>92%</b>	<b>91%</b>
Share of recycled plastic in plastic packaging purchased by Cromology in France	<b>62%</b>	<b>60%</b>	<b>59.7%</b>
% of metal packaging <b>“2023 roadmap”</b>	(2)	(2)	<b>38%</b>
Number of countries offering professional training programs <b>“2023 roadmap”</b>	(2)	(2)	<b>5</b> (3)

(1) Data unavailable for 2018

(2) Data available from 2020

(3) Except Switzerland

## **9. Societal Relations (voluntary measure)**

### **Local economy (voluntary measure)**

Most of the group's products are manufactured locally. In 2020, the share of Cromology revenue generated by products sold in the regions where they were produced was more than 98%.

As regards its purchasing policy for raw materials and packaging in Europe, Cromology favors the use of suppliers who manufacture in Europe. Cromology also strives to optimize flows and means of transportation, by sea and other means.

### **Partnerships and sponsorship initiatives (voluntary measure)**

In 2021, Cromology will draw up a Group sponsorship policy and will incorporate it as an initiative within its CSR vision. Meanwhile, Cromology encourages its teams to support the initiatives of local or national non-profit organizations to help people in difficulty, local or national heritage, sports or schools, in the form of financial aid, donations of paint and services.

Some of the initiatives supported across the regions in 2020 are detailed below.

In France, all sites of the CRI subsidiary use teams from organizations that help people with disabilities join the workforce (ESATs) to undertake tasks relating to its industrial operations (gardening, labeling, cleaning workwear etc.). For the past 3 years, CRI has also organized the collection of plastic caps from employees on behalf of the non-profit organization "Un bouchon, Une espérance". Through recycling of the caps, it finances equipment for people with disabilities. Since 2013, CRI has donated paint to local schools (2,000 liters in 2020).

In Spain, AECC (Asociación Española Contra el Cáncer) has been supported since 2016, either through solidarity "product sharing" promotional campaigns (part of the sales profits are donated to AECC) for its range sold through Leroy Merlin, or through paint donations.

Both in France and Spain, donations of workwear to local hospitals or firehouses was done during the first wave of the COVID-19 pandemic.

In Italy, donations of money have been made to charitable associations Rise Against Hunger Italia Onlus (helping vulnerable African populations) and Sonda Società Cooperativa Sociale Onlus (supporting families with children with disabilities).

In Morocco, a program is in place since 2015 to renovate rural schools through skills volunteering and paint donations. Some twenty schools and over 5,000 students have benefited from this initiative and from the distribution of school supplies.

In Portugal, 21 donations of products have been made to charitable associations (7), volunteer Fire Brigades (3), local sport associations & clubs (4), schools & kindergartens (2), an animal protection association and the Municipality of Loures, for social activities, including street art painting as part of the restoration of social districts.

Promoting art and culture is also a strong priority, with the following initiatives:

- Tollens has partnered with four museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris), Cité de l'Architecture et du Design (Paris) and Musée de la Piscine (Roubaix).
- Zolpan is a long-term partner of CitéCréation, the world leader in painted murals. It specifically contributed to the "Mur des Canuts" mural in Lyon, France, the largest trompe-l'œil fresco in Europe.

- Cromology Italia supports artistic projects every year. In 2020, it sponsored the initiative of the artist Fabrizio Da Prato, a specific installation in Viale Toschi - Parma, the Italian Capital of Culture 2020.
- It also supports the artist Dale Art Heritage who created The Walk of Peace, a Guinness World Records as the longest painting by an individual - 5,310 meters.

Similarly, Tollens and Zolpan sponsor Urban Art projects: temporary or permanent frescoes created in Lyon by the Blast Art collective (Zolpan) or in partnership with a shared studio space focused on Contemporary art in the Pays de Gex region (Tollens).

## 10. Cromology's Vigilance Plan

Cromology's Vigilance Plan was drawn up in response to Act 2017-399 of March 27, 2017 on duty of vigilance. It details how Cromology assesses and prevents social and environmental risks connected with its operations and those of its suppliers.

The CSR Committee drafted the first CSR vigilance plan in 2018. It is updated annually.

### Risk mapping

The risk mapping process aims to prioritize the main risks Cromology feels it faces across its own operations, products and supply chain. These are risks related to its direct production purchases and indirect purchases.

The mapping was done at entity level. By compiling the data, it has become possible to identify major risks within Cromology based on the number of sites in question, industrial or distribution network sites, and/or the number of employees concerned.

Actions that go beyond risk management and regulatory compliance within the framework of the Act on the Duty of Vigilance are implemented across a range of fields. These include:

- Environmental, quality and safety certification for production and logistics sites;
- Reduction in energy consumption;
- Waste recycling;
- The "quality of life in the workplace" measures adopted by certain Group companies, etc.

Accordingly, some of the main risks mapped under the Duty of Vigilance Act have also been identified as main risks in the Extra-Financial Performance Declaration presented above.

### Risk assessment

The risk assessment process is updated on the basis of the monitoring work carried out in the course of the annual publication of this Duty of Vigilance Plan. This is done:

- i) Against the background of the compliance audits carried out for the renewal of certification under the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 or ISO 45001 (safety) standards;
- ii) Against the background of the audit carried out by Cromology customers; and
- ii) Further to audits carried out concerning its suppliers.

### The key risks identified are:

#### A Concerning proprietary activities

Cromology is primarily exposed to:

Risks associated with human rights and fundamental freedoms:

- Risks associated with human and employment rights such as respect for freedom of association and collective bargaining, rights of migrant workers, employee working hours and rest periods, situations involving harassment, abuse or discrimination;
- Risk associated with the management of customer personal data and ensuring the confidentiality of personal data.

Risks associated with human health and safety:

- Risks associated with the handling and use of toxic chemical substances that are potentially hazardous to the health of employees and end-users, applicators or individuals, such as substances subject to authorization (SVHC) or substances that are carcinogenic, mutagenic, and reproductive toxins (CMR);
- Health risks associated with the atmospheric emission of substances subject to restrictions (VOCs) or dust;
- Risk of occupational accidents linked to the professional activities of employees associated with industrial, logistical and commercial activities;

Risks relating to the environment:

- Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances;
- Risks associated with soil pollution during industrial operations or the transportation of hazardous materials;
- Environmental risks associated with the release into the atmosphere of restricted substances (VOCs), carcinogens or dust;
- Risks associated with the management of hazardous waste generated by operations.

### **B Within the supply chain**

Cromology is mainly exposed to risks at its suppliers of raw materials, due to the chemical nature of such materials:

- Environmental risks;
- Risks to the health and safety of suppliers' workers;
- Risks associated with human rights and fundamental freedoms.

### **Measures taken to mitigate risks or prevent serious harm**

Risk mitigation is based on the various measures tailored to each of the Group's area of responsibility.

### **Vigilance concerning human rights and fundamental freedoms**

#### **Rules of professional conduct**

Since 2014, Cromology has had a Code of Conduct. This sets out the principles and rules, in particular concerning safety, that the company wishes to make mandatory for all employees, under all circumstances, across all countries. It will be updated in 2021.

#### **Personal data management**

This concerns compliance with the GDPR, which came into force in May 2018:

- The personal data of Cromology's employees, customers and suppliers has been classified in accordance with GDPR standards. A register of data processing has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- From a security perspective, the following measures have been taken and are presented in the "Business Ethics" section of Cromology's Extra-Financial Performance Declaration;

- A "GDPR" Committee was established in 2018. This ensures that all measures pertaining to the collection and use of customer data is compliant with GDPR standards. The committee overseen by the Chief Legal and Compliance Officer, includes representatives from IT, Human Resources, Legal and Digital.

### **Vigilance with regard to personal health and safety**

The Group is piloting measures to mitigate personal health and safety risks with two main objectives:

- The preservation of the health/safety of its employees or subcontractors, presented in the "Health and Safety" section of the Cromology's Extra-Financial Performance Declaration;
- The preservation of the health and safety of the product users (applicators or end-customers), presented in the "Health and Safety" section of the Cromology's Extra-Financial Performance Declaration. Cromology strictly complies with European chemical regulations (REACH). It is also regularly audited by external bodies in the course of ISO 9001, ISO 14001 and OHSAS 18001 or ISO 45001 certifications. As a supplier, this is done by representatives of its customers, such as DIY retailers.

Cromology also adheres to a voluntary R&D approach that particularly focuses on respect for the environment and human health. This approach is presented in the "Paints and Colors" section of the Cromology Extra-Financial Performance Declaration.

Cromology continually seeks to reduce insofar as possible the VOC content of its innovations beyond any regulatory requirements in the countries in which it operates. This is done while maintaining the highest possible quality and performance levels.

In France, for example, Tollens and Zolpan launched products under the German TÜV label, which requires a VOC content of under 1 g/l for interior matte paint. This is 1/30 of the content limit under European regulations, and 1/10 of the content limit for the European Ecolabel.

This voluntary approach can be seen in the proportion (in value terms) of products sold with an environmental label. In 2021, half of sales were of products that meet the most stringent labels in terms of VOC content (Ecolabel, TÜV) or VOC emission rates (A+, TÜV). For new products (less than three years old), three out of five products are eco-certified.

In addition, since 2014, Cromology has been selling an anti-formaldehyde paint that can reduce the level of interior air pollution by capturing major pollutants in the paint. This product, when applied to all four walls and the ceiling of a room, can reduce indoor air pollution from these pollutants by up to 80%.

In France, the proportion of sales of eco-certified paints is 75% and the application of anti-formaldehyde paint sold by Cromology has depolluted about 5,000,000 m<sup>3</sup> per annum.

### **Environmental care**

Respect for the environment forms a key part of Cromology's culture. For more information, please see the "Environment" section of the Extra-Financial Performance.

### **Vigilance with supply chain suppliers**

Purchases from raw material and packaging suppliers represent Cromology's largest and most strategic purchase. In France, the suppliers from which Cromology buys trade products represent a significant purchasing pool.

This is why Cromology formalized its requirements in both its Sustainable Purchasing Charter (becoming Partners Code of Conduct in 2021) with these two categories of suppliers as part of its CSR approach.

Different documents such as the Purchasing Policy and the Partners Selection Procedure also explain these requirements, the way Cromology selects its suppliers and the consequences of a potential non-conformity.

For more information, please see the "Business Ethics" section of the Extra-Financial Performance Declaration.

### **Whistle-blowing procedure**

In 2017, Cromology put in place an internal whistleblowing system. This allows the flagging of any inappropriate conduct as per Act 2016-1691 of December 9, 2016 on transparency, combating corruption, and modernizing the economy "Sapin 2".

In 2019, Cromology extended the scope of this whistleblowing mechanism to include any potential labor and human rights violations.

In 2020, Cromology put in place a digital solution to facilitate the disclosure of any breaches, so they can be brought to an end and ensure even better the confidentiality of the alert. This mechanism may be easily used by employees but also by external or occasional staff and by stakeholders. It is available at <https://cromology.integrityline.org>, in 7 languages.

### **Range of monitoring measures implemented**

In addition to the daily actions of the operational teams in the areas in question, Cromology monitors the actions taken implemented by the CSR Committee, which met nine times in 2020. From 2021, the Wendel Cromology Board will follow up quarterly the implementation of CSR vision.

The indicators monitored by the CSR committee and the Wendel Cromology Board are the ones mentioned in this document. These measures provide an assurance regarding the proper enforcement of action plans and duty of care procedures. For example, this concerns health and safety indicators and the annual corporate and environmental audits carried out by an external auditor in the course of the drafting the Extra-Financial Performance Declaration.

## **11. Methodology**

### **Methodology used to obtain monitoring indicators**

#### **Scope and consolidation methods for key indicators**

The key indicators in this report were selected from across all subsidiaries consolidated in Cromology's financial statements. Cromology's scope includes 16 industrial and logistic sites.

For each indicator, the detailed calculation methods are defined in the chapter "Reporting methodology" below. Where measured data is not available, each entity produces estimates. From 2019, data collection is performed via an online reporting tool made available by Wendel.

#### **Responsibilities and checks**

The group's Human Resources department collects and consolidates the HR data, ensures that it is consistent, and validates it. It is the responsibility of Cromology's human resources community to produce this data in each subsidiary.

Cromology's HSE department consolidates "safety" and "environment" data and performs consistency checks.

"Safety" indicators are produced by the safety manager of each subsidiary. Environmental experts at each Cromology subsidiary are responsible for producing the environmental data.

Monitoring indicators for products launched within the last three years and the percentage of net sales of new products with environmental certification of all products launched within the last three years are produced by the Marketing departments of each subsidiary. This data is consolidated and checked for consistency by the group Marketing department.

The monitoring indicator for the number of raw materials (including regulated raw materials) used in the formulations of the paints manufactured by Cromology is produced by the group R&D department.

The indicator for the volume of use of formulas containing regulated raw materials such as SVHC, CMR (1 and 2) per metric ton is produced by the group R&D department.

The indicator relating to the "% of recycled plastic in packaging used for products sold by Cromology" is monitored by the group's Industrial Purchase department. This is produced by the supplier.

Each Cromology subsidiary is responsible for the indicators it collects and monitors.

Each site director is responsible for producing the indicators and performing an initial verification of the result.

#### **Methodological note**

##### **Methodological limitations and uncertainties**

From fiscal year 2019, Social, Health & Safety and Environmental data are reported directly by Cromology site teams *via* an online reporting tool made available by Wendel.

The definitions and reporting methods used for the following indicators, as well as any relevant uncertainties, are described below.

#### **Human Resources indicators**

##### **Employee engagement**

Absenteeism rate

AR1 is the absenteeism rate for employees on permanent and fixed-term contracts that is reported for all subsidiaries.



It is calculated by dividing the number of calendar days of absence by the total number of calendar days in the year (365\* for both fixed-term and permanent contracts). Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absentee rate.

Starting in 2019, a second absenteeism rate (AR2) has been calculated that takes into account only days worked for days of absence and for days worked per year.

Share of departures at employee initiative (resignations, retirements). This rate takes into account the number of employee resignations and retirements in relation to the total number of departures.

% of employees having completed at least one training program per year

Average number of hours of training per employee

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. They include internal and external training (including e-learning) and exclude hours corresponding to the schooling of work-study students in France.

% of promotion

People within headcount who had a change in their coefficient, level, grade among total headcount.

% of promotion – internal mobility

People within headcount who had a change in their position among opened permanent positions filled during the period.

### **Diversity, inclusion & equal treatment**

% of women among all employees

% of women among management

% of women among recruitments

Gender Equality Index

Based on the French Gender Equality Index for company with over 250 employees applicable to all Cromology entities. The gender equality index evaluates:

- Pay gap between women and men, socio-professional category and comparable age,
- difference in rate of individual increases between women and men,
- difference in promotion rate between women and men,
- % of employees increased upon return from maternity leave,
- parity among the 10 highest remunerations.

The index is computed at entity level then consolidated at group level. Consolidation is done for every entity for which the index is computable. Entity index result is weighting taking into account entity headcount.

Total headcount

The total headcount is the number of employees with a permanent or fixed-term contract on the last calendar day of the year. Trainees and PhD students are not counted. Workforce data is reported in number of people and not full-time equivalents. Starting in 2019, employees on notice or reclassification leave for economic reasons have been excluded.

Hires & departures

New hires on permanent contracts and fixed-term contracts made permanent and new hires *via* company takeovers are counted as new hires. Departures relate solely to

permanent contracts for departures at the initiative of the employee or the employer or retirement, or for company disposals, or deaths. Internal transfers between group companies are recognized at the group level. Starting in 2019, employees on notice or reclassification leave for economic reasons have been included in departures at the initiative of the employer.

## **Business Ethics**

### **Anti-bribery and corruption**

% of employees who have signed the group's anti-corruption policy among all Cromology Group's employees

% of employees who have been trained on group's anti-corruption policy among all Cromology Group's employees

### **Data Protection**

% of employees who have signed the Data Protection policy among all Cromology Group's employees

% of employees who have been trained on group's data protection program among all Cromology Group's employees

### **Supplier & Supply Chain Risks**

% of Purchasing employees who have signed the Ethical Procurement charter

This is the percentage of Purchasing employees in the group Purchasing department who have signed the charter, out of the total number of Purchasing employees.

Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main suppliers <sup>(1)</sup> that have signed the Ethical Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main / at risk suppliers <sup>(1)</sup> that have signed the Ethical Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Share of Trade Purchasing value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main / at risk suppliers <sup>(1)</sup> that have signed the Ethical Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Share of Purchasing (raw material, packaging, goods for resale) volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main / at risk suppliers <sup>(1)</sup> that have signed the Ethical Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

<sup>(1)</sup> Main / at Risk suppliers are defined according to the "80/20" rule by Cromology's Purchasing team: 20% of the suppliers representing 80% of the total amount of Purchases or presenting a risk.

## **Health & Safety indicators**

Frequency rate of accidents with days lost (LTIFR)

The Frequency rate of accidents with lost days (LTIFR) is the number of accidents involving the loss of more than one day of working time that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

Accidents while traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Frequency rate of all work-related accidents.

The Frequency rate of all work-related accidents is the number of accidents with and without work loss that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

Accidents while traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Severity rate of accidents

The severity rate of accidents is the number of days of working time lost over a 12-month period following a work-related accident, per 1,000 hours worked. It is reported for all Cromology group subsidiaries.

Deployment of the 5S method in points of sale (%)

Number of 5S audits carried out in points of sale in comparison to 5S audits to be carried out (yearly objective: 3804 in 2020).

% of Insurance audits performed

Number of insurer audits performed out of the number of insurer audits to be performed for the entire Cromology group.

% of industrial sites with OHSAS 18001 or ISO 45001 certification.

Number of industrial sites with OHSAS 18001 or ISO 45001 certification out of the total number of industrial sites.

## **Environmental indicators**

### **Wastes management**

% of industrial and logistic sites ISO 14001 certified

Number of production and logistic sites with ISO 14001 certification out of the total number of production and logistic sites.

Waste generated (% production volume)

This involves assessing the quantity of waste generated (in tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

Hazardous waste generated (% production volume)

This involves assessing the quantity of hazardous waste generated (in tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

## **Emissions reduction**

*CO<sub>2</sub> emissions - CO<sub>2</sub> emissions – Scope 1 (metric tons CO<sub>2</sub>-eq), CO<sub>2</sub> emissions – Scope 2 (metric tons CO<sub>2</sub>-eq), CO<sub>2</sub> emission ratio – Scope 1 (metric tons CO<sub>2</sub>-eq/kT produced), CO<sub>2</sub> emission ratio – Scope 1+2 (metric tons CO<sub>2</sub>-eq/kT produced) -*

These emissions are calculated with emission factors based on energy consumption. Emission factors were updated for 2019 and are taken from the OMINEA 2019 database. Emissions for 2018 and 2017 were not recalculated and use the OMINEA 2012 base factors.

CO<sub>2</sub> emissions include Scope 1 (heating oil and gas consumption) and, since 2019, Scope 2.

Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)

VOC emissions from combustion energy are no longer included in the calculation of total VOCs as of 2019. They represented less than 0.2% of total VOC emissions in 2018 (in metric tons produced). For 2018 and 2017, they were calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (Ministry of Ecology, France, February 2012).

VOC emissions from industrial processes (use of solvents) are the primary components of this indicator.

The methodology for calculating this indicator was changed in 2017. The new methodology is the one used for solvent management plans. The "VOC" indicator is calculated in the following manner (other VOC emissions):

VOC (in metric tons) in raw materials ("input 1 VOCs"): these VOCs are calculated on the basis of VOC content (in%) and the quantity of each raw material consumed (in metric tons);

VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the total tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced;

VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average VOC content in the raw materials, or the average VOC content of the finished product to the solvent-laden waste (in metric tons), depending on the type of waste;

"Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

## **Compliance to regulation on chemical products**

% of eligible Cromology employees trained in ADR among those to be trained

Training for employees in ADR (European Agreement on the International Carriage of Dangerous Goods by Road): Percentage of employees trained in ADR in relation to the number of people scheduled for the annual training plans for ADR.

Total Suspended Solids (TSS) (metric tons)

Suspended Solids refer to small solid particles which remain in suspension in water. TSS test measures the quantity of suspended particles which will not pass through a filter, as an indicator of water quality. The TSS is measured on a sample taken after the internal treatment system to be representative of the quality of the water discharged.

Chemical Oxygen Demand (COD) (metric tons)

COD is the mass of Oxygen necessary to fully oxidize carbon and hydrogen containing compounds in one liter of solution, as an indicator of water quality. The COD is measured on a sample taken after the internal treatment system to be representative of the quality of the water discharged.

## **Raw Materials and natural resources sourcing**

Number of raw materials concerned by regulatory watch (% of raw materials' total)

Number of raw materials concerned by regulatory watch out of the total number of raw materials

Volume of raw materials concerned by regulatory watch (% of raw materials' total)

Volume of raw materials concerned by regulatory watch out of the total volume of raw materials

## **Energy consumption**

Energy consumption includes the consumption of energy for production activities and distribution networks. It does not include the consumption of energy associated with employee transportation. It is reported for all Cromology subsidiaries.

## **Paints & Colors**

Share of Paint revenue generated by products launched within the last three years

Share of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)

This is the share of revenue generated by products launched within the last three years with an eco-label out of the total revenue of products launched within the last three years.

Eco-labels include:

- the European Union eco-label established in 1992;
- the TÜV SÜD label is awarded by the German independent eco-body of the same name for renewable energies;
- the NF Environnement label is issued by the French national organization for standardization (AFNOR) (paints, varnishes and related products – NF 130);
- the Excell Zone Verte and Excell Plus labels from Excell, an ISO 17025-accredited laboratory, classify materials, products and coatings that are compatible with the indoor air quality of living areas, HQE housing or food industry premises.

Share of Paint revenue generated by eco-certified products in total sales

Share of production generated by water-based products out of total production

Share of recycled plastic in plastic packaging purchased by Cromology in France

This is the percentage of the weight of post-industrial recycled polypropylene (recycled plastic packaging) purchased from the main supplier (metric tons) in relation to the total weight of polypropylene (plastic packaging) purchased from the main supplier (metric tons).

% of metal packaging

Share of the yearly purchase value of metal packaging versus total of yearly purchase value of plastic and metal packaging.