



CSR REPORT 2019

Statement of Non-Financial
Performance



1 - THE SPHERE GROUP BUSINESS MODEL

The SPHERE group is fully aware of its social, societal and environmental responsibility, and has long worked to improve its impacts in these areas.

This Statement of Non-Financial Performance (Déclaration de Performance Extra-Financière - DPEF) is the format for presenting the analyses and efforts made by the group, as requested by the CSR Directive that applies to the group from the 2018 financial year onwards.

The main activity of the SPHERE group is to design, produce and market bags and packaging used by the general public, retailers or professionals, such as refuse bags, transport bags, aluminium foil and trays, plastic film and paper for use with food products, etc.

These products are mainly plastic (mostly polyethylene, virgin or recycled, or biosourced and/or compostable biomaterial), as well as paper or aluminium.

SPHERE is involved in other activities such as producing biocompostable resins; printing on film and paper; and distributing cosmetic products, gloves, disposable tableware, etc.

These products are manufactured by SPHERE and account for around three-quarters of turnover, which in 2019 totalled €582 million.

In 2019, SPHERE had a total average workforce of 1,480 people. Approximately two-thirds were in France, and the remaining

third were almost exclusively in Western Europe.

SPHERE's area of activity is almost exclusively in Western Europe, where more than 98% of the group's turnover and all of its production are generated.

Purchases of raw materials come from all over the world (mainly from Europe but also from Asia). SPHERE distributes its products widely:

- via multiple distribution channels: mainly large retailers but also resellers, e-commerce, local authorities and small businesses;

- under different types of brands: national brands, private labels, and premium or even unbranded products, for example to purchasing departments (ecomats).

The major societal challenges and trends that influence SPHERE's development are primarily environmental concerns. These are subject to rapid change, both via regulations and cultural or gene-

rational influences and the medium-term development of the various distribution models, even though SPHERE strives to remain active in all forms of distribution.

For more than twenty years, **SPHERE has differentiated itself from other players in the European market by making the environment central to its development strategy and business model.**

SPHERE's operating mode is organised around its environmental policy, which is determined and implemented by general management and applied by the subsidiaries. However, human resources management is decentralised, with authority passed to the heads of subsidiaries who adhere to the spirit of Group principles while managing locally.

SPHERE's interactions are mainly with its employees, customers and suppliers. The group also participates in several professional organisations (at European, national and local levels)



and is in contact with European and national public authorities to assist with the development of regulations concerning its products. SPHERE's main suppliers are those providing raw materials. Suppliers of virgin materials are located all over the world, but mainly in Europe for recycled materials. SPHERE is a member of, among others, the French professional associations ELIPSO, Club Bio-plastiques, Chimie du Végétal and European Bioplastics.

SPHERE is an independent group, which has grown steadily since its creation in 1976. It currently has a turnover of €582 million and employs 1,480 people, while remaining a privately owned business that operates on a "human scale", with its founders as majority shareholders. This has made it possible to establish and respect a long-term, innovation-led vision for the group for the creation of responsible packaging. The European leader in its sector, SPHERE's goal is to consolidate its position by providing

ever more innovative and tailored environmental solutions.

Since inception, most of the value created has been reinvested **in the group's development - both the economic development of the company and the social development of its employees.** The group's strong French and European ties are supported by the certainty that investments and sound organisation will prevent the need for outsourcing. This will be achieved through recourse to European skills and by supporting the European economy where our customers and consumers are located. In addition, SPHERE ensures that its value creation, as far as possible, is attained via products that provide an environmental benefit. For example, more than half of the materials (fossil-based or biosourced) used by the group are recycled, **and the turnover generated by the group in biocompostable plastics represents more than 60% of that from products made of fossil plastics.**

Employee development is supported by this desire for local production, as well as by the deep sense of environmental responsibility that is a driving force for SPHERE.

The group's future lies in maintaining its strong values and continuing innovation to provide an ever wider range of environmental packaging solutions with a practical application.

« CONTINUING INNOVATION TO PROVIDE AN EVER WIDER RANGE OF ENVIRONMENTAL PACKAGING SOLUTIONS WITH A PRACTICAL APPLICATION. »

2 - SPHERE GROUP BUSINESS RISKS ANALYSIS

The SPHERE group has carried out an analysis of its non-financial risks. The method employed is described in the methodological note at the end of this document.

This report focuses on the main risks: impacts on employees and environmental impacts. Other risks facing the group are also addressed, with explanations given for SPHERE's responses. This analysis and its conclusions were mainly the result of work by general management and the heads of human resources and sustainable development.

They were then presented to the Board of Directors for approval.

➤ Impacts on employees

• **Employee health and safety at work** (injuries, occupational illnesses, etc.)

Each SPHERE company is responsible for and closely monitors the proper application of regulations, as well as changes relating to workplace accidents or occupational illnesses.

The decisions and measures taken in 2020 to manage the Covid 19 crisis were based on the skills and expertise developed by subsidiaries in the area of health and safety at work, as part of a wider group coordination process. At the end of this crisis, an assessment will be carried out to learn from the experience.

• Internal skills matching

The SPHERE group constantly keeps in mind the gradual ageing of its population and its need to adapt to both changes in the business model and related developments in professions and qualifications.

• SPHERE's Attractiveness

The SPHERE group works to reconcile the decentralisation inherent in its operating model with its desire to maintain its attractiveness via unifying compensation practices.

➤ Impact of products on the environment

The majority of SPHERE products are made of single-use plastic.

Historically, their main raw material was virgin polyethylene from crude oil, which is therefore a fossil-based material.

At the end of their life, these are normally put into a controlled waste treatment or recovery stream. If they escape, however, they remain in the natural environment for a long time.

This is why the SPHERE group has a very proactive environmental policy, including:

- working for more than 25 years **to develop more environment-friendly solutions by favouring raw materials with the least environmental impact on the entire lifespan of the product**, in particular by aiming to replace virgin polyethylene of fossil origin with recycled polyethylene, plant-based polyethylene or biosourced and biodegradable/compostable biomaterial;
- monitoring its electricity consumption (its main energy used);
- developing **ISO 14001** (environmental management) certifications for its production sites.



3 - SOCIAL, SOCIETAL AND ENVIRONMENTAL INFORMATION

SOCIAL INFORMATION

The SPHERE group is particularly keen to address two major concerns via the social aspects of its work:

➤ **Guarantee a safe and healthy working environment for its staff (see 9.3.1.1);**

➤ **Ensure we have human resources that support our needs and development prospects as closely as possible (see 9.3.1.2).**

Beyond these concerns, SPHERE is attentive to the fight against all forms of discrimination (see 9.3.1.3).

IMPACT OF THE ACTIVITY ON SPHERE EMPLOYEES' HEALTH AND SAFETY AT WORK

The SPHERE group manages entities in which the production tools and associated working conditions present measured risks for health and safety at work, as evidenced by the indicators relating to workplace and commuting accidents, which have an accident rate of 40.1 (37.5 in 2018) and a severity rate of 1.8 (1.5 in 2018). Both this increase in frequency and the lengthening of the average downtime are focus points for the group.

Nevertheless, the close involvement of all group employees in meeting the demand for products during the Covid crisis demonstrates the wide dissemination among our employees in recent years of the group's strong commitment to safety, which is shared by all.

Special attention is likewise paid to safety training, both through initial training courses (first aid, movement and postures, fire and evacuation, etc.) and regular retraining programmes (according to the official definition). In view of the strenuous nature of the tasks, a number of subsidiaries have launched investment projects aimed at preventing occupational diseases and maintaining production.

The SPHERE group's operations generally require the intensive use of its production equipment, leading it to implement a shift pattern in 14 subsidiaries. This shift work is mainly organised in the format 2x8, 3x8 and 5x8 and, less frequently, 4x8, with a special organisation at weekends.

In total, 747 people work as part of a shift structure, nearly 40% of whom work in a continuous cycle. The SPHERE group is scrupulous in ensuring compliance with all the rules relating to these different forms of shift work (medical examinations, rest time, arrangement of break rooms, etc.).

➤ **Absenteeism monitoring indicators**

Absenteeism indicators are continuously monitored by SPHERE group companies. These indicators are multi-factorial and regularly cross-referenced with data relating to workplace accidents, oc-

cupational diseases and work organisation methods, as well as changes in the average age of employees.

In 2019, the overall absenteeism rate (illness and accidents) was 6.7% (6.0 % in 2018). The main explanation for this is "long-term sick leave". This is a focus points for the group.

ONGOING EFFORT TO TAILOR SPHERE'S HUMAN RESOURCES TO THE NEEDS OF ITS BUSINESS MODEL

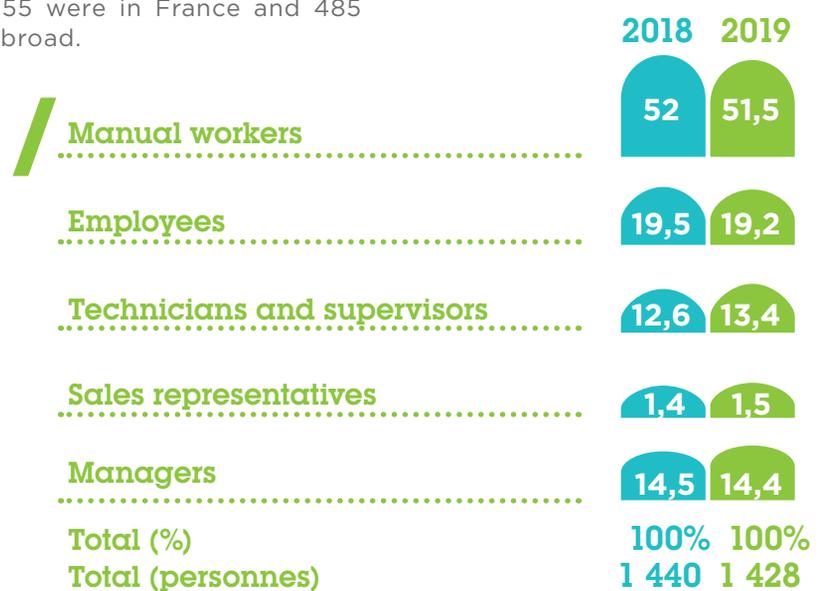
The ambitions expressed by SPHERE for both the organic and external growth of its business, and the markets in which the group operates, require human resources tailored to the continuity and development of the industrial and commercial needs arising from its business model.

In practical terms, this involves increasing staff qualifications, anticipating changes in the age structure, and enhancing the group's attractiveness.

In addition to these initiatives, SPHERE supplements its need for the qualifications necessary to renew and develop its skills by developing initiatives similar to pre-recruitment. These include apprenticeships, which are constantly evolving within the group; school internships; or even, further upstream, the targeted channelling of the learning tax budgets paid to high schools, universities and higher education institutions.

At 31 December 2019, the SPHERE group employed 1,428 people within the scope of this report, more than half of whom were manual workers (51.5% of the total). Of these, 936 are employed in

France and 492 abroad; i.e. a distribution of 66% / 34%, which is very similar to the previous year. A year earlier, at 31 December 2018, the group's total workforce numbered 1,440, of which 955 were in France and 485 abroad.



Women account for 30.5% of the group's workforce and 38% of managers, 22% of workers, and 40% of employees, technicians and supervisors.

Another response to the need to increase skills within SPHERE is the volume of training: 9,866 hours involving 737 people for a total cost of close to €364,000. This is a significant increase compared to the previous year. Broken down for the workforce at the end of each year, the average number of training hours was 6.9 hours per person in 2019, compared with 11.6 in 2018. This reflects a return to normal after the exceptional training undertaken to integrate a major subsidiary

into the group in 2017-2018, involving more than 10 % of the total workforce.

Lastly, the group is actively committed to enhancing its attractiveness through its compensation and social security policy. Where appropriate, it does not hesitate to use legal incentives that are likely to benefit a large proportion of its employees.

In total, the group's payroll was €80.7 million at 31/12/2019, supplemented by temporary work costs of €8.7 million. This translates to an overall payroll that was more or less constant in 2018 and 2019.



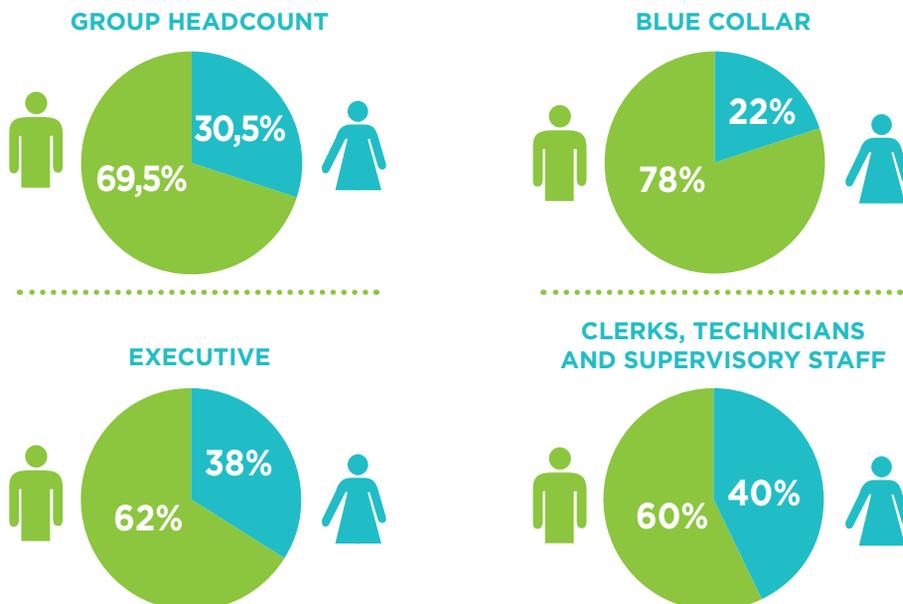
THE FIGHT AGAINST DISCRIMINATION, THE PROMOTION OF DIVERSITY, AND MEASURES TAKEN TO SUPPORT DISABLED PEOPLE

The introduction in 2011 of SPHERE's Ethics and Behaviour Charter embodies the group's commitment to combating discrimination, promoting diversity and integrating disabled workers.

Women actively participate in the group's management, with a higher share in the managerial population than in the overall population, as indicated above (38 % compared to 30 %).

The group employs the full-time equivalent of 50 disabled workers and spends nearly €250,000 to facilitate their day-to-day integration.

→ **Gender split within the group**



ENVIRONMENTAL INFORMATION

Detailed life cycle analysis carried out by PriceWaterHouseCoopers-Ecobilan for the SPHERE group showed that over the entire life cycle of a refuse bag (from the production of its raw material to the bag's end of life), the stages with the highest environmental impact are:

- ▶ the production of the raw material, which contributes to around 60-80% of the impacts;
- ▶ the bag's end of life, which contributes to around 10-30% of the impacts.

SPHERE has been working on this for over 25 years, applying the following eco-design principles:

- ▶ reducing the quantity of material employed for the same use function (in particular by reducing thickness);
- ▶ choosing the material with the least environmental impact over the entire life of the product, in particular by replacing virgin polyethylene of fossil origin with:
 - recycled polyethylene;
 - plant-based polyethylene;
 - biosourced and biodegradable/compostable biomaterial.

A PROACTIVE POLICY THAT IS FULLY IN LINE WITH THE PRINCIPLES OF THE CIRCULAR ECONOMY

For many years, the SPHERE group has been following a proactive cost-saving approach for the consumption of non-renewable materials. This involves reducing the bags' thickness,

using recycled materials, and promoting materials that are biosourced and/or of biodegradable origin to make the bags.

As early as 1983, this resulted in a 30% reduction in bag thickness using new generations of polyethylene. The group is also behind the NF Environnement certification in France, and is involved in revising this eco-label that ensures that influential factors are taken into account throughout the life cycle of refuse bags.

The group has made significant investments in recycling: with impacts of used plastics either from its own production or from outside. These efforts and investments continue to increase the use of recycled products in extruded material mixtures, thereby reducing the consumption of virgin materials.

For more than five years, the extruded tonnage of virgin fossil-based materials has been lower each year than that of recycled materials.

The group's environmental protection policy is based on innovative solutions. Its research efforts are focussed on developing biodegradable and compostable plastic biomaterials made from renewable plant materials.

In 2019, the group increased its production of bioplastics, with home-compostable plant-based fruit and vegetable bags

in compliance with the requirements of the Energy Transition for Green Growth Act.

The group also continues to develop a range of non-biodegradable plastic products made from plant-based materials. These products have technical features that are equal to or greater than those made from petroleum-based polyethylene. Their carbon footprint is 95% lower than that of products based on fossil polyethylene. Under the French and European principles of the circular economy, the group continues to address end-of-life issues for the products it manufactures so as not to disrupt the recycling and industrial/domestic composting sectors.

SPHERE also monitors its electricity consumption - its main energy used - to both reduce it and to make it more renewable.



ASSESSMENT OR CERTIFICATION PROCEDURES UNDER THE ENVIRONMENTAL POLICY

The environmental approach aims to systematically take into account the impact of the company's activities on the environment, to assess this impact, and to reduce it. The SPHERE group is committed to two approaches to environmental management:

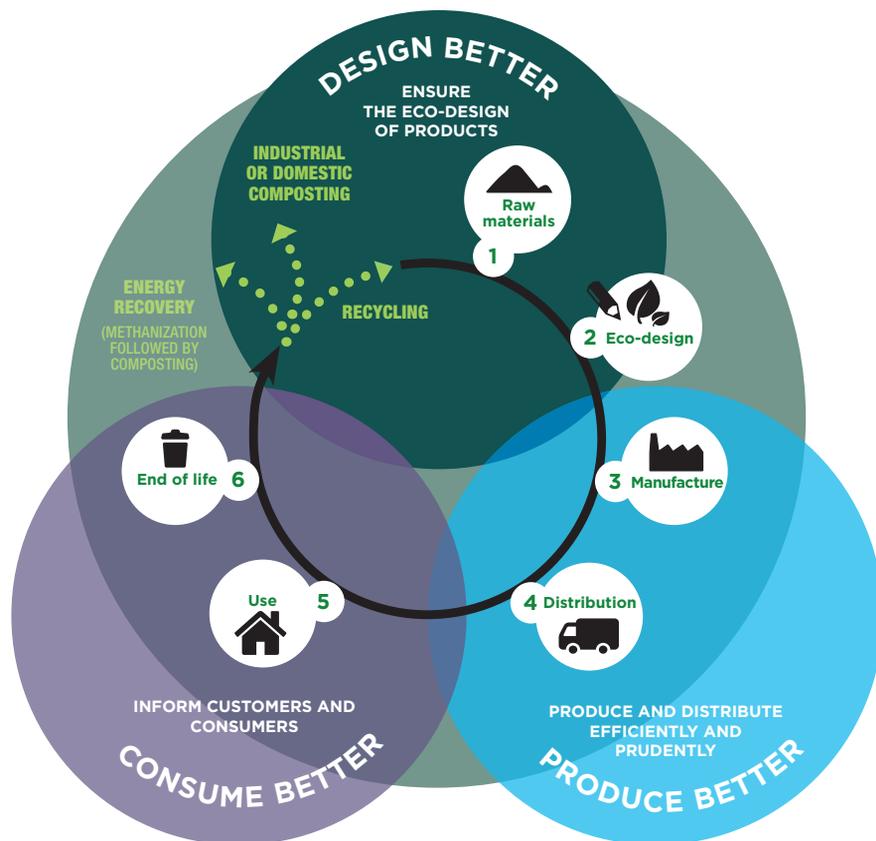
the site approach:

a management tool internal to the site, based on continuous improvement. As of 31 December 2019, four of the fourteen production sites covered by this statement of non-financial performance (i.e. 28.5 %) were ISO 14001 certified (and also ISO 9001 certified). This is the same number as at the end of 2018. However, two other sites have also made progress in the certification process, and other sites should follow suit in this desire for certification. The percentage of ISO 14001-certified production sites is one of the indicators monitored by SPHERE;

the product approach:

by systematically integrating environmental aspects from the design and development of products, with the aim of reducing negative environmental impacts throughout their life cycle.

→ The virtuous circle of the circular economy



RESOURCE MANAGEMENT: WASTE, RAW MATERIALS, ENERGY AND SOIL

Management of internally reusable waste

Almost all plastic waste, including bioplastics, is recycled and re-incorporated into production.

The majority of production sites are equipped with a recycling unit and also participate in the recovery of external plastic waste, which will also be incorporated into materials used to produce refuse bags. Once emptied of their contents,

the bags sold by SPHERE for separated collection are salvaged by the group for recycling and recovery.

The group also uses significant quantities of externally purchased recycled plastic pellets. Overall, recycled plastic (internal or external) accounts for more than half of the group's plastic consumption. Around 70% of this recycled plastic is of external origin.

Consumption of raw materials and measures taken to improve efficiency in their use

As mentioned above, it is the raw materials that have the most environmental impacts during the full life cycle of the main products distributed by SPHERE (plastic bags).

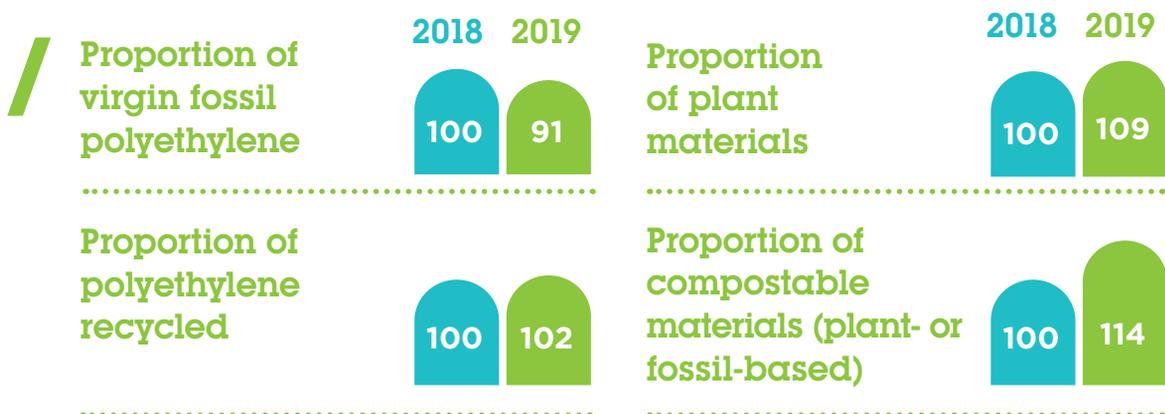
SPHERE has therefore decided to closely monitor the changes in the mix of raw materials used

in its production of bioplastic pellets and plastic products, with a particular distinction between:

- virgin polyethylene and recycled polyethylene;
- fossil origin and plant origin;
- compostable material and non-compostable material.

Out of a total of 100% of plant-based and fossil-based materials used, with the 2018 percentage acting as a baseline (= 100), the trend is as follows:

→ Changes in the mix of raw materials used





For example, the proportion of compostable materials in 2019 increased by 14% compared to 2018. See the methodological note in 9.4 for details of the calculation method. These indicators will be monitored each year.

➤ **Energy consumption, measures taken to improve energy efficiency, and use of renewable energies.**

SPHERE aims to reduce its electricity consumption per tonne manufactured and to contribute to the development of electricity from renewable sources via its purchases.

Electricity consumption per tonne extruded remained stable between 2018 and 2019, as it depends mainly on the existing installed extruders:

Annual change (in K tonnes)



This was calculated by dividing the MWh consumed during production by all extrusion plants by the total number of tonnes extruded by these same plants. The proportion of electricity from renewable sources by specific contractual commitment with the supplier increased by 4 % between 2018 and 2019:

Proportion of contractually renewable electricity:



➤ **Land use**

Plant-based plastics account for less than 15 % of SPHERE materials. In addition, the global production capacity of all plant-based plastics uses less than 0.02 % of the world's agricultural land, as stated by the European Bioplastics association.

SPHERE is nevertheless vigilant about the proper sustainable management of plant resources, and will address this point in more detail, and responsibly, in this report when the significance of these materials is greater.

CLIMATE CHANGE

Climate change caused by greenhouse gas emissions is a fundamental problem that SPHERE has been fighting for several decades.

Despite the various life cycle analyses already available, SPHERE does not currently have a simple, representative and reliable indicator to monitor its overall CO₂ impact in its factories and per unit of use (e.g. product bag). The group is working on this. However, uncertainties about the CO₂ impacts of each of the components are an impediment to establishing a reliable indicator. For DPEF 2019, a renewable electricity indicator has been set up, as electricity represents the bulk of the energy used in SPHERE's plants (see 9.3.2.3 above).

Nevertheless, SPHERE continues to work on reducing the quantity of materials consumed for the same service provided, and on using recycled or plant-based materials. The aim is to continue to reduce the CO₂ impact of its products.

SOCIETAL INFORMATION

SPHERE's aim is to respect the legislative and regulatory environment governing its business, while promoting its values.

ETHICS, VALUES AND LEGAL AND REGULATORY COMPLIANCE

The SPHERE group aims to comply strictly with legal and regulatory obligations, both in form and in spirit.

To this end, the group introduced an Ethics Charter in 2011. This is systematically communicated to group employees, and its application is enhanced by its inclusion in the subsidiaries' internal regulations. Non-compliance with the Ethics Charter can result in referral to a designated group officer.

The Ethics Charter is published on the SPHERE website. Job applicants often view it as an important element of the group's attractiveness, in the same way as its commitment to sustainable development. Following a review, a new edition of the Ethics Charter was published in 2016.

Since 2017, the Board of Directors have adopted a system aimed at preventing the risks of corruption and influence peddling, in application of the French "Sapin II" law. This system has

led to all risks of corruption and influence peddling linked to doing business being identified, their main features described, and the processes for preventing their occurrence defined, as well as the implementation of an alert system based on a network of local contacts.

Initiatives have also been undertaken with our suppliers or customers to help them share and understand our anti-corruption system. They are sent both a letter and the main documents relating to this system.

The system is based on a group-wide structure and an alert network, the main players of which are a Group Contact Person and Contact Persons within each company, who gather and process the alerts. Training initiatives are underway to raise awareness among an increasing number of employees within each group subsidiary.

Each year, a report on the past year is presented to the Board of Directors, as well as the action plan for the following year.

ACTIONS TO REDUCE FOOD WASTE

The SPHERE group does not work with food products and therefore does not generate food waste.

In addition, the SPHERE group has developed expertise in the food contact products sector. Its subsidiary, SPHERE France, is equipped with a cleanroom and supplies products such as food films, trays and rolls of aluminium and baking paper to large retail outlets throughout Europe. All of these products allow consumers to protect, store and freeze food. In some instances, they also provide culinary assistance.

The Group's national brands, Alfapac, Frio, Vita and Propsac, are genuine think tanks. They develop innovative and eco-responsible products that integrate food shelf life optimisation and the reduction of food waste.

The implementation of a communication policy (press and digital) aimed at the general public prioritises education for the proper use of products in the form of advertisements, partnerships with the food and women's press, and the production of videos (recipes and chef's tips).



PARTNERSHIP OR SPONSORSHIP INITIATIVES

Becoming a patron is a way for a company to express its identity and values and to reflect its social and cultural responsibility.

Since its creation, the SPHERE group has supported various charitable (e.g. artificial respirators for Saint Vincent de Paul Hospital) and humanitarian (e.g. the Dominique Lapierre Foundation) initiatives.

In 2004, the group created the Fondation d'Entreprise SPHERE, which is involved in two areas: musical art and humanitarian aid.

The foundation funded a school project for orphaned children in a township in South Africa, near Cape Town.

It also supported the Dominique Lapierre Foundation in Calcutta, which helps and provides education for children with leprosy.

In 2017, it supported the Global Heart Watch association in the fight against cardiac arrest.

In terms of musical art, the SPHERE Foundation has sought to support and revive forgotten works produced in Martinique.

In 2012, for example, it was

behind the revival of the quartets and sonatas of the Chevalier de Saint-George, as well as Treemonisha, Scott Joplin's first opera, which had only been performed on one previous occasion. In 2015, in Martinique, it staged L'Amant anonyme, the only completed opera by the Chevalier de Saint-George. In 2019, also in Martinique, the SPHERE Foundation paid tribute to the entire international career of soprano Christiane Eda-Pierre.

The Fondation d'Entreprise SPHERE ensures the sustainability of these initiatives by supporting implementation assistance projects by associations and NGOs via both grants and their robust, sustainable involvement.

Aside from the Foundation, SPHERE also supports projects linked to university access for underprivileged children. For two years, support has been provided to the Institut Catholique Européen des Amériques (ICEA Catholic Institute) for Martinican students.

TAKING SOCIAL AND ENVIRONMENTAL RESPONSIBILITY INTO ACCOUNT IN RELATIONS WITH SUPPLIERS AND SUBCONTRACTORS

Our strategic suppliers meet the requirements of BRC / BS-CI-type standards and are audited by third-party organisations. Other suppliers comply with their national regulations and are visited and/or audited on a regular basis to ensure compliance with our requests.

FAIR PRACTICES: MEASURES TAKEN FOR CONSUMER HEALTH AND SAFETY

From the design stage of its products, the group strives to ensure clear displays on its product and its packaging that indicates the correct use of the product, its restrictions, its composition, and its environmental benefits.

4 - METHODOLOGICAL NOTE

Scope:

This DPEF covers all companies over which the SPHERE group had exclusive control during the twelve months of 2019. This means that data on the company acquired in 2019 are not taken into account this year but will be taken into account in 2020, with the figures for 2019 being added back to the full year. The Asian subsidiaries, which account for less than 1% of the Group's total workforce, will be taken into account in the 2020 report.

Nevertheless, in the general presentation of the group in version 9.1, the overall turnover and workforce values are those used in the financial report. They thus include this subsidiary, according to the accounting consolidation rules.

As for the financial data, the reporting period is the calendar year 2019.

Risk analysis:

The analysis of social, societal and environmental risks was mainly carried out by the human resources and sustainable development departments in collaboration with general management, as well as certain subsidiary managers. In the future, other SPHERE departments will be more heavily involved, as will the HSE and HR managers of the main subsidiaries. In particular, from 2020, at least two key subsidiary or department managers (purchasing, sales, marketing, etc.) will be involved each year. Different people will be selected from one year to the next, and the Contact Persons network described in 9.3.3.1 will contribute to the risk analysis.

A very wide list of potential risks was drawn up. Each risk was then weighted according to its level of danger, the probability of its occurrence, and the share of SPHERE's business potentially im-

pacted. An overall score was thus calculated. Only the main risks (i.e. those receiving the highest ratings) were detailed in this report. The relevant monitoring indicators were chosen to follow any changes in these risks.

Social indicators:

• The social indicators used in the social section of the document are constructed as follows:

• Workforce: only professionalisation contracts are included in the population of work-study staff. Apprentices, interns and temporary workers are not included in the workforce. In the 2018 DPEF, apprentices were included in the workforce;

• Total theoretical number of hours worked: for each subsidiary, this indicator is calculated as the sum of individual theoretical annual hours plus overtime and additional hours, as well as absences of any kind and leave (paid, seniority, days off for splitting holiday periods, time off in lieu, family events, unpaid);

• Total number of hours actually worked: this indicator is calculated based on the theoretical number of hours worked from which all leave is deducted, regardless of its type (paid, seniority, days off for splitting holiday periods, unpaid, time off in lieu, etc.), as well as all types of absences, paid or unpaid;

• Accident rate: this is calculated by multiplying the number of workplace and commuting accidents resulting in sick leave occurring during the year by one million, then dividing the amount obtained by the total number of hours actually worked. It should be noted that the refinement of

the calculation method included in the 2019 DPEF for years 2019 and 2018 prevents comparison with the figures presented in the 2018 DPEF;

• Severity rate: calculated by multiplying the number of calendar days lost due to workplace and commuting accidents by one thousand, then dividing the amount obtained by the total number of hours actually worked. It should be noted that the refinement of the calculation method included in the 2019 DPEF for years 2019 and 2018 prevents comparison with the figures presented in the 2018 DPEF;

• Absenteeism rate: calculated by dividing the number of hours lost due to illness and accidents at work or while commuting by the theoretical total number of hours worked. It should be noted that the refinement of the calculation method included in the 2019 DPEF for years 2019 and 2018 prevents comparison with the figures presented in the 2018 DPEF;

• Payroll: defined as the sum of total gross remuneration and associated employer contributions;

• Training hours: these cover all training initiatives implemented in the group's subsidiaries, including those relating to health, safety and working conditions. Initiatives relating to work-study contracts – apprenticeships and professionalisation – are excluded. E-learning courses and training sessions lasting less than two hours are not taken into account;

• Training costs: these include teaching costs and travel expenses incurred, excluding trainee salaries. As a reminder, unless explicitly stated otherwise, the workforce

All of this 2019 Statement of Non-Financial Performance (DPEF) was subject to approval by the independent third party KPMG, which issued its report in May 2020.

is calculated on the basis of those present at 31 December 2019. Data prior to 2019 were only included insofar as they were based on calculation methods identical to those of 2019.

Environmental indicators:

Environmental indicators relate to the use of the main materials used by the group, namely the following different raw plastics: virgin fossil polyethylene, recycled polyethylene (from internal regranulation of the group's production discards, or purchased externally in the form of pellets), plant materials and compostable materials.

This year, a more detailed analysis was made of the various types of plastics recycled (internally or externally) and the different additives used. This led to some changes in the figures for 2018. However, the 2019 and 2018 figures in this report are calculated according to the same principles.

For each of these materials, the indicator is based on the ratios calculated as follows, for each year separately:

- ▶ total tonnes of this material actually consumed in extrusion in each of the group's manufacturing plants producing plastic products (bags or pellets sold outside the group) in 2018 and 2019;

- ▶ divided by the total tonnage of plant and fossil plastics consumed for the same scope and over the same period.

The indicator is then calculated as: 2019 ratio / 2018 ratio.

For example, if a material represents 33 % of the total in 2019 when it was only 30 % in 2018, its indicator will increase from 100 in 2018 to 110 in 2019, showing its relative growth. In addition, an indicator was added

this year to monitor changes in the proportion of purchased electricity that is contractually renewable.

Thus, only the proportion of electricity that the supplier contractually guarantees as being renewable is counted as renewable electricity, excluding the proportion of electricity that happens to be renewable, even though the contract does not set any constraint on the electricity supplier. The same calculation principle was used: % 2019 / % 2018 = indicator.

Outlook:

This DPEF 2019 strengthens first DPEF that was produced in 2018, whose coverage extends beyond SPHERE's strictly regulatory obligations. However, it will be further developed in the future.

Topics not addressed:

The following topics were not addressed:

- ▶ those that are not relevant to the SPHERE group's activities: animal welfare, combating food insecurity, fair and sustainable responsible food;

- ▶ collective agreements, as they are managed at company level and not monitored centrally. While important, this topic does not represent a major risk for the group and does not justify any specific monitoring indicator.



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