



# Non-Financial Statement 2019/20

**TEREOS S.C.A.**

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*This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

## 1. GROUP PROFILE

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Tereos is an international agribusiness player with proven expertise in the processing of sugar beet, sugar cane and cereal. Operating from 48 industrial sites and with 22,300 committed employees, Tereos supports its customers as close as possible to their markets with a broad and complementary range of products (sugar and sweeteners, starch, alcohol and ethanol, proteins, dietary fibres, animal nutrition).

For the past 15 years, Tereos has developed its activities and locations in Europe, Brazil, East Africa and Asia, to be closer to its customers and growth markets. In 2019/20, the Group achieved sales of €4.5 billion.

Tereos is a cooperative group with approximately 12,000 French cooperative associates. Sustainability and responsibility are at the heart of its model and values: “*Looking forward, keeping close*”, whether in terms of agricultural or industrial practices, business model, or involvement with society or its various stakeholders. This approach is reflected in the Group’s major ambitions:

- ✓ Process all the components of agricultural production,
- ✓ Offer quality products and services, adapted to the needs of its customers and consumers,
- ✓ Develop sustainable production methods.

### KEY FIGURES<sup>1</sup>

- Processed agricultural products:
  - ✓ Sugar cane (Brazil, Reunion Island, Mozambique, Tanzania, Kenya): 21.6 Mt (+9% compared to 2018/19)
  - ✓ Sugar beet (France, Czech Republic, Romania): 20.6 Mt (-1% compared to 2018/19)<sup>2</sup>
  - ✓ Cereals, potatoes, cassava (Europe, Brazil, Asia): 4.7 Mt 4% (+4% compared to 2018/19)
  - ✓ Alfalfa (France): 0.5 Mt (+18% compared to 2018/19)
- Our production of processed materials:
  - ✓ Sugar: 4.5 Mt raw value (+4% compared to 2018/19)
  - ✓ Starch products: 2.5 Mt (stable compared to 2018/19)
  - ✓ Alcohol and ethanol: 1.6 Mm3 (+7% compared to 2018/19)

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<sup>1</sup> Same scope as March 2020. The financial scope (including minority holdings and joint ventures in France, Tanzania, Kenya and China) is different from the scope used for monitoring NFS indicators.

<sup>2</sup> Volume of sugar beets in beet chip weight.

## 1.1 VALUE CHAIN

Tereos is present throughout the entire value chain: from the upstream agricultural activities to the industrial transformation of agricultural raw materials into sugars, alcohols and starches, as well as the final product distribution to customers.

With more than 12,000 cooperative associates, Tereos maintains a strong bond with the agricultural world, both in France, where its cooperative associates hold the cooperative's share capital (sugar beets, starch potatoes and alfalfa), and throughout the world. The Group conducts its own agricultural operations (Brazil and Mozambique) and seeks to maintain close ties with its raw material suppliers (sugar beet, sugar cane, corn, wheat and cassava).

Most of the agricultural raw materials processed by the Group come from direct channels, which enables it to control production conditions and ensure the products' traceability. Depending on the type of production, the land where these raw materials are grown is cultivated by the Group (more than half of the cane processed by the Group in Brazil, or cane in Mozambique, for example) or by its cooperative associates (France) or supplier growers.

To provide essential products to the world's growth markets, Tereos has chosen to establish a direct international presence. Tereos has eight industrial sites in Brazil, six in Africa & Indian Ocean and three in Asia.

With an extensive portfolio of products and ingredients, Tereos sells most of its products to its 5,800 customers, who are international players in sectors such as food, pharmaceuticals and cosmetics, animal nutrition, paper and cardboard, biofuels and green chemistry.

Tereos products are distributed in 112 countries around the world. Tereos' presence is also established among B2C consumers with five consumer brands, which are highly regarded by local consumers: *Béghin Say*, *La Perruche*, *Guarani*, *TTD*, *Sucrieries de Bourbon* and *Whitworths*.



## 1.2 STRATEGY

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The food-processing sector is undergoing a profound transformation, including changes in food practices and consumer expectations, market volatility and competitive pressure. To meet these challenges, Tereos is building a long-term strategy with one key objective: to become a benchmark for its customers, offering the same high standards of quality, traceability and sustainability for all its products worldwide. This strategy is based on four main components:

### DIVERSIFY BUSINESSES TO OFFSET INTRINSIC MARKET VOLATILITY

The Group was quick to understand the value of capitalising on the complementary nature of its activities in diversified markets. By fully transforming the raw materials it processes, it can offer a wide range of products: sugar, sweeteners, starches, alcohols, bioethanol, vegetable proteins, fibres, green chemistry, etc. This diversification strategy enables the Group to:

- ✓ cope with market volatility issues,
- ✓ anticipate customer and consumer expectations with a diversified and complementary product portfolio. Over 400 product references currently keep pace with market developments and meet consumer needs for healthy and sustainable foods.

### STRENGTHEN COMPETITIVENESS THROUGH OPERATIONAL EXCELLENCE

For several years now, Tereos has been consistently striving for operational excellence in order to strengthen its competitiveness, which is essential in commodity markets. An initial performance programme was carried out between 2015 and 2018, which generated €140 million in operating gains, i.e. 40% more than the initial target of €100 million. In 2018, the Group introduced a new transformation programme, called *Ambitions 2022*, which aims for a new level of performance, operational excellence and continuous improvement. As far as competitiveness is concerned, more than €200 million in recurring gains has been targeted by 2022 across all business lines and activities. *Ambitions 2022* also sets ambitious sustainability and safety targets through the implementation of dedicated roadmaps over the next three years. New methods of work and team leadership have been developed and implemented to ensure lasting impact, in a process of continuous improvement and greater team accountability.

### ADAPT TO NEW MARKET TRENDS AND THE EXPECTATIONS OF SOCIETY

In order to benefit from the growth potential in its markets, the Group has been pursuing a strategy of international expansion for many years.

Tereos first expanded in Eastern Europe, then in Brazil and finally in Africa and Asia to capitalise on these continents' strong population growth as well as evolving local consumption patterns.

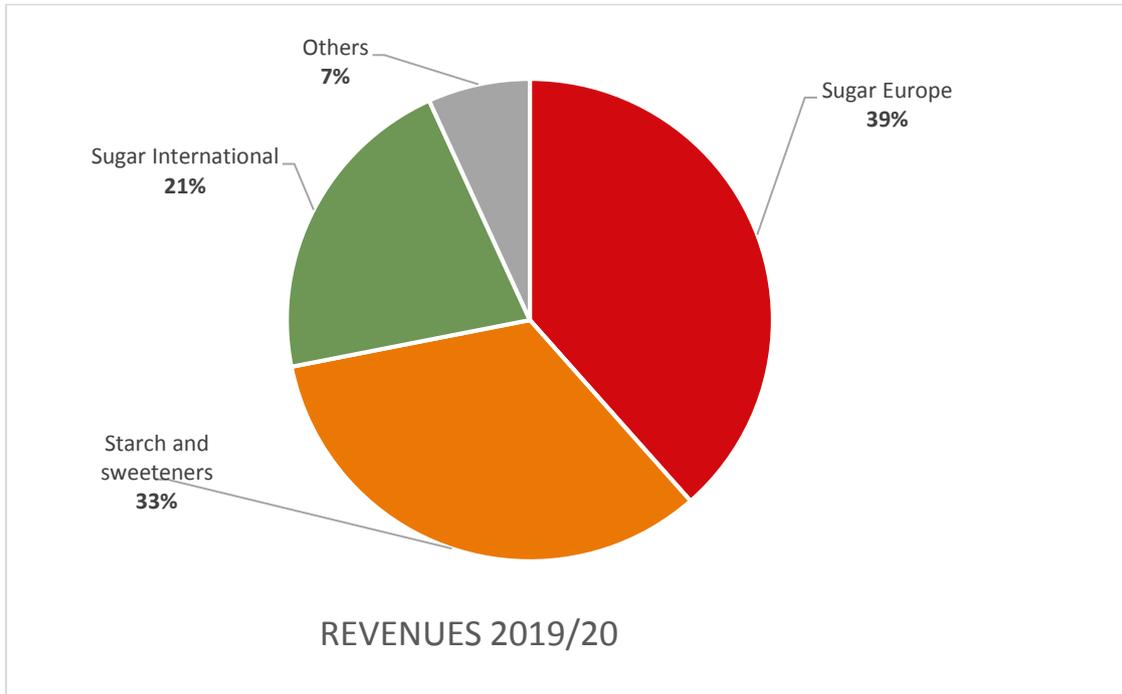
The ramp-up of Tereos Commodities also falls within this context. This trading subsidiary aims to optimise the Group's distribution and supply capacity. With its network of sales offices around the world, supply meets customer and consumer demand for integrated and transparent logistics, from agricultural production to consumption areas.



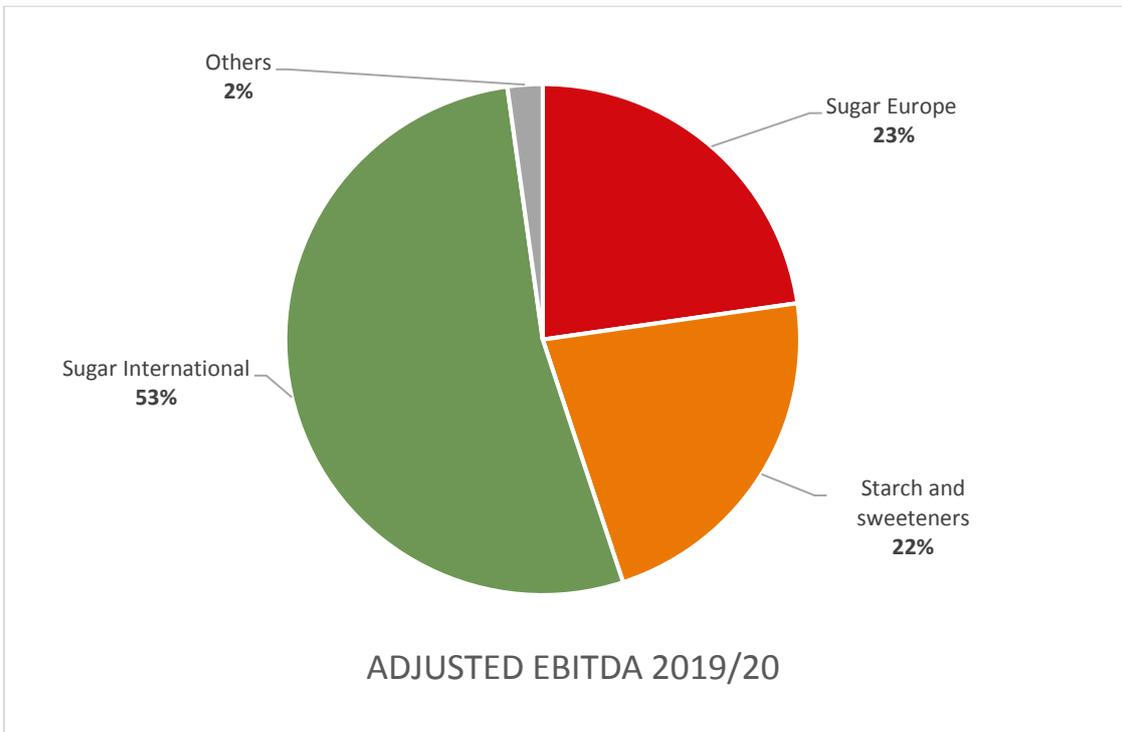
Innovation is another key driver of the Group's development. It is at the heart of its approach across the entire value chain: precision farming, varietal selection, advanced process control in industrial sites, optimisation algorithms and big data, connected supply chain, reformulation and new product development. These are all innovative approaches that create value for all stakeholders and make it possible to combine sustainability, economic performance, environmental protection and other imperatives. All this enables Tereos to position itself as a benchmark player among its partners and customers in search of excellence and quality. The six R&D centres around the world enable Tereos to support its customers in the closest proximity to their needs and markets with respect to both product and process innovation.

## RESULTS BY ACTIVITY

Revenues by division, fiscal year 2019/20



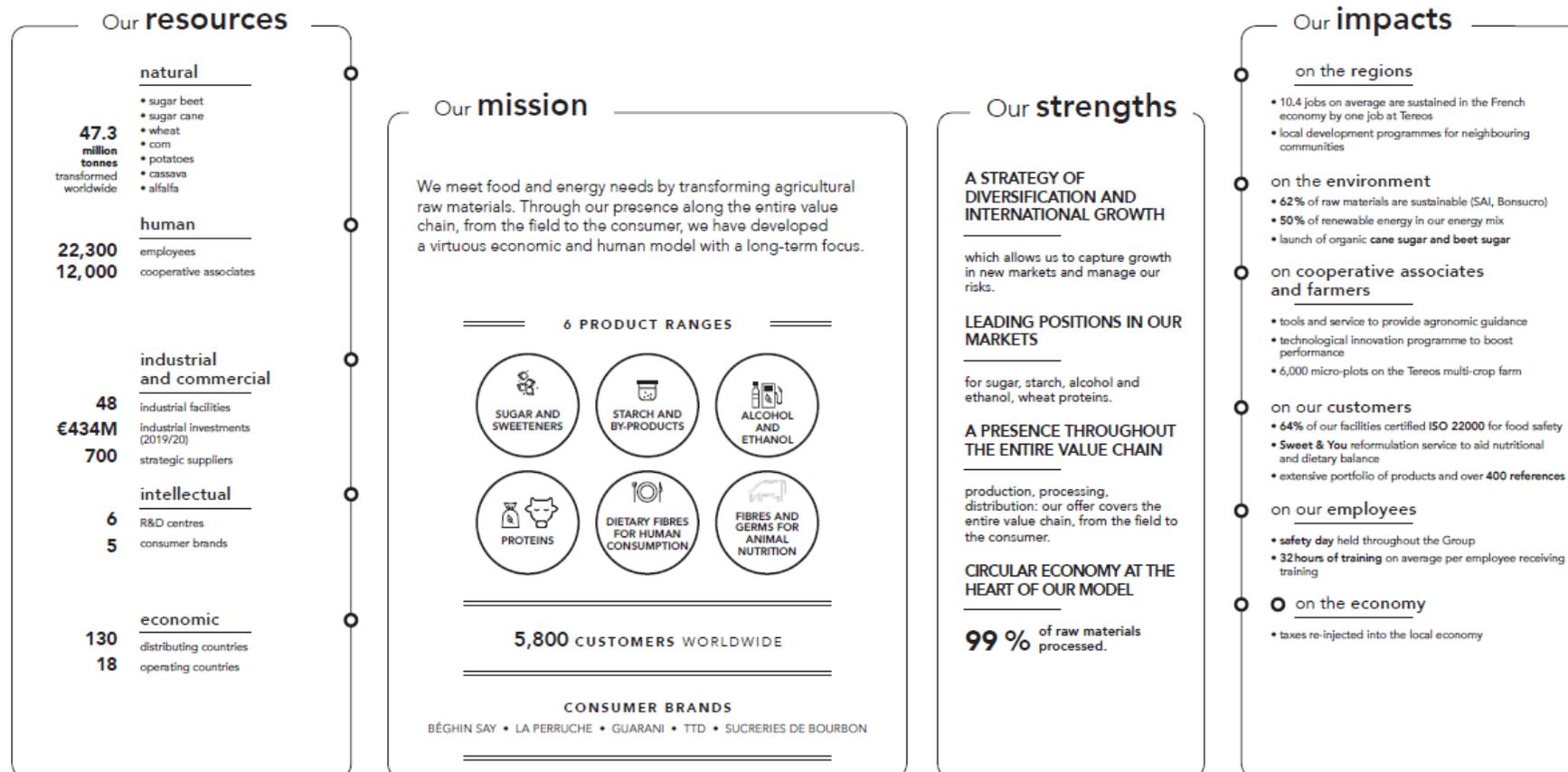
Adjusted EBITDA by division, fiscal year 2019/20



## 2. BUSINESS MODEL

### Our strategic challenges

COMPETITIVENESS // VOLATILITY // NEW MARKET TRENDS AND EXPECTATIONS OF SOCIETY



Data on headcount and industrial sites without the exclusions mentioned in the Methodological Note, section 7. Tonnes transformed data on the basis of the financial scope, different from the scope used for the NFS indicators.

### 3. CSR POLICY

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In an effort to address the challenges facing the Group and implement its long-term vision, Tereos is committed to a strategy of sustainable growth. This strategy includes sourcing raw materials from direct supply chains, responsible management of natural resources and the transformation of all plant components.

Tereos' sustainable development policy is found throughout the entire value chain. It was devised and is now managed by a dedicated team that coordinates a network of CSR correspondents, based in the Business Units and on the different sites. To address each aspect of the Group's social and environmental footprint, the sustainable development strategy is based on five pillars, rolled out throughout the Group. Each pillar has defined commitments for 2020, with contributions from all Tereos subsidiaries.

The Group's transformation programme, *Ambitions 2022*, aims at operational excellence and is based on a philosophy of ongoing improvement. This plan includes five priority areas (safety, competitiveness, quality, compliance and sustainability). The Group's new sustainable development strategy is being developed within this context, to take over from the current strategy and extend its efforts.

#### **United Nations Global Compact**

In 2017, the Group signed up to the United Nations Global Compact, committing to its ten fundamental principles in the areas of human rights, labour law, the environment and fighting corruption<sup>3</sup>.

By integrating these principles into its strategy and action, Tereos is committed to acting in support of the Sustainable Development Goals (SDGs) defined by the United Nations. The Group has selected seven of these SDGs, presented below<sup>4</sup>, in line with its activity and areas of operation:



<sup>3</sup> See table of concordance in Appendix 2

<sup>4</sup> See table of correspondence in Appendix 3

### **Code of Ethics**

Tereos has also adopted a Code of Ethics, available on the Tereos.com website<sup>5</sup>, in all the languages of the countries in which Tereos operates.

This Code of Ethics highlights the Group's values and ethical principles:

- Respect for human dignity and human rights,
- Human security and food security,
- Sustainable development,
- Data protection for the Group and all its stakeholders,
- Protection against corruption and money laundering,
- Compliance with the right to competition.

This Code of Ethics is based on several international standards to which the Group is signed up, particularly the United Nations Declaration of Human Rights, the European Convention on Human Rights, various International Labour Organisation agreements and the OECD Guidelines for Multinational Enterprises.

This Code of Ethics enables the Group to undertake major commitments to its various stakeholders (particularly its cooperative associates), who, in turn, also commit themselves to Tereos.

### **Sustainable Procurement policy**

The Group's objective is to choose industrial and business partners who can guarantee total compliance, in the countries in which they operate, with the ethical principles set out by Tereos in its Code of Ethics.

Tereos' business partners are committed to complying with all of Tereos' ethical principles as defined in the Code of Ethics, making it an integral part of all Group contracts. Any partner entering into a contractual relationship with Tereos must accept the Group's Code of Ethics. Recognition and respect for the Code of Ethics and the values and principles it advocates by Tereos suppliers is a prerequisite for any supply contract with a Group entity.

The Group pledges to terminate all relations with an industrial and business partner that does not respect one of the ethical principles or objectives set out in the Code of Ethics at the earliest opportunity.

In 2018, the Group's Procurement Department introduced a strategy to evaluate and monitor major suppliers on their social and environmental performance. This annual campaign is conducted in partnership with EcoVadis, an independent platform for supplier evaluation in terms of sustainable development and social responsibility. The assessment is based on four pillars: environment, labour and human rights, ethics and responsible purchasing.

In January 2020, more than 500 suppliers were solicited to answer the EcoVadis questionnaire. 60% of them were evaluated, representing more than 75% of the break-even point. With an average score of 53/100, their performance is higher than the average global EcoVadis score of 42/100. The scores obtained by the Group's suppliers are included in the annual performance reviews carried out by the Procurement Department. Suppliers who score less than 45/100 overall or on one of the EcoVadis pillars must submit a corrective action plan and are then re-evaluated by EcoVadis over the next 12 months to measure their progress.

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<sup>5</sup> <https://tereos.com/app/uploads/2019/06/tereos-charte-ethique-gb-2020.pdf>

**Benchmarks**

For the fourth consecutive year, the Group was among the top-rated companies by the EcoVadis platform in 2020, with a score of 71/100 (Gold level). Out of the 60,000 companies evaluated by EcoVadis, Tereos ranks in the top 2%. The EcoVadis rating platform evaluates participating companies on their sustainability efforts based on the four themes mentioned above (see *Sustainable Procurement*). In addition, each company is also evaluated on key issues according to their size, location and business sector.

The Group also relies on the SMETA (SEDEX Members Ethical Trade Audit) standard, with 22 Group sites certified in 2020. This standard encourages the various links in the supply chains to progress towards more ethical and responsible practices. It was drawn up in collaboration with global groups by SEDEX (Supplier Ethical Data Exchange). SMETA audits are conducted by third party organisations and cover environmental management, employee health and safety, labour standards and business ethics.

## 4. PRINCIPAL NON-FINANCIAL CHALLENGES

Chapter 7 of the present statement defines each indicator as well as possible exclusions from the reporting scope.

Non-financial challenge	Themes	Principal key performance indicators	Results
<b>Sustainably performing agriculture</b>	Quality of supply of agricultural products (suppliers, farming practices, partnerships, security of supply); adaptation to climate change	<ul style="list-style-type: none"> <li>• Tonnage of agricultural products processed</li> <li>• Percentage of agricultural products certified / evaluated sustainable</li> </ul>	<ul style="list-style-type: none"> <li>• 47.8 Mt</li> <li>• 62%</li> </ul>
<b>Environmental impact</b>	Noise, odour, soil and air pollution; water and waste management	<ul style="list-style-type: none"> <li>• Percentage of sites certified ISO 14001</li> <li>• Percentage of agricultural raw materials processed</li> <li>• Percentage of water returned to the environment</li> </ul>	<ul style="list-style-type: none"> <li>• 27%</li> <li>• 99%</li> <li>• 90%</li> </ul>
<b>Energy transition &amp; Climate</b>	Energy efficiency, renewable energies, contribution to climate change	<ul style="list-style-type: none"> <li>• Percentage of renewable energies</li> <li>• CO2 emissions</li> <li>• Percentage of sites certified ISO 50001</li> </ul>	<ul style="list-style-type: none"> <li>• 50%</li> <li>• 2.79 Mt of CO2</li> <li>• 39%</li> </ul>
<b>Quality, traceability and food safety</b>		<ul style="list-style-type: none"> <li>• Percentage of sites certified ISO 22 000 or FSSC 22 000</li> <li>• Percentage of sites certified ISO 9001</li> </ul>	<ul style="list-style-type: none"> <li>• 64%</li> <li>• 61%</li> </ul>
<b>Employee health &amp; safety</b>		<ul style="list-style-type: none"> <li>• Overall frequency rate</li> <li>• Severity rate</li> </ul>	<ul style="list-style-type: none"> <li>• 7.1</li> <li>• 0.07</li> </ul>
<b>Talent retention, change management</b>	Talent retention, employability, upskilling	<ul style="list-style-type: none"> <li>• Average seniority in years</li> <li>• Average number of hours of training per employee trained</li> </ul>	<ul style="list-style-type: none"> <li>• 9.46</li> <li>• 32</li> </ul>
<b>Industrial relations</b>	Workforce, collective bargaining agreements		<i>No indicator</i>

Scope: the data in this table, as well as in the rest of this statement, is based on the scope of the NFS (excluding the integration of trade investments, joint ventures and administrative sites), unless explicitly specified in a footnote.

## NFS compliance

<b>Fighting discrimination</b>	Measures against discrimination and in favour of people with disability	Number of employees and gender breakdown Percentage of employees with disability	<ul style="list-style-type: none"> <li>• 20,017, including 11% women</li> <li>• 2%</li> </ul>
<b>Fighting food insecurity</b>			<i>No indicator</i>

*Scope: the data in this table, as well as in the rest of this statement, is based on the scope of the NFS (excluding the integration of trade investments, joint ventures and administrative sites), unless explicitly specified in a footnote.*

## 4.1 METHODOLOGY

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In 2018, Tereos worked on identifying and selecting its main non-financial challenges, with the support of an external consultant.

This process was carried out as follows:

- ✓ Definition of a spectrum of issues based on the ISO 26000 standards, the GRI standards, the NFS regulations, the Group's main CSR challenges, its competitive environment and market trends.
- ✓ On the basis of this work, the Group defined the scope of the CSR challenges in relation to its activities.
- ✓ These issues were classified and submitted to a panel of internal stakeholders in France and internationally, who evaluated and selected the issues with the greatest potential impact for Tereos and its stakeholders.
- ✓ Two priority areas were established to map the issues according to three factors: severity, probability of occurrence and control of the issue.

The severity of impact was initially rated according to a scale ranging from 1 (limited) to 4 (critical). A second rating was made on the probability of occurrence, ranging from 1 (unlikely) to 4 (certain). The selection of identified challenges was presented to the Group Executive Committee for validation. For the challenges selected, the level of control of each one was assessed to determine whether the procedures and action plans put in place by the Group were sufficient and to identify priority measures for implementation.

In 2019, following the publication of the first NFS, the indicators relating to certain challenges were expanded. More specifically:

- ✓ Addition of "Percentage of raw materials transformed" and "Percentage of water returned to the environment" indicators for Environmental Impact.
- ✓ Addition of the "Severity rate" indicator for Employee Health and Safety.

## 5. CSR PRIORITIES

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### 5.1 SUSTAINABLY PERFORMING AGRICULTURE

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#### BACKGROUND

By 2050, the worldwide population will be close to 10 billion. To feed all the world's inhabitants, current agricultural production will have to increase by more than 70%. This will have to go hand in hand with an evolving agricultural model to ensure the conservation of the planet and its resources. Tereos is committed to sustainable agriculture and strives to combine yield growth with environmentally friendly practices, by drawing on its agronomic know-how and the implementation of technological innovations.

#### COMMITMENTS

- ✓ Promote sustainable agriculture by harnessing the agronomic know-how of Tereos teams and growers to combine agricultural competitiveness and respect for the environment.
- ✓ Guarantee long-term agricultural production contracts in a context of increasing market volatility.
- ✓ Adopt and apply the highest ethical standards for the elected officials of the cooperative (Code of Ethics).
- ✓ Evaluate the Group's practices on the basis of external standards.
- ✓ 2020 target: 75% of agricultural products assessed or certified as sustainable.

#### POLICIES AND ACTION PLANS

The Tereos model is based on enduring local relationships with the agricultural world, i.e. cooperative associates and suppliers of agricultural products. This control of the value chain combined with an international presence enables the Group to provide its customers with direct and secure supply chains. To meet climate change challenges, the Group helps growers to improve their resilience while reducing the environmental footprint of their activity through new practices such as precision farming and sustainable agriculture.

#### **Innovation & new technologies**

Agronomic innovation is an ongoing process at Tereos. New production techniques for sustainable agriculture are at the heart of the work of the agronomy department, which carries out numerous trials and experiments every year. In 2019/20, over 6,000 experimental sugar beet, starch potato and alfalfa micro-plots were set up, allowing each cooperative grower to benefit from the best techniques available through the personalised advice of their sector manager. In addition to this, all test results and the resulting advice are made available to all cooperative associates through decision-making tools, a dedicated extranet and various communication materials and tools.

In Brazil, thanks to new technologies such as meteorological data collection and analysis, the capture and analysis of drone and satellite images, algorithms and mobile work stations in close proximity to the fields, the “*More than 100 tonnes*” programme is improving the quality of agricultural production while protecting the plant. Real-time data is collected and analysed by a team of data scientists who recommend the most appropriate management and treatments for each plot. This programme aims to increase agricultural production while preserving the environment, by reaching 100 tonnes of sugar cane per hectare by 2020, compared to 83 tonnes at the end of 2017.

### **Agronomic advice**

In the most recent sugar beet campaigns, Tereos Sugar France encouraged and recommended all its cooperative associates to systematically use nitrogen residues on their sugar beet plots at the end of winter. The goal is to optimise the farm’s economic profitability by providing the right dose to maintain an optimal sugar content while greatly limiting the risk of nitrogen losses in the soil. Dedicated teams also work with cooperative associates to reduce the use of phytosanitary products by helping them identify sustainable practices based on varietal research, mechanical weeding, biocontrol (a plant protection method based on the use of natural mechanisms) and soil protection.

The agronomic service is carrying out this work in Europe, sharing its experience with the Czech Republic and Romania, two countries that also process sugar beet. Every year, the cooperative also offers its members the opportunity to come and share the latest experiments as part of an innovation forum initiative.

### **Protecting biodiversity**

The crops grown by Tereos’ cooperative associates and supplier growers are adapted to the local climate and soils. The Group’s vision is to produce a safe, quality product with a satisfactory yield and a controlled environmental footprint. To achieve this, the Group encourages agricultural best practices that promote biodiversity, such as:

- ✓ Encouraging biodiversity with sugar beet storage: growers can sow sugar beet storage areas (outside the plot) in order to plant honey-bearing species. The objective is to stabilise these areas, avoid the proliferation of undesirable species and favour a habitat for auxiliary insects.
- ✓ Protecting biodiversity during the alfalfa harvest, to minimise game disturbance on the plots. The aim is to adopt good driving practices with harvesting machines: reduce the driving speed and install a scare bar to allow game to shift, leave a strip of uncut vegetation to provide shelter for small wildlife and insects.
- ✓ Developing alternative practices to synthetic inputs, prioritising organic rather than mineral fertilisation, and implementing flower strips that provide year-round coverage. The latter contribute to attracting, maintaining and promoting certain forms of functional biodiversity and are also sources of nectar and pollen, allowing a greater presence of auxiliary insects.
- ✓ Promoting agricultural practices favourable to honeybees and other pollinating insects, by strengthening and diversifying honey resources (diversification of crop rotation, extension of rotations with the introduction of leguminous plants, year-round soil cover by fallow land or intermediate honey crops).

In Brazil, sugar cane producers use a soil preparation method that consists in loosening compact layers of soil without turning them over. The aim is to restore soil permeability by improving natural drainage and preserving soil biodiversity. This method is sometimes accompanied by a contour cultivation system that reduces the formation of gullies and swales in the event of heavy rainfall. Mechanisation also makes it possible to limit compaction, which affects the amounts of water and air in the soil, to preserve its seepage capacity.

In Reunion Island, the Cultivation Techniques department, attached to the eRcane research centre, works on soil preservation and has established several areas of R&D:

- ✓ Minimal tillage in plantations to limit the risk of water erosion linked to slopes and heavy rainfall in the hurricane season
- ✓ Recycling residual fertiliser materials to preserve and increase the soil's biological activity and improve field productivity while maintaining essential biodiversity.

In Romania, experimental fields have been set up to promote best practices for sugar beet growing. Together with sector managers' advice and soil analyses, the aim is to minimise the amounts of fertilisers, nitrogen and pesticides used. In addition, the correct use of agricultural machinery is being taught to preserve soil integrity as much as possible.

## RESULTS

- ✓ 100% of cooperative associates have access to agronomic advice
- ✓ 62% of the Group's agricultural products are assessed or certified as sustainable (60% in 2018/19)
- ✓ On average, four technical meetings per year between each cooperative grower and a Sector Manager from the cooperative.

### **Sustainability standards**

Tereos' activity is greatly impacted by climate change. The availability and quality of agricultural products are subject to meteorological fluctuations. To fight climate change, the Group is committed to the long-term preservation of natural resources. In this context, Tereos is committed to environmentally friendly agriculture through the implementation of sustainability standards.

The SAI (Sustainable Agriculture Initiative) was created by Nestlé, Unilever and Danone to promote a common base of competitive sustainable agricultural practices, both upstream and downstream of the supply chain. Tereos was the first sugar cooperative to join this initiative in 2015. For the past five years, Tereos has been an active member of the SAI initiative. It started by implementing these guidelines among its 12,000 sugar beet cooperative associates in France, to help them gain the maximum value from their agricultural raw materials.

After a first successful evaluation in 2016, this initiative was renewed in 2019, with 100% of the cooperative associates rated "gold" or "silver". With an increase of 8 points over the previous audit, the growing proportion of farms rated "gold" shows Tereos' cooperative associates' commitment to sustainable and efficient agriculture. The Group extended this initiative to the Czech Republic in 2017, then to Romania and Reunion Island in 2019.

In Brazil, the Group is encouraging the implementation of Bonsucro, a sustainability standard designed to reduce risks throughout the sugar cane supply chain, from cultivation to end-products (ethanol and sugar). It is a demanding standard that incorporates over 200 parameters, with particular emphasis on respect for human rights and the environment. Sugar cane suppliers must comply with these parameters, reflected in 53 indicators. In 2019/20, 29% of Tereos' sugar cane production in Brazil as well as five of its seven sugar plants received this certification.

### **Organic agriculture**

With many years of experience in the organic sugar market in Europe, the Group has developed its own range of organic sugar. From 2018, agronomic and industrial experiments were carried out to produce organic sugar using French sugar beet and sugar cane from Mozambique and Brazil.

In France, following conclusive agronomic and industrial trials in 2018, the Attin factory became the first sugar facility to be certified organic by *Ecocert*, in 2019. The Tereos teams worked alongside thirty organic and in-conversion growers, covering an area of around 200 hectares, to support them in implementing new techniques adapted to organic farming.

In Mozambique, diversification into organic production has begun, with the planting of around 150 hectares of sugar cane.

### ***France: harvest assessment 2019/20***

During the last beet campaign, the nine Tereos France sugar facilities processed almost 18 million tonnes of sugar beet in 125 days, with an average yield of 88 tonnes per hectare over the last five years, despite regional disparities and the impact of heavy rainfall which disrupted harvesting and the supply of beet to factories at the end of the campaign.

In 2019/20, more than 99.5% of Tereos' cooperative associates renewed their cooperative commitment. The level of Tereos' contractualisation is globally unchanged since the increase of 20% that occurred prior to the ending of the quota system.

On the industrial front, Tereos France's sugar factories broke their historical production records this year, with an average production rate of roughly 135,000 tonnes of beet per day.

### ***Brazil: harvest assessment 2019/20***

Tereos Sugar & Energy Brazil processed 18.8 million tonnes of sugar cane in its seven units during the 2019/2020 campaign, representing an increase of 7% over the previous year. This campaign also saw a 7% increase in agricultural yield, with an average of 11 tonnes of sugar per hectare.

The Group has invested in agricultural technology allowing it to detect the main losses in performance and make real-time corrections with greater agility, which has led to an increase in operational indicators.

## 5.2 ENVIRONMENTAL IMPACT

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### BACKGROUND

As an industrial company, Tereos pays particular attention to reducing its environmental impact, particularly by reducing the carbon footprint of its industrial assets, protecting water resources, controlling its discharges, recycling its residues and improving air quality. The Group is also committed to the energy transition through converting its residues into green electricity.

### COMMITMENT

- ✓ Transform all parts of the plant
- ✓ Improve the water balance and reduce discharges
- ✓ Increase the number of sites certified ISO 14001 (environmental management system)

### POLICIES AND ACTION PLANS

In 2019, Tereos continued to work on a Sustainability roadmap for its subsidiaries, Tereos France and Tereos Starch & Sweeteners Europe, with the objective of finalising it in 2020. This roadmap, initially defined at European level, will also be adapted before the end of 2020 in all Business Units worldwide. This commitment is part of the *Ambitions 2022* operational excellence plan. Included in the roadmap, the section relating to energy and the Group's contribution to the energy transition are given very high priority at Tereos.

By way of illustration, Tereos Sugar France has set up an environmental management system that takes these issues into account. The action plans implemented by this Business Unit aim specifically to:

- ✓ Control and reduce atmospheric emissions. A multi-year investment programme enables the implementation of new techniques associated with combustion installations.
- ✓ Control the impact of activities on the aqueous environment by organising regular monitoring of discharges, maintaining the performance of wastewater treatment facilities and conducting a multi-year programme to optimise water consumption.
- ✓ Maintain a waste recovery rate of over 98% by regularly seeking waste processing channels and organising waste sorting.
- ✓ Reduce the impact of our sites on local residents through actions aimed at reducing odour nuisance, along with regulatory studies on noise and regular communication with external stakeholders.

#### **Rethinking the use of water**

Water is central to the concerns of the Group, which is committed to reducing its water use, optimising the quality of water discharged from its factories and recycling it. Beet sugar production is an industrial activity that is structurally in surplus in terms of water management. The ability to fully recover this water is one of the characteristics of Tereos' sustainable development policy. The recovery of condensed water from the manufacturing process is used in particular for hydraulic testing, soil spreading and fertigation.

Three industrial sites have set up fertigation networks supplying growers operating in the vicinity of the sugar factories concerned with water from the sugar refinery basins. Most of this mineral-rich water comes from beet washing. It provides farmers with a double benefit: it prevents drawing on the natural environment and adds mineral elements to the soil.

In France, several factories are equipped with storage basins – Connantre (150,000 m<sup>3</sup>), Boiry (165,000 m<sup>3</sup>) and Chevrières (65,000 m<sup>3</sup>) – which represents an annual saving of 380,000 m<sup>3</sup> of water not drawn from natural resources. On the Connantre site, the construction of a new, larger-capacity washing facility is under way and is set to be operational in September 2021. This new facility will make it possible to reduce the volume of water in circulation by approximately 50%.

In Brazil, Tereos Sugar and Energy Brazil has launched the Water Management, Optimisation and Treatment programme, in which each stage of sugar, ethanol and energy production is carefully analysed to identify new opportunities for reducing water consumption and reusing wastewater. In addition, the *Olhos d'água* programme has already rehabilitated five springs in the northeast region of São Paulo. Two more sources are expected to be rehabilitated by the end of 2020.

### **Air emissions**

The most recent carbon balance in France was carried out in 2014, with the greenhouse gas (GHG) emissions for the industrial sites updated in 2017. It showed that the most significant items in terms of GHG emissions in Tereos Sugar France's supply chain were divided between upstream beet growing (between 20% and 25%) on the one hand and industrial processing (between 65% and 70%) on the other.

The gradual phasing out of coal in Tereos Sugar France's energy supply through the installation of new gas boilers has contributed to the decrease in atmospheric emissions linked to the industrial activities of the sugar factories and distilleries (reductions of 40% in CO<sub>2</sub> emissions and 90% in dust emissions). The Chevrières and Lillers facilities replaced their coal boilers with gas boilers between 2019 and 2020, for instance. Preparations for the conversion of the Escaudœuvres site started in early 2020, with commissioning scheduled for 2022.

### **Reduction of odour and noise pollution**

In France, in order to combat odour emissions stemming from its industrial activities, Tereos has appointed an internal "nose" on all its sites to monitor the nuisances caused by sugar beet processing in particular. Particular efforts have been made on the Artenay site to respond to complaints sent by a local pressure group, *Bien vivre à Artenay* ("Live Well in Artenay"). These efforts have involved placing an odour-absorbing gel around the basins, but also improving the assessment and management of effluents in order to limit ill-smelling biological processes (flow separation, aeration, etc.).

The Zaragoza site in Spain has made major investments to reduce the environmental pollution of the plant, which is located near residential areas. In particular, the site has reviewed its industrial processes by working with universities and suppliers. This has enabled it to eliminate 95% of odours, which are now undetectable outside the factory. The site has also reduced noise pollution by using acoustic protection materials, optimising the maintenance of industrial equipment and installing sound level meters near residential buildings.

Additionally, in the spirit of dialogue with external stakeholders and with the ambition of strengthening its local roots, particularly with neighbouring residents and communities in the vicinity of its facilities, the Group ran an “open house” operation in France between September 2019 and January 2020. The Group invited its stakeholders for a presentation of its industrial activity and a discussion on the positive economic footprint of each site in the area where it operates. These open days were attended by around 3,000 participants at eight sites.

### **Recovering residues**

Tereos transforms all the constituents of the plant-derived raw materials it processes and generates little waste. The Group already succeeds in transforming 99% of the agricultural products it processes. For example, beet pulp in particular is recovered for animal nutrition, to help farmers meet the nutritional needs of their livestock and contribute to the competitiveness of their herds. There are many solutions and partnerships in place to conserve resources through a circular economy model. Energy recovery from residues and fertigation are among the techniques used.

- ✓ Cogeneration: energy produced from bagasse (residue from sugar cane), which enables sugar cane factories to be energy neutral during the campaign.
- ✓ Fertigation: the reuse of water extracted from sugar beets to irrigate and nourish neighbouring cultivated land.
- ✓ Anaerobic digestion: vinasses are a product resulting from the production of alcohol from sugar beets. Transforming them into biogas using anaerobic digestion tanks enables the Group to reduce its fossil energy consumption and CO<sub>2</sub> emissions. At the Dobrovice site in the Czech Republic, for example, the anaerobic digestion system covers a large part of the distillery's energy needs during the campaign.
- ✓ Composting: the installation of composting units at all Tereos Sugar and Energy Brazil sites has decreased the total volume of residue by 32%.

### **Optimising packaging**

The Tereos Group, consumers and local authorities all share the same ideal of wanting to see a reduction in packaging. As the majority of the Group's offerings are intended for the B2B market, packaging is a less significant issue than for consumer products. Similarly, as Tereos' products are generally used as ingredients by its customers and consumers, the Group has limited influence on the end-of-life of its products.

For its consumer products, Tereos is continuing its efforts by working on eco-design and optimising its packaging: in 2019, the packaging of sugar stick sachets was the subject of an optimisation project in partnership with a paper supplier. Thanks to this innovation, a new packaging format for sugar stick sachets led to an 8% reduction in paper for the same volume of sugar. The change in format has resulted in an optimisation of the supply chain with fewer pallets for the same quantity of products. Over the course of a year, the reduced number of pallets produced and transported represents the equivalent of 31 fewer truckloads.

In addition, the Group is also taking action on the logistics relating to its products sold to other manufacturers. In 2014, the Group joined forces with PGS (*Palettes Gestion Services*) for the eco-design of Eco-PGS, a wooden pallet that better meets Tereos' needs: lighter weight, energy savings and optimised collection and maintenance.

The wood savings generated at the design stage, combined with the collection and reuse of the pallets, represents an annual gain in wood raw material equivalent to 7,500 trees for the volumes used by Tereos alone. For every 100 pallets delivered to Tereos, PGS plants trees for each batch of pallets collected. Since the beginning of this partnership, roughly 90,000 trees have been replanted, representing more than 70 hectares and 44,000 tonnes of CO2 offset.

## RESULTS

- ✓ In 2019/20, 27% of Group sites are ISO 14001 certified (environmental management system). The figure was 28% in 2018/19.
- ✓ The percentage of raw materials processed in 2019/20 within the Group stands at 99% within the Group in 2019/20, excluding Tereos Animal Nutrition. It was 99% in 2018/19.
- ✓ The percentage of water returned to the environment is 90% within the Group in 2019/20, excluding Tereos Mozambique, as against 88% in 2018/19.

### ***Spain: preserving water resources with reverse osmosis***

At the Tereos Starch & Sweeteners corn starch facility in Zaragoza, a reverse osmosis plant provides high quality water, which is essential to the industrial process. This water purification technology is used, among other things, to remove ions (salts), small particles and potential microbes from well water. Thanks to this system, the ion exchangers for the demineralisation of glucose last 40% longer and so the Zaragoza site has substantially reduced its consumption of water from the natural environment. The annual savings achieved through the use of reverse osmosis amount to more than 135,000 m3 of water.

### ***Brazil: a lagoon anaerobic digestion project***

The Tereos Starch & Sweeteners site in Palmital, Brazil, recycles its effluents into biogas through anaerobic digestion. This natural process of decomposition of organic matter allows the recovery of starch factory effluents from the processing of corn and cassava, producing natural and non-polluting energy. The installation consists of two 5,600 m2 anaerobic digestion lagoons. This surface area allows the breakdown process to take place naturally, without any chemical reaction. Prior to this project, the plant could treat about 10 tonnes of organic feedstock per day. The increase in the plant's production capacity has raised the potential organic feedstock input to 50 to 60 tonnes/day. The anaerobic digester is expected to achieve an 80% to 90% yield of organic matter. This feedstock will then be recovered as biogas and used on site to fuel the boilers, thus achieving energy savings.

## 5.3 ENERGY TRANSITION & CLIMATE

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### BACKGROUND

The purpose of energy transition is to replace fossil fuels and establish a robust and sustainable energy model in the face of the challenges of energy supply, depletion of resources and the imperatives of environmental protection. The steady rise in energy costs also makes energy efficiency a prerequisite for the Group's long-term competitiveness.

This is why Tereos is investing in modernising its industrial installations and capitalising on renewable energies to reduce its energy consumption and help combat global warming.

### COMMITMENTS

- ✓ Reduce energy consumption in the processing of agricultural products
- ✓ Convert non-food waste into renewable energy

### POLICIES AND ACTION PLANS

Energy management and consumption is central to the Group's environmental challenges. In 2018, Tereos initiated a programme to speed up its efforts in this area. Each Group entity is responsible for implementing action plans relating to its activities and key goals, as well as sustainability reporting.

There are three key areas where Tereos is working to control its energy consumption and reduce its carbon footprint:

- ✓ Renewable energy production
- ✓ Reduction of energy consumption throughout the value chain
- ✓ Optimising production yields, logistics flows and reducing losses.

#### **Renewable energy production**

Tereos processes all of its agricultural raw materials and uses their waste to transform them into green energy such as bioethanol or bagasse, thereby reducing the energy it needs to consume required to transform the raw materials.

In Brazil, Mozambique and Reunion Island, the sugar cane transformation process produces energy from bagasse, which is fibrous cane residue. Through cogeneration, it is burned in high-efficiency boilers and supplies industrial sites with electricity, thus achieving energy self-sufficiency. Any surplus renewable energy is fed into the grid. In Reunion Island, 10% of the island's annual electricity consumption is produced from bagasse, supplied by the two local Tereos sugar factories. Electricity produced in this way in Brazil is equivalent to the annual power consumption of a city of 1.3 million inhabitants.

The Group has been committed to developing bioethanol in Brazil and Europe for a number of years, constantly seeking new outlets for its products and enhancing their value. Bioethanol is a biofuel produced from the fermentation or distillation of agricultural raw materials (wheat, corn,

sugar beet, sugar cane) and waste products (molasses and residual starch, for example) from the transformation of plants into food.

Bioethanol is a local renewable energy produced in parallel with food production (sugar and starch) and helps to support local farm production by boosting agricultural income through diversified outlets. Used as an alternative to fossil energy, which is imported and responsible for greenhouse gas emissions (in E10, E85 and ED95), bioethanol is a renewable energy that reduces CO2 emissions from well to wheel (taking into account emissions over the entire lifecycle) by an average of 71% in Europe<sup>6</sup>. As for ED95, it reduces CO2 emissions by up to 86% from well to wheel compared to diesel in urban areas (according to a study by ADEME – the French Agency for Environment and Energy Management – in December 2018).

### **Reduction of energy consumption throughout the value chain**

A major lever of Tereos' contribution to the fight against climate change is saving and preserving energy resources. To optimise its production equipment and make it more reliable, the Group has taken several actions:

- ✓ Sugar factories: completion of the programme to replace coal-fired boilers with gas-fired boilers, investment in new technologies for motor and variable speed drives to optimise electricity consumption.
- ✓ Starch facilities: implementation of an initiative to recover and recycle fatal heat in plants.
- ✓ Dehydration units: for the drying units used for alfalfa and dehydrated beet pulp intended for animal feed, the Group is looking into using biomass and optimising the heat transfer process.
- ✓ As mentioned above, renewable or alternative energies are an important part of Tereos' energy sourcing, with 50% of its energy mix consisting of renewable energies. Each year, the Group continues to develop new projects in this area. On the Lillebonne industrial site, for instance, Tereos has signed a partnership agreement with the Estuary Waste Disposal and Energy Recovery Authority to be supplied with the steam produced by the household waste incinerator located 3 km from the facility. This steam replaces over 65% of the energy produced by the site's boiler, which runs mainly on natural gas, and is a genuine circular economy project at a local level. This partnership enables the plant to significantly reduce its fossil fuel energy consumption.

### **Optimising production yields and logistics flows and reducing losses**

With the aim of reducing its carbon footprint, another one of Tereos' priorities is the optimisation of its logistics flows. In France, production facilities are located in the heart of agricultural production areas. In an effort to reduce transport flows, plants' supply radii are limited to 35 kilometres, particularly for sugar beet and potato processing activities.

The constant modernisation of sugar factories, including conversion to gas, also significantly reduces transport-related CO2 emissions. In Attin, the implementation of an innovative on-site milk of lime production unit in 2019 – a first in the sugar beet sector - will enable the company to obtain a higher quality of lime while reducing road transport and CO2 emissions.

Tereos is also working on limiting the number of trucks on the road, in a further effort to limit CO2 emissions and fuel consumption. Initiatives relating to loading techniques, increasing the raw material's sugar content or controlling the soil tare (soil and leaves stuck to the sugar beets) contribute to optimising the quantities transported by trucks. Over 35% of the road fleet is also fitted

<sup>6</sup> ePURE study (European Renewable Ethanol Association), 2017

with rear screen doors. Lighter in weight, they allow the tonnage of sugar beets transported by truck to be further optimised – since 2010, the net tonnage has risen from 20 tonnes to 28 tonnes.

The Logismart tool, launched in France in 2019, aims to optimise the flow of trucks supplying factories with sugar beet during the campaign (26,000 silos to be collected). Thanks to real-time data and the communication of the best routes for trucks to use, this initiative makes it possible to optimise flows; the goal is also to improve sugar beet transport productivity by 5%.

The Group also favours sustainable modes of transportation for its flow of goods. The recent creation of a packaging and logistics platform at the Escaudœuvres site near Cambrai has increased Tereos' export capacity while limiting its carbon footprint. With a logistics capacity of 500,000 tonnes of sugar per year, the site allows for the rapid loading of containers to be transported by river and sea.

In Brazil, Tereos signed a partnership agreement in 2018 with VLI, an integrated logistics company that operates railways, intermodal terminals and ports. This agreement provides for the rail transport of 1 million tonnes of sugar per year to VLI's export terminal. The first shipment via VLI logistics took place in June 2019. The two sugar warehouses at the Guar and Tiplam terminals in the port of Santos, in the State of So Paulo, should be operational by the start of the 2020 campaign. Transport by rail compared to road represents an annual saving of 220,000 tonnes of CO<sub>2</sub>.

## RESULTS

In 2019/20, Tereos continued its efforts in energy transition through a policy of investments and optimisation of its energy consumption.

- ✓ In 2019/20, renewable energies (biomass, biogas) represent 50% of the Group's energy mix (48% in 2018/19).
- ✓ CO<sub>2</sub> emissions (direct and indirect) represented 2,791,964 tonnes of CO<sub>2</sub> eq. in 2019/20 (2,693,373 tonnes of CO<sub>2</sub> eq. in 2018/19). This 3.7% increase is proportionally less than the 10.6% increase in production.
- ✓ 7.4% increase in energy consumption compared to 2018/19, less than the increase in production volume (10.6% increase), following improvements in the energy efficiency of industrial facilities.

In 2020, Tereos Sugar France was awarded an A- rating for 2019 by the CDP organisation (formerly the *Carbon Disclosure Project*). An international non-profit organisation created in 2002, CDP collects data measuring the GHG emissions of participating companies through an evaluation system based on a comprehensive questionnaire. From this information, CDP assesses each player's environmental impact, as well as the actions and programmes they implement, and assigns them a rating ranging from A to D-. For 2019, Tereos Sugar France has progressed from a C to an A- rating on the Climate Change component, ranking it in the top 18% of companies in its sector. For comparison, the average rating assigned to companies by CDP is "C", which is also the average rating assigned to companies in the agri-food sector.

***Europe: continuing the drive for ISO 50001 certification***

In 2019/20, the Group continued working towards obtaining further ISO 50001 certifications, a process that has been underway for several years and is aimed at improving energy performance. Tereos encourages its European sites to engage in ISO 50001 certification process in order to help it reduce its impact on the climate, preserve resources and improve its results through efficient energy management.

Tereos Sugar France initiated this continuous improvement approach to the management of energy consumption at its distilleries and sugar facilities: as a result, the Escaudœuvres, Lillers, Connantre, Bucy, Artenay and Attin sites were certified.

Tereos Starch & Sweeteners Europe also focuses on ISO 50001 certification. Five of its six production sites are certified: Marckolsheim, Nesle and Lillebonne in France, along with Zaragoza, in Spain, and Aalst, in Belgium.

In the Czech Republic, Tereos TTD completed the certification process for all its sites in the country at the beginning of the year. A total of six sites received certification in 2020. The teams have implemented an energy management system with the twin goals of continuing to improve energy performance on sites and raising employee awareness of these issues.

Group: 39% of Tereos sites are ISO 50001 certified in 2019/20 (23% in 2018/19)

***RenovaBio, Brazil's programme for reducing greenhouse gas emissions***

The Brazilian federal government committed itself in the Paris Agreement to a 43% reduction in its CO<sub>2</sub> emissions by 2030. The RenovaBio Programme is the official expression of this commitment, calibrated to stimulate the industrial development of Brazilian ethanol. The 10-year programme, which came into force in 2020, aims to double ethanol production by 2030. This target represents a major opportunity for Tereos, which is a leading player in the Brazilian ethanol industry with an annual production of 650,000 m<sup>3</sup>.

Once certified, Tereos' facilities in Brazil can issue carbon credits to biofuel distributors based on the volumes of fossil fuels sold in the previous year.

By early 2020, all Tereos production facilities in Brazil were RenovaBio certified.

***ED95, a green fuel for low-carbon road transport***

For the second successive year, Tereos and truck manufacturer Scania introduced several beet transporters to ED95 technology at the Escaudœuvres site. A truck running exclusively on ED95 was used to transport sugar beets from the fields to the facility. Produced from residues from processing beets into sugar, ED95 contains no fossil fuels and can replace diesel in ED95 adapted trucks, coaches and buses.

Like other biofuels, ED95 promotes a circular economy and short circuit model on a national scale. This new local energy production loop represents a potential for socio-economic growth, particularly in rural areas, while contributing to the reduction of France's energy dependency and the growing greenhouse gas emissions in the transport sector.

## 5.4 QUALITY, TRACEABILITY & FOOD SAFETY

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### BACKGROUND

Consumers are increasingly sensitive to the origin of the food they consume. Tereos meets these requirements by maintaining close relations with upstream agricultural producers and by implementing a continuous improvement process for food quality and safety at all its sites.

Food quality and safety are among the Group's priorities, and these issues are among the five priorities of the global transformation plan, *Ambitions 2022*. The aim is to make all employees more accountable for product safety-related risk prevention.

### COMMITMENTS

- ✓ To certify quality and food safety management practices.
- ✓ 2020 target: 100% of industrial sites certified ISO/FSSC 22000 or ISO 9001

### POLICIES

The Group's policy roadmap has been defined and is being rolled out on all sites. The aim is to adopt and share the same quality and food safety standards throughout the Group. This roadmap is supported by all Quality teams at Business Unit level as well as on industrial sites, and is based on three main areas:

#### **Quality Charter**

The Chief Executive Officer signed a founding document that sets down three quality principles shared by the entire Group:

1. Ensuring product quality and safety,
2. Strengthening product quality and safety culture,
3. Ensuring customer satisfaction and continuous improvement.

#### **The eight Group Quality Priorities**

Applying the eight Golden Rules of Quality; updating procedures and instructions and monitoring their implementation; ensuring the regulatory compliance of products and compliance with specifications; handling and communicating product complaints and incidents; defining employee roles and responsibilities relating to product quality and safety; providing product quality and safety training; developing the management of product quality and safety issues (indicators, rituals, audits); managing the activities of external parties having an impact on products.

#### **The eight Golden Rules of Group Quality**

These guidelines remind employees of the essential initiatives and measures to be taken to ensure the quality and safety of products, such as wearing clean and appropriate work clothes, complying with rules specific to the work area, applying work instructions, protecting products from sources of contamination, keeping the work area clean and tidy, preventing the risk of vermin, complying with rules relating to allergens, and identifying and reporting any anomalies to management.

## ACTION PLANS

Food safety and product quality are essential to Tereos, working on a daily basis to provide its customers and consumers with the best product guarantees. The Group's industrial sites have implemented management systems that are based on international standards and benchmarks (ISO 9001, FSSC 22000, BRC/IFS, etc.) and are regularly audited by third-party certification bodies.

Tereos created a Group Quality Department in 2019 in support of the quality teams deployed in all Group units. It is responsible for setting up and rolling out the quality roadmap and leading the quality networks on cross-functional issues.

### **Quality and food safety management**

Quality and food safety policies are implemented in all subsidiaries with a focus on continuous improvement. The aim is to control contamination risks throughout the production process, implement preventive and corrective measures, and monitor compliance with control standards and alert systems.

For instance, Tereos Starch & Sweeteners Europe has implemented a guaranteed GMO-free corn purchasing policy for all its production sites. This requirement is included in all supplier contracts.

Processes have been developed and implemented at all levels of the supply chain to ensure the traceability of agricultural products. These procedures are audited by an independent third party.

Tereos Sugar France has implemented a certified quality and food safety management system on all its industrial sites, for example, based on a risk analysis of its activities. Particular attention is paid to these main challenges:

- ✓ Increasing finished product food safety by making sure that all sugar and pulp production processes comply with the best practices identified by HACCP, Food Defence and Food Fraud.
- ✓ Ensuring product quality and conformity by analysing samples according to various criteria (physico-chemical and microbiological) and according to the defined control plan.
- ✓ Loading and deliveries: achieve a service rate of at least 95% by improving operations performance from the time products are made available for loading to the time they are delivered to customers.

## RESULTS

- ✓ 64% of the Group's sites have implemented an ISO 22000 policy (food safety management system) (67% in 2018/19)
- ✓ 61% of the Group's sites are certified ISO 9001 (quality management system) (63% in 2018/19).

### ***Customer satisfaction surveys***

In 2019, the Group's marketing teams conducted a survey of customers of Tereos Sugar France and Tereos Starch & Sweeteners Europe to assess their satisfaction levels and identify areas for improvement. Their testimonials provided a better understanding of customer perceptions and helped to identify both positive points and areas for improvement. More than 600 contacts were surveyed, in nine different languages. The customer satisfaction rate was 84%.

In Brazil, Tereos Sugar & Energy Brazil's marketing teams surveyed their customers to improve the quality of their services as part of a continuous improvement process. In 2019, the survey was conducted with over 250 customers for sugar production and distribution, as well as ethanol. As a result of these surveys, a customer service team was formed and the "*Tailor Made*" initiative was developed. This is a digital platform to assess business relationships, logistics, packaging, compliance, product quality and finance.

## 5.5 EMPLOYEE HEALTH & SAFETY

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### BACKGROUND

The health and safety of employees, temporary workers and subcontractors is the Group's top priority. The goal is to develop a genuine safety culture to make all employees accountable for risk prevention and compliance with the rules and behaviours to be adopted.

### COMMITMENTS

- ✓ Develop safety awareness programmes
- ✓ 2021 Targets:                      Overall Frequency Rate (OFR): less than 4.0  
    Lost Workday Case Frequency Rate (LWC FR): less than 2.0.

### POLICIES

Management, employees and subcontractors are involved in a continuous health and safety improvement process. A roadmap structuring the Group's policy has been deployed at all sites with the aim of adopting and sharing the same safety standards on all sites. The roadmap is circulated by all Health, Safety and Environment teams, whether at the level of Group entities or of industrial sites, and is based on four main points:

#### **Health and Safety Charter**

A founding document signed by the Chief Executive Officer, which sets out three safety principles common to the entire Group:

1. Identify and prevent risks,
2. Clarify organisations and processes,
3. Strengthen the health and safety culture.

#### **The eight Group Priorities**

Commit to wearing Personal Protective Equipment (PPE), deploy the eight golden rules of safety, implement the work permit and LOTO (Lock Out Tag Out) procedures, define roles and responsibilities in terms of safety for all managers, implement the "5S" principle (which aims to improve the work environment), report and act on near-misses, manage external personnel, train employees in safety behaviours and leadership. Tereos has identified the following levers to manage these priorities: developing site safety governance, implementing continuous improvement, conducting audits and developing day-to-day safety dialogue.

#### **The eight Golden Rules of Safety**

These rules remind employees of the essential initiatives and measures to be taken to avoid serious accidents: obeying safety pictograms, taking care when moving around the site, complying with traffic regulations, never working under the influence of drugs or alcohol, ensuring that handling operations are safe, using fall protection safeguards for working at height, safety checks for work in confined spaces, and not interfering with equipment while it is running.

### **An annual safety day**

This day of awareness is dedicated to instilling an internal health and safety culture. “*Safety starts with me*” will be the main theme of the third edition of this awareness day, in September 2020. The programme includes a corporate video, senior management visits to the various sites and educational workshops and events dedicated to safety.

## **ACTION PLANS**

All Group sites have measured their level of safety maturity using a self-assessment grid, based on the safety roadmap. Depending on the results, the sites then identified the improvement actions required to make progress.

Examples of the actions taken include:

- ✓ Safety leadership training for all management categories, from plant managers to team leaders. This two-day training course is run with an external partner. 459 managers have been trained to date, and the course will continue over the next year.
- ✓ The implementation of safety cross-audits between Group units to encourage the exchange of best practices between peers. 10 cross-audits were implemented during the past year.
- ✓ Monthly safety reporting highlighting the main indicators and actions taken.

## **RESULTS**

- ✓ Overall lost-time injury frequency rate with and without lost time (2019/20): 7.1 (7.2 in 2018/19)
- ✓ Severity rate (2019/20): 0.07 (0.09 in 2018/19)

### ***Examples of safety initiatives within Tereos***

• In France, a special effort was made with Tereos’ subcontractors to achieve convergence with the Group’s safety standards rapidly. A Contractors’ Safety Day was organised by the Health & Safety, Procurement and Industrial teams on January 15, 2020 at Campus Europe. It was attended by more than 180 representatives of outside companies.

• In Indonesia, Tereos Starch & Sweeteners Indonesia (TSSI) was rewarded in 2019 for its safety performance by obtaining ISO 45001 certification (occupational health and safety management system). This certification and the process to obtain it have increased safety awareness among all employees, while also maintaining and increasing customer confidence.

• In France, to reduce risks and prevent potential accidents, Tereos Sugar France’s Lillers site produced a video for its transport service providers and all those involved in loading activities in and around the site. This video lists in detail the best safety practices to be applied in loading and unloading operations, as well as when driving trucks on-site and in the vicinity of the plant. This initiative was also awarded a Tereos Sugar France trophy in the Safety category.

• In France, at Tereos Starch & Sweeteners Europe (TSSE), monthly campaigns on the Golden Rules were created using posters designed by employees during the 2019 Safety Day at the Nesle site. The campaigns included toolbox talks on safety, quizzes and themed breakfast meetings.

## 5.6 ATTRACTING AND RETAINING TALENTS

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### BACKGROUND

A number of challenges, such as increasingly open and interconnected markets, the ending of sugar quotas and competitive pressure, led Tereos to implement an operational excellence plan, *Ambitions 2022*. To help create a shared momentum, the Group is modernising and standardising its business practices, introducing new, more collaborative working methods and revitalising its employer brand.

### COMMITMENT

- ✓ Motivating our employees by developing their skills and their pride in belonging to Tereos

### POLICIES AND ACTION PLANS

The management of human capital is essential for supporting the development and evolution of the cooperative, which wishes to build a common “*One Tereos*” culture based on the history, values and expertise of its many talents. Tereos has developed a policy of managing and retaining its 22,300 employees, which values the diversity and richness of its businesses. Tools and processes enable employees to develop their employability and move forward within the Group.

#### **HR tools and mobility**

The systematisation of existing HR policies and tools, such as the performance review and career committees, is one of the levers used. These tools, which are applied at the level of each Group entity, enable a more detailed diagnosis of individual career development plans, the securing of succession plans for key positions and the management of internal mobility.

Mobility is encouraged through an internal career site that includes all job offers. Tereos operates in an environment that requires advanced technical skills. Processing agricultural products from sugar beet or potato requires relatively long learning cycles and expertise that it is important to develop over a number of years when taking up a position.

#### **Training and developing skills**

The availability of various forms of professional training, allowing the transfer of know-how through classroom training or tutoring, based on Tereos Academy programmes or by developing specific actions, is also part of the measures to retain talents.

The Group pays particular attention to local managers and plant managers, which it considers to be key functions. Since 2018, Tereos has implemented a Plant Manager Leadership Programme, a three-year programme for all the Group’s plant managers. The objective of this programme is to create a common culture around leadership and operational excellence by encouraging encounters between profiles from different business lines. All the Group’s plant managers met in Brazil in February where they were able to talk with suppliers and share best practices for operational excellence.

## RESULTS

- ✓ More than 4,000 employees benefited from at least one periodic appraisal or career development interview during the year via a dedicated IT platform. The remaining employees, who are not connected, are able to do this on paper.
- ✓ State of progress 2019/20: an average of 32 hours of training per employee receiving training (37 hours in 2018/19). More than 15,000 employees have received training out of a total of 20,000 (scope NFS).
- ✓ Average seniority of employees: 9.46 years in 2019/20 at Group level (excluding Mozambique) (8.68 years in 2018/19).

### **Training of employees**

The Tereos Academy was created in 2015. Its aim is to contribute to the Group's operational performance over the long term. This internal training structure's annual roadmap is defined every year by the Tereos Management Committee.

Roughly 6,500 employees have already directly taken part in a course offered by this training platform, which offers modules to be followed in four complementary areas, whether in a classroom setting or online:

- “*Discovering Tereos*” and “*Strengthening my personal skills*”: programmes for employees to boost their commitment to the Group's values through training in health and safety, compliance, ethics and other areas.
- “*Managing and inspiring others*”: a programme giving managers the opportunity to improve their day-to-day managerial efficiency. Modules available, for instance, include conducting annual appraisal interviews.
- “*Developing my professional knowledge*”: a programme aiming to spread best practice, train in-house experts on how to pass on knowledge (“occasional trainers”) and improve understanding of markets, customers, businesses and products.
- The training academy also meets specific needs with personalised programmes, such as the “*Plant Manager Leadership Programme*”.

More than 30 programmes are available on this platform. In addition, the Group organises short-format workshops for non-connected employees based on the on-line trainings and run in conjunction with local human resources teams, as well as an annual “*Learning Week*”. In total, over 4,700 people received training in 2019.

### **Sharing resources and introducing collective work**

Since 2018, Tereos has grouped together 500 employees at a single site near Roissy Charles de Gaulle airport. They were previously spread over ten or so sites in France and Belgium. This European operational centre of expertise and innovation aims to break down barriers between sugar and starch activities by developing exchanges between teams and business lines and by encouraging employees to work in a more cross-functional way. Integration days were organised to help new arrivals settle in and present new working methods that encourage team autonomy and reward individual initiative.

### ***Two shared services centres in Europe and Brazil***

Tereos has opened a Europe Business Services Centre in Lille, France. Staffed by roughly 80 administrative personnel, the centre plays its part in efforts to standardise and homogenise Group practices. In Brazil, a Business Services Centre has been opened in the state of São Paulo, with around 100 employees working in the facility. The entity is home to more than 150 services for internal teams (legal, financial, HR, IT), and it also operates a digital platform intended for customers. These two projects reflect the Group's desire to improve its processes in order to become more efficient and competitive.

### ***An employer brand rolled out at worldwide level***

In 2018, Tereos launched an employer brand campaign with the goals of promoting pride in belonging to the Group and increasing its attractiveness. To define its HR signature, more than 200 internal and external stakeholders were surveyed, including employees, recruitment agencies and applicants.

Working groups were set up in five major regions to define a single employer brand in synergy with the cooperative's values and culture, which is built on passionate employees, committed employees, team spirit and a sense of openness.

The first campaign showcased the Group's talents and businesses by way of a series of portraits embodied by employees. These ambassadors are drawn from the Group's different countries and businesses to highlight the diversity of the Group's businesses and differing local circumstances. They have also been trained to act as spokespersons for the Group on social media by publishing specific content.

Today, there are around 30 employee ambassadors who volunteer to represent the Group.

### ***Agreement on teleworking and the Time Savings Account***

In 2019, Tereos concluded a teleworking agreement for its employees in France, enabling them to work from home up to two days a week, thus reducing their travel time. This agreement contributes to a better work-life balance and brings more flexibility to the teams.

Tereos has created a Time Savings Account, which enables employees to save days of leave and time off not taken. They can then either be exchanged for paid leave or converted into money. In addition, profit-sharing and incentive agreements are also in force for Group employees in France.

## 5.7 INDUSTRIAL RELATIONS

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### BACKGROUND

Good industrial relations are one of the necessary conditions for releasing employees' human potential. It is a matter that is proactively addressed by Tereos' Human Resources Department teams as well as within each entity.

### COMMITMENT

Tereos encourages good industrial relations in all its subsidiaries to help resolve major social and economic issues arising within the Group. This includes all forms of negotiation, consultation and simple exchanges of information between employee representatives and management to promote better understanding on these issues of common interest. This approach is accompanied by a coherent and dynamic social policy at subsidiary level, focusing focuses on compensation and its evolution, individual recognition and redistribution, professional equality, complementary health insurance, and the quality of life at work.

### POLICIES AND ACTION PLANS

In 2018, Tereos appointed a Director of Social Affairs, who is responsible for the implementation of a Group-wide social policy at all Tereos sites in France and for guaranteeing that all entities adopt a consistent approach.

The main duties related to the role are:

- Conducting preliminary studies for projects and negotiations.
- Preparing and organising meetings with central employee representative bodies (Group Works Council, European Works Council).
- Participating in the conduct of discussions within the subsidiaries on industrial relations issues relating to Group strategy.
- Developing negotiations in France on Group-wide issues: e.g. teleworking, stress prevention, quality of life at work, etc.
- Supporting social transformation projects.

Tereos encourages exchanges and dialogue within the institutions and entities in France and also through the Group Works Council under French law.

#### **European Works Council**

In 2017, a Tereos European Works Council was created. Its purpose is to structure the process of consultation and dialogue on a transnational level. This body brings together some twenty employee representatives in Europe, including France (including Reunion Island), Spain, the United Kingdom, the Czech Republic, Romania and Belgium. Its aim is to improve access to information for employees and to foster dialogue with the employee representatives of the European Business Units. It meets twice a year to discuss economic and social issues. It also provides an opportunity for the Chief Executive Officer to discuss the Group's strategy and dialogue with the trade unions.

Tereos favours the circulation of information through the Group Works Council under French law. This body brings together representatives from different areas (sugar beet, starch, cane) and deals with subjects relating to Tereos' businesses in France, such as the impact of the deregulation of the sugar market or the consequences of the CAP reform.

### **Collective agreements**

Tereos has signed collective agreements in its subsidiaries, covering issues such as remote working, professional equality and quality of life at work, or work stress. For instance, Tereos Participations signed an agreement in 2019 relating to gender equality in the workplace and the quality of life at work.

## **RESULTS**

- ✓ 95% of employees are covered by a collective labour agreement

## 6. OTHER REGULATORY INFORMATION

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### 6.1 FIGHTING DISCRIMINATION

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#### BACKGROUND

With operations in more than 18 countries, Tereos is a multicultural Group. Such diversity contributes to the creativity of its teams and to a mindset that promotes openness and inclusion, which is one of the cooperative's core values.

#### COMMITMENT

Ethics and integrity are part of the commitments shared by all employees through the Group's Code of Ethics, which aims, for example, to ensure equal treatment between men and women, in comparable situations and in all areas: recruitment, compensation, career path, training, etc.

#### POLICIES AND ACTION PLANS

##### **Tools & Policies**

The Code of Ethics prohibits any form of discrimination against employees, particularly on the basis of gender, disability, family situation, sexual orientation, age, political opinions, and racial, social, cultural or national origins. Collective agreements relating to generation contracts and gender equality signed by certain Business Units extend this document.

On the occasion of the publication of the update of its Code of Ethics (*see chapter 3*), Tereos has set up an alert system and the appointment of an Ethics Officer to collect alerts relating to violations of the Code of Ethics, in accordance with French legislation (known as the *Sapin 2 Law*).

In 2019, Tereos Participations and Tereos Starch & Sweeteners Europe signed an agreement on gender equality and quality of life at work. Through this agreement Tereos is committed to:

- Ensuring equal treatment between women and men in the company and to fight against any form of discrimination (in recruitment, professional training, remuneration and career development, professional development)
- Promoting a good work-life balance for employees.
- Implementing measures for professional integration and job retention applying to employees with disabilities.

The agreement also includes the introduction of a Time Savings Account, access to part-time work and the provision of training sessions for end-of-career arrangements (preparation for the retirement of employees over the age of 61).

##### **Publication of the Gender Equality Index**

In compliance with the French law "*For the freedom to choose one's professional future*", passed in September 2018, Tereos published an Equality Index for those entities concerned, in 2019. The index calculation method makes it possible to compare the treatment of male and female

employees. An overall score out of 100 points is calculated on the basis of five criteria: the gender pay gap (40 points), the gap in annual pay rises (20 points), the gap in promotions (15 points), increases on return from maternity leave (15 points) and the presence of women among the highest paid company employees (10 points).

Results of the Tereos Equality Index in France as at December 31, 2019:

- ✓ Tereos Sugar France: 82 points
- ✓ Tereos Sugar Indian Ocean: 82 points
- ✓ Tereos Participations: 74 points
- ✓ Tereos Operations: 75 points
- ✓ Tereos Starch & Sweeteners Europe (*UES Amidons et Produits Sucrants in France*): 83 points

### **Fighting stereotypes**

In Reunion Island, the Bois-Rouge sugar plant supports *Elles Bougent* (Women on the Move), a non-profit organisation that campaigns against ignorance and stereotypes linked to industry and technology. Its goal is to provide female students with information on technical and engineering occupations to guide them and give them ideas for their careers.

In 2019, the Human Resources and Communications departments met with more than sixty schoolgirls to give them an introduction to the sugar industry and its professions. As a result, one student chose to do her internship at the sugar factory.

## KEY FIGURES

- Gender distribution of personnel: 11% women and 89% men in 2019/20 (10% women and 90% men in 2018/19)
- Number of employees with disabilities: 365 in 2019/20 (276 in 2018/19) at Group level (excluding the United Kingdom and Ireland)

### ***Examples of social commitment and diversity within Tereos***

Tereos has long been convinced of the richness of diversity: the more we resemble the world that surrounds us, the more effective we are in it. The Group particularly supports solidarity and inclusivity initiatives around the world:

- In Spain, at the TSSE site in Zaragoza, teams regularly welcome people with disabilities, who carry out gardening, cleaning and packaging tasks at the Tereos site.
- Tereos Sugar Indian Ocean regularly works with ESATs (*Établissements et Service d'Aide par le Travail*). These are health and welfare organisations for secured employment, dedicated to helping people with disabilities to integrate or reintegrate society and the workforce. Tereos has also signed a contract with the *Favron Foundation*, which covers the maintenance of green spaces at the Gol sugar plant.
- ESAT Le Colombier at the Origny-Sainte-Benoite plant has been working with Tereos for several decades. The ESAT manufactures cakes of a mould-release agent used in the production of sugar lumps that allows the machine to discharge the portions without them getting stuck. This partnership gives people with disabilities approximately three days a week of work, allowing them to become part of the local social fabric.

## 6.2 FIGHTING FOOD INSECURITY

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### BACKGROUND

Tereos' global objective is to provide the best raw materials to guarantee quality food. Tereos plays a major role in feeding the world's population of today and tomorrow through its mission and its longstanding commitment. With its expertise, the Group offers solutions to anticipate tomorrow's nutritional needs and changing consumer expectations.

### COMMITMENT

Tereos signed up to the United Nations Global Compact in 2017 and actively contributes to seven of the UN's Sustainable Development Goals (SDGs). These include Goal 2: Zero Hunger. This goal focuses on food security, improved nutrition and promoting sustainable agriculture, themes that are fully incorporated into the Group's sustainable development strategy.

### POLICIES AND ACTION PLANS

#### **World Food Day**

Since 2016, Tereos has been participating in World Food Day, established by the Food and Agriculture Organisation (FAO). The international agency's goal is #ZeroHunger in 2030. In 2019, the Group decided to focus on objectives that correspond to its ambitions as a major player in the food industry: safe, healthy and nutritious food, embodied by the slogan "*Eat well, live well*". Thanks to its extensive portfolio of 100% plant-based products, Tereos is able to provide people with a significant amount of their required daily energy in the form of carbohydrates, fibres and plant-based proteins.

#### **Support for initiatives against food insecurity**

In the course of the year the Group carried out a number of initiatives in solidarity to fight against food waste and food poverty.

In France, Tereos renewed its support in 2019 for the *Boves Accueil* association in northern France, a regular contributor to the annual Telethon. The association's volunteers make jam from unattractive but edible fruit collected from a local supermarket. The sales from this operation go to the French Muscular Dystrophy Association, making a total donation of over €20,000. In 2018 the Group donated one tonne of sugar and has committed to supplying the association with four tonnes of sugar per year to help it make jam via its Thumeries site.

For the third year, Tereos employees in France who receive a sugar donation at the end of the year were invited by the Group to donate all or part of it to food banks to help single-parent families, the elderly, isolated people and students. Through this operation, Group employees donated nearly 2.5 tonnes of sugar this year.

In 2020, Tereos signed a sugar donation agreement with the French Federation of Food Banks for an annual volume of 25 tonnes, doubling the annual volume of sugar distributed to local

associations. This initiative reinforces a long-term partnership and demonstrates Tereos' daily commitment to fighting food poverty, working closely with local communities. This sugar donation alone covers 5% of the annual sugar needs of food banks, a significant volume to support local associations to prepare meals for the families most in need or for the distribution of basic necessities.

Each year, five tonnes of sugar are also donated to the Reunion Island food bank by Tereos Sugar Indian Ocean, which is responsible for redistributing it to the various associations working in the field of food aid.

## KEY FIGURES

During the last annual World Food Day in 2019:

- 40 local initiatives were implemented Group-wide
- 250 awareness-raising posters were displayed on the Group's sites
- 70 people took part in organising the event, with 18 countries participating

### ***Examples of World Food Day activities***

The Group participated in the 2019 World Food Day organised by the Food and Agriculture Organisation (FAO). Teams from all the Group's Business Units took part in organising activities and workshops:

- ✓ France: collecting non-perishable goods for food banks; distributing seasonal fruit and vegetable hampers with a local market gardener; organising an *Epi&Co* product tasting for employees.
- ✓ Indonesia: healthy snacks distributed to employees.
- ✓ Reunion Island: organisation of a company meal as well as a sports event for employees.

## 7. METHODOLOGICAL NOTE

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The Tereos Group has collected workforce-related, environmental and social information from its Business Units annually since 2013/2014. These indicators are used to measure progress, analyse areas for improvement and define the Group's action plans with regard to social and environmental responsibility.

Internally, the objectives of this collection of information are to assess and compare the non-financial performance of the Group and its Business Units and to measure the progress made towards achieving the Group's sustainability objectives. Externally, this information gathering allows the Group's stakeholders to access qualitative and quantitative information in order to evaluate the Group's performance against its commitments on sustainability.

### **The Tereos Group's obligations on non-financial communications**

Tereos SCA is subject to the requirements of Article R. 225-105 of the French Commercial Code and is required to publish an annual Non-Financial Statement, or NFS (*Déclaration de Performance Extra-Financière*, or *DPEF*) which includes workforce-related and environmental information and information relating to the company's commitments to sustainable development, as listed in Article L. 225-102-1:

- the consequences for climate change of the Group's activity and the use of the goods and services it produces,
- social commitments to sustainable development, the circular economy and the fight against food waste,
- collective agreements entered into and their impact on the Group's economic performance as well as on the working conditions of employees,
- actions intended to combat discrimination and promote diversity.

The NFS presents the Group's business model and also, for the workforce-related, social and environmental consequences:

- a description of the principal challenges
- a description of policies applied by the Group
- the results of these policies, including Key Performance Indicators.

This information must be submitted for verification by an independent third party accredited by the COFRAC and designated by the Chief Executive Officer. The independent third party's report includes a reasoned opinion on the compliance of the NFS and the fairness of the information together with the due diligence procedures performed.

### **Organisation of Group Tereos reporting**

The Tereos Group asks all its Business Units to report annually on social and environmental responsibility information. The indicators and reporting protocol have been defined for all the Group's Business Units. This protocol is used as a reference for the various correspondents and in all the Business Units for the preparation of this report. It describes the challenges, roles, indicators, the mechanics and scope of collection, the principal challenges identified and the procedure for controlling and regulating these challenges. The information published in the present report follows the rules and definitions established by the Group in order to ensure uniformity.

The collection of data is organised at three levels:

- At each site, a reporting manager is responsible for collecting, controlling and consolidating data at the level of the site. The consolidated data is then communicated to the Business Unit to which the site reports.
- In each Business Unit, a reporting coordinator is responsible for collecting, verifying and validating the quality of the data reported by the reporting managers at the level of the sites it supervises. The consolidated data is then communicated to the Group CSR and Group Industrial Excellence departments.
- At Group level, the CSR and Industrial Excellence departments are responsible for consolidating the data reported by the Business Units.

At the end of this process, the Group CSR department is responsible for consolidating, analysing and publishing this data.

### **Scope of collection**

The indicators cover all Tereos Group entities that are fully consolidated for accounting purposes. Entities are included in the scope when:

- the Group holds a majority stake in them, or
- the Group exerts operational control even though its stake is 50% or less.

As a result, 44 of the Group's industrial sites are included in the scope of reporting, out of a total of 48 sites (the overall consolidation). All agricultural, industrial, commercial and service activities are included in the scope of reporting. However, entities whose commercial activities are coordinated by Tereos Participations for sugar beet derivatives, Tereos Commodities, as well as the Group's administrative and tertiary sites are excluded from the scope. Entities sold, closed, purchased or created during the reporting year are not included in the scope. Accordingly, 20,000 Group employees are included in the scope of reporting, out of a total of 22,300 (the overall consolidation), representing a coverage rate of more than 89%.

The indicators of consolidated subsidiaries are presented without the application of a share or proportionate consolidation. Data for the entities is reported in full even when the Group's stake is less than 100%.

### **Period covered**

Unless indicated for a specific indicator, all Tereos Group Business Units are included in the reporting. The data presented in this statement is consolidated for the Group's fiscal year, which runs from 01/04/2019 to 31/03/2020, except for the indicators "*Number of employees and breakdown by gender*", "*Average number of hours of training per employee receiving training*" and "*Percentage of employees with disabilities*", which are calculated for the calendar year 2019.

### **Limitations of data collection and reliability**

The reporting protocol has been progressively structured and implemented in the Group's Business Units since 2014 and certain definitions are currently undergoing standardisation. Nonetheless, the consolidated indicators used remain consistent and meaningful.

The methodologies used for some workforce-related, environmental and social indicators may entail limitations. For example, there may be slightly different definitions of workforce-related indicators from one country to another, depending on local legislation. The Tereos Group is working constantly on harmonisation. The methods used to collect and input information and changes in definition may affect the comparability of indicators.

**Methodological clarifications relating to workforce-related data**

The indicators relating to the total number of employees and the number of people with disabilities (for countries where this information is available) are calculated on the basis of the calendar year 2019, and not on the basis of the fiscal year 2019/20.

The indicator relating to the seniority of employees only concerns employees with permanent contracts.

The indicator relating to training concerns all employees, whatever their type of contract.

In addition, there have been clarifications to the reporting protocol concerning the indicator on training: it has been clarified so as to establish the ratio between the average number of hours of training in relation to the number of employees receiving training (instead of to the total number of employees).

**Exclusions**

Following consultations carried out by the Tereos Group for its materiality analysis, some of the information requested in the framework of the NFS was found to be of little significance. Thus, the following information is not published: “*Respect for animal welfare and responsible, fair and sustainable food*”.

Meanwhile, the issue of “*Animal welfare*” was also excluded from the stakeholder consultations. As the Group’s activity is exclusively based on producing and processing plant-derived raw materials, the relevance of this issue has not been established and it does not call for any special treatment by the Group.

### **KPI definitions and specification of scope**

- ***Tonnage of agricultural products processed***

Definition: the total tonnage of agricultural products processed by the Group, i.e. sugar beet, sugar cane, wheat, corn, cassava, potatoes, alfalfa. The volumes taken into account are expressed prior to materials being washed (“dirty”). Raw materials derived from sugar beet used in dehydration are not included as they are considered to be co-products derived from volumes already measured.

Scope: no exclusions

- ***Share of certified/assessed sustainable agricultural products***

Definition: the percentage of agricultural products processed by the Group from sources that have been assessed or certified as sustainable. To be deemed sustainable, an agricultural product must be based on agriculture that is economically viable, ecologically sound, socially just and humane. Tereos’ approach is based on the Bonsucro evaluation/certification standards, Sustainable Agriculture Initiative (SAI), 2BSVS Standard 1 (for the Lillebonne site only) and Organic Agriculture

Scope: excludes third-party agricultural products that are not processed by Tereos.

- ***Share of ISO 14001 certified sites***

Definition: the percentage of industrial sites in the scope of consolidation with ISO 14001 certification (environmental management system) valid during the financial year.

Scope: no exclusions

- ***Share of agricultural raw materials processed***

Definition: the percentage of agricultural raw materials processed relative to total processed agricultural raw materials. Processing includes all products, food or not, energy produced by cogeneration, gas produced by anaerobic digestion, fertigation water, fertilisers.

Scope: excluding Tereos Animal Nutrition

- ***Percentage of water returned to the environment***

Definition: the percentage of water returned to the environment, including by means of fertigation, out of the total volume of water taken from the public water supply network, pumping from rivers or groundwater.

Scope: excluding Mozambique; captured and stored rainwater

- ***Share of renewable energy***

Definition: the percentage of renewable energy consumed by industrial sites within the scope and in relation to the total volume of energy consumed to process the above-mentioned agricultural products. Renewable energies are considered to be: solar energy, wind energy, hydraulic energy, biomass, bagasse, geothermal energy, electricity and steam produced from renewable energies.

Scope: no exclusions

- **CO2 emissions**

Definition: the total of CO2 emissions from fossil fuel consumption (coal, coke, anthracite, lignite, heavy fuel oil, natural gas, oil) and the production of steam and electricity from fossil fuels. The emissions factors for the different countries in which the Group operates are those published by the French Agency for Environment and Energy Management (ADEME), in line with the GHG Protocol calculation method.

Scope: excluding company vehicles; HFC, PFC and CH4 emissions; GHG emissions from biomass combustion and those not included in the Kyoto Protocol.

- **Share of ISO 50001 certified sites**

Definition: the percentage of industrial sites in the scope of consolidation with ISO 50001 certification (improvement of energy performance) valid during the financial year.

Scope: no exclusions

- **Share of ISO 22000 or FSSC 22000 certified sites**

Definition: the percentage of industrial sites in the scope of consolidation with ISO 22000 certification or its equivalent FSSC 22000 (food safety management system) valid during the financial year.

Scope: no exclusions

- **Share of ISO 9001 certified sites**

Definition: the percentage of industrial sites in the scope of consolidation with ISO 9001 certification (quality management system) valid during the financial year.

Scope: no exclusions

- **Overall frequency rate**

Definition: the number of accidents reported with and without lost time during the financial year in relation to the number of hours worked during the period in question, according to the following formula:

$$\frac{\text{Number of cases recorded} \\ (LWC + RWC + MTC) \times 1,000,000}{\text{Number of hours worked}}$$

The overall frequency rate covers all Tereos employee categories (permanent, fixed-term, temporary and subcontractors) as well as contractors working on Tereos sites. Fatal accidents are included. It is based on actual hours worked and not theoretical hours, except for fixed-rate employees.

LWC (*Lost Work Cases*) = work-related accident, causing an injury that prevents the employee from working for more than 24 hours.

RWC (*Restricted Work Cases*) = a work-related accident that prevents the employee from performing his or her regular duties and requires reassignment to an adapted position.

MTC (*Medical Treatment Cases*) = a work-related accident requiring medical attention but not preventing the employee from returning to work.

Scope: this indicator applies worldwide and includes the associated industrial and administrative sites within the scope of consolidation

- **Severity rate**

Definition: the number of days compensated per 1,000 hours worked over the financial year, i.e. the number of days lost due to temporary incapacity per 1,000 hours worked, according to the following formula:

$$\frac{\text{Number of days of work lost} \times 1,000}{\text{Number of hours worked}}$$

The severity rate covers all Tereos employee categories (permanent, fixed-term, temporary and subcontractors) as well as contractors working on Tereos sites. Fatal accidents are included. It is based on actual hours worked and not theoretical hours, except for fixed-rate employees.

Scope: this indicator applies worldwide and includes the associated industrial and administrative sites within the scope of consolidation

- **Average seniority in years**

Definition: the total of the periods of presence of Tereos' permanent employees (expressed in FTEs) on the last day of the financial year, divided by the number of permanent employees (expressed in FTEs)

Scope: excluding Mozambique; employees on fixed-term contracts, interns and apprentices

- **Average number of hours of training per employee receiving training**

Definition: the total of hours of training in relation to the number of employees receiving training during the financial year. The indicator includes all categories of permanent and temporary employees, as well as contractors and those no longer working at Tereos by the end of the calendar year. The training hours considered are those planned and carried out by the employee.

Scope: excluding seminars, conferences, integration days, working groups and open days

- **Number of employees and gender distribution**

Definition: the total of the Group's permanent and temporary employees at the end of the calendar year; this data is broken down by gender.

Scope: no exclusions

- **Percentage of employees with disabilities**

Definition: the total of the Group's permanent and temporary employees at the end of the calendar year recognised as being in a situation of disability according to the local legislation in force.

Scope: excluding the United Kingdom and Ireland.

## 8. INDEPENDENT THIRD PARTY'S REPORT

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TEREOS  
Year ended 31st March 2020

Independent third party's report  
on consolidated non-financial statement presented in the management report

*This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the General Meeting,

In our quality as an independent verifier, accredited by the COFRAC under the number 3-1681 (scope of accreditation available on the website [www.cofrac.fr](http://www.cofrac.fr)), and as a member of the network of one of the statutory auditors of your firm (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended 31st March 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

### **Entity's responsibility**

The Executive Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available upon request at the entity's head office).

### **Independence and quality control**

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

## Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e. the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the “Information”).

However, it is not our responsibility to comment on the entity’s compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

## Nature and scope of the work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (“CNCC”) applicable to such engagements and with ISAE 3000<sup>7</sup> :

- We obtained an understanding of all entities’ activities included in the scope of consolidation and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all entities’ activities included in the scope of consolidation, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Our work was carried out on the consolidating entity and on a selection of entities listed hereafter: Connantre factory, Tereos Sugar France Business Unit, Dobrovice factory, Thurn-Taxis Dobrovice Business Unit and Aalst factory;

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<sup>7</sup> ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 9% and 15% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (9% of energy consumption, 11% of agricultural raw material, 11% of water consumption, 15% of the workforce, etc.);
- we assessed the overall consistency of the Statement based on our knowledge of all entities included in the scope of consolidation.

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

### **Means and resources**

Our verification work mobilised the skills of five people and took place between November 2019 and May 2020 on a total duration of intervention of about fifteen weeks.

We conducted six interviews with the persons responsible for the preparation of the Statement (including in particular the management of health and safety, quality, energy and environment, agronomy, regulatory affairs, public affairs).

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

## Commentaries

Without modifying our conclusion and in accordance with article A. 225-3 of the French Commercial Code, we have the following comments:

Monitoring, responsibilities and actions relating to Sustainably Performing Agriculture are decentralised and cover the associated risks unevenly according to the Business Units and the raw materials considered.

Paris-La Défense, 27th May 2020

*French original signed by:*  
Independent third party  
EY & Associés

Jean-François Bélorgey  
Partner

Christophe Schmeitzky  
Partner, Sustainable Development

## APPENDIXES

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***Appendix 1: information considered to be the most important***

***Appendix 2: table of concordance with the ten principles of the Global Compact***

***Appendix 3: table of correspondence with the Sustainable Development Goals (SDGs)***

***Appendix 4: table of correspondence with the Global Reporting Initiative (GRI) 2016***

**Appendix 1: information considered to be the most important**

<b>Workforce-related information</b>	
<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Overall frequency rate. Severity rate. Average seniority in years. Average number of hours of training per employee receiving training. Number of employees and distribution by gender. Percentage of employees with disabilities.	Employment (attractiveness, retention). Employee health and safety. Labour relations (industrial relations, collective bargaining). Training. Loyalty and commitment of talents. Equal treatment (gender equality, fight against discrimination, integration of disabled people).
<b>Environmental information</b>	
<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Percentage of renewable energies. CO2 emissions (scopes 1 and 2). Percentage of ISO 50001 certified sites. Tonnages of agricultural products processed. Percentage of certified/assessed sustainable agricultural raw materials. Percentage of agricultural raw materials processed. Percentage of water returned to the environment Percentage of ISO 14001 certified sites.	Results of environmental / energy policy (certifications, resources). The energy transition. Environmental impacts (water, air, soil). Actions related to sustainable agriculture.
<b>Social information</b>	
<i>Quantitative information (including key performance indicators)</i>	<i>Qualitative Information (actions or results)</i>
Percentage of sites certified ISO 22000 or FSSC 22000. Percentage of sites certified ISO 9001.	Certification of sites. Quality and traceability of products and food safety.

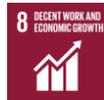
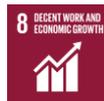
**Appendix 2: table of concordance with the ten principles of the Global Compact**

Tereos is a signatory to the United Nations Global Compact and is committed to its ten basic principles. Every year, the Group submits a COP (Communication On Progress) that is published on the Global Compact website.

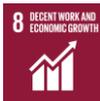
No.	Principles of the UN Global Compact	NFS chapters
<b>Human rights</b>		
1	Businesses should support and respect the protection of internationally proclaimed human rights.	3. CSR policy Code of Ethics
2	Businesses should make sure they are not complicit in human rights abuses.	3. CSR policy Code of Ethics
<b>Labour</b>		
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.7 Industrial relations
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	3. CSR policy Code of Ethics
5	Businesses should uphold the effective abolition of child labour.	3. CSR policy Code of Ethics
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	6.1 Fight against discrimination Code of Ethics
<b>Environment</b>		
7	Businesses should support a precautionary approach to environmental challenges.	5.1 Sustainably performing agriculture 5.2 Environmental impact 5.3 Energy transition & Climate
8	Businesses should undertake initiatives to promote greater environmental responsibility.	5.1 Sustainably performing agriculture 5.2 Environmental impact 5.3 Energy transition & Climate
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	5.1 Sustainably performing agriculture 5.2 Environmental impact 5.3 Energy transition & Climate
<b>Anti-corruption</b>		
10	Businesses should work against corruption in all its forms, including extortion and bribery.	3. CSR policy Code of Ethics

**Appendix 3: table of correspondence with the Sustainable Development Goals (SDGs)**

Through its CSR policy, Tereos contributes to the Sustainable Development Goals (SDGs), established by the United Nations in 2015. The Group has selected seven of the SDGs on the basis of its business, its impacts and geographical profile. They are presented below.

Non-financial challenges	Themes	Contribution to Sustainable Development Goals
<b>Sustainably performing agriculture</b>	Quality of supply of agricultural produce (suppliers, agricultural practices, partnerships, security of supply); adaptation to climate change	
<b>Environmental impact</b>	Noise, odour, soil and air pollution; water and waste management	 
<b>Energy transition &amp; Climate</b>	Energy efficiency, renewable energies, contribution to climate change	 
<b>Quality, traceability and food safety</b>		
<b>Employee health &amp; safety</b>		
<b>Retention of talents, change management</b>	Retention of talents, employability, upskilling	
<b>Industrial relations</b>	Workforce, collective bargaining agreements	

**NFS compliance**

<b>Fighting discrimination</b>	Measures opposing discrimination and in favour of people with disabilities	
<b>Fighting food insecurity</b>		

**Appendix 4: table of correspondence with the Global Reporting Initiative (GRI) 2016**

No.	GRI indicators	NFS chapters
<b>300</b>	<b>Environment</b>	
<b>301</b>	<b>Materials</b>	
301-1	Materials used by weight or volume	5.1 Sustainably performing agriculture
301-2	Recycled input materials used	5.2 Environmental impact
<b>302</b>	<b>Energy</b>	
302-1	Energy consumption within the organisation	5.3 Energy transition & Climate
302-4	Reduction of energy consumption	5.3 Energy transition & Climate
<b>303</b>	<b>Water</b>	
303-1	Use of water as a shared resource	5.2 Environmental impact
303-4	Water discharge	5.2 Environmental impact
<b>305</b>	<b>GHG emissions</b>	
305-1	Direct emissions (scope 1)	5.3 Energy transition & Climate
305-2	Indirect emissions (scope 2)	5.3 Energy transition & Climate
305-5	Reduction of emissions	5.3 Energy transition & Climate
<b>306</b>	<b>Effluents and Waste</b>	
306-2	Waste by type and disposal method	5.2 Environmental impact
<b>308</b>	<b>Supplier Environmental Assessment</b>	
308-1	Suppliers screened using environmental criteria	3. CSR policy
<b>400</b>	<b>Workforce-related</b>	
<b>403</b>	<b>Occupational Health and Safety</b>	
403-1	Occupational health and safety management system	5.5 Employee health and safety
403-5	Worker training on occupational health and safety	5.5 Employee health and safety
403-9	Work-related injuries	5.5 Employee health and safety
<b>404</b>	<b>Training</b>	
404-1	Average hours of training per year per employee	5.6 Attracting and retaining talents
404-2	Upgrading employee skills	5.6 Attracting and retaining talents
<b>405</b>	<b>Diversity and Equal Opportunity</b>	
405-1	Diversity of employees and governance bodies	6.1 Fighting discrimination
<b>407</b>	<b>Freedom of Association and Collective Bargaining</b>	
407-1	Respect of right of association and collective bargaining	5.7 Industrial relations