

RESPONSIBLE PURCHASING

AT SAINT-GOBAIN



*In a changing world,
we reinvent
ourselves whilst
remaining true
to our values and
strive to give
meaning to our
employees and our
stakeholders.*

**- PIERRE-ANDRÉ DE CHALENDAR,
CHAIRMAN AND CEO OF SAINT-GOBAIN**

EDITORIAL

Purchasing is a key issue to improve our performance in terms of sustainable and responsible development.

Our value chain has an economic, environmental and social impact on all the communities where we operate and those where our partners and suppliers are located. For example, we were able to estimate that 549,200 jobs worldwide were indirectly generated by our activities in 2016.

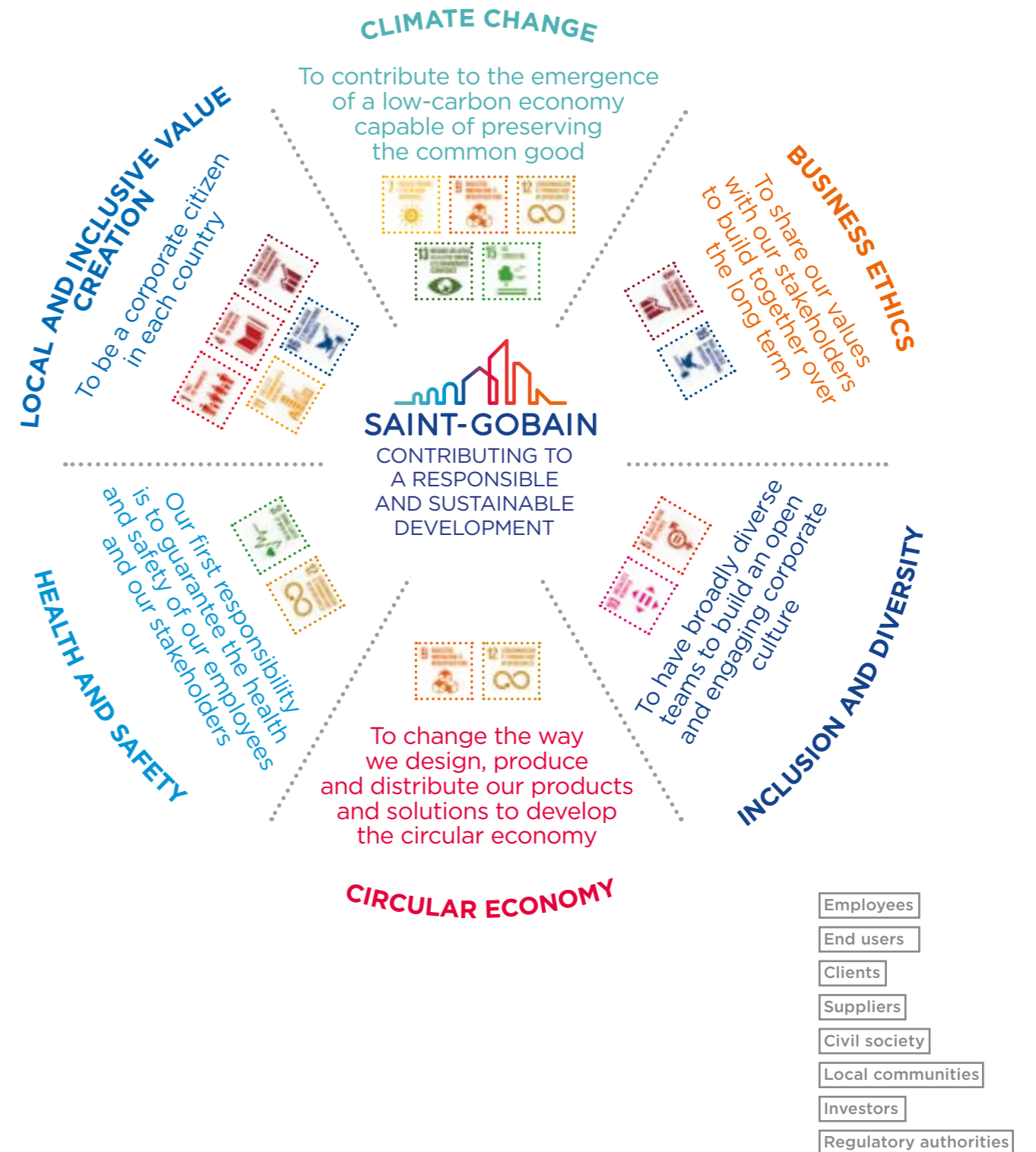
Saint-Gobain's responsible purchasing program thus seeks to engage in dialogue with our suppliers and involve them in our long-term guiding principles. In addition to documentary and on-site assessments, plans to improve their social, environmental and societal practices are jointly developed, taking into account the specificities of our trading and non-trading purchases.

In 2019, we launch this explanatory brochure to present and disseminate this approach to our partners. Feel free to contact the dedicated teams for more information !

THE GROUP'S RESPONSIBLE APPROACH

The Group's responsible approach is based on its code of ethics, the Principles of Conduct and Action, which are themselves disseminated throughout the organization using the reference policies. Responsible purchasing is one of these policies.

Additionally, the CSR roadmap, published in 2019, presents the Group's major extra-financial challenges. Responsible purchasing is part of the business ethics key challenge.



PURCHASES AT SAINT-GOBAIN

Purchases are a key factor in our competitiveness.

Their organization is adapted to the specificities of our activities and countries to ensure our efficiency and manage supply chain risks. With an annual total amount of around 29 billion euros from more than 250,000 active suppliers, purchases meet the needs of our industrial and distribution activities.

Purchasing functions are carried out at two different levels in the value chain:

- Non-trading purchases: before the production stage and on all logistical aspects.
- Trading purchases: downstream of production.

However, they are based on common policies and a common framework.

RESPONSIBLE PURCHASING

Saint-Gobain's responsible purchasing program aims to manage and reduce the environmental, social and societal risks associated with our supply chains. It is a direct extension of our code of ethics, the Principles of Conduct and Action, and is built around two pillars: [the purchasers charter](#) and [the suppliers charter](#).

In a context where supply chains are becoming increasingly complex and where the collective awareness of the challenge of responsible purchasing is growing, this program aims to add a level of rigour both for our key suppliers and for our internal teams in terms of responsible development. Thus, ethical criteria, on human rights, labour standards, health and safety and the environment are integrated into the purchasing process, with the aim of developing long-term relationships with our suppliers on the basis of continuous and shared improvement plans.

The program includes 4 main steps, defined by our duty of vigilance plan:



THE SUPPLIERS CHARTER

The suppliers charter is the tool we use to obtain the commitment of our suppliers on a series of key themes: respect for the right to development, employee rights, health and safety, legality and the environment.

Its signature is an essential condition for obtaining a commercial partnership with Saint-Gobain. It is mandatory for suppliers representing more than €100,000 of trading.

Our purchasing managers sign the purchasers charter, in which they commit to principles of behaviour (compliance with Group Purchasing, integrity, service spirit) and business rules (professionalism, confidentiality, Environment, Health and Safety and competition).



MAPPING CSR RISKS

The CSR risk mapping for purchasing activities was implemented in 2016. It includes risks related to countries of origin and risks related to purchasing categories. Human rights risks, including the fight against forced labour and child labour, and those related to the fight against corruption are particularly assessed in relation to countries of origin.

Risks related to purchasing categories include environmental performance, particularly carbon and water impacts, as well as health and safety. This mapping is based on the same international and recognized sources as the risk assessments related to the Group's activities.

Following this approach, categories of purchases or suppliers with specific risks have been identified, such as purchases of certain natural raw materials, such as wood or sand, or certain types of subcontractors working directly on the Group's sites.

Specific policies and action plans are implemented by the Purchasing teams to manage these risks. Thus, the deployment of actions is differentiated between the Non-trading Purchasing teams, which manage purchases upstream of production and all logistics aspects, and the Trading Purchasing teams, which manage purchases downstream of production.

SUPPLY CHAIN RISK ASSESSMENT AND CONTROL MEASURES

These measures are adopted by the operational teams according to the specificities of trade and non-trade purchases.

FOR NON-TRADE PURCHASES



The CSR risk mapping implemented for non-trade purchases allows the identification of suppliers deemed to be at risk. Depending on the level of risk identified, the supplier answers a documentary evaluation questionnaire verified and evaluated by a third party and, depending on the results, an on-site CSR audit is carried out. The entire process is part of a constant dialogue with the supplier and results in the establishment of action plans and improvement of CSR performance.

In 2018, the evaluation questionnaire and its associated rating scale were reviewed to ensure that they correspond to the types and levels of risks measured by the mapping.



The Responsible Purchasing policy is deployed among non-trading suppliers through the R-Net online platform, a private site dedicated entirely to responsible purchasing.

Suppliers have access to R-Net to acknowledge receipt of Saint-Gobain's Supplier Charter, electronically submit essential supporting documents (wood certificates, quality certificates, ISO standards), complete self-assessment questionnaires, obtain full information on Saint-Gobain's responsible purchasing guidelines and access details of their CSR assessments or, where applicable, CSR audits.



The Group has set itself the objective for 2017-2021 to have assessed the CSR performance of almost all suppliers deemed to be at risk of CSR and generating annual revenue of more than €100,000 with the Group. With regard to CSR audits, the objective is to carry out around 40 to 50 audits per year, mainly in emerging countries. These audits may lead to referrals in the event of critical non-compliance or if the necessary corrective plans are not implemented within the agreed timeframe.



The Responsible Purchasing approach also includes ongoing training for purchasing managers in the Group's Principles of Conduct and Action, with a particular focus on the fight against corruption, working conditions for suppliers' employees, forced labour or child labour. Regular information on Sustainable Development issues is also provided.



In January 2018, the Non-Trading Purchasing Department published a «Best Practices» brochure for all purchasing managers, in order to disseminate and remind them of the best CSR practices to be implemented throughout the purchasing process. This document incorporates the recommendations of the new ISO 20400 standard for Responsible Purchasing.

DELISTING PROCESS

In the event that the measures indicated in a corrective action plan are not taken in due time by the supplier concerned, the Group reserves the right to delist the supplier and to withdraw all its entities from a commercial partnership with them.

SUPPLY CHAIN RISK ASSESSMENT AND CONTROL MEASURES

FOR TRADE PURCHASES



The Group's Responsible Purchasing Policy is deployed for trade purchases within the activities according to the same principle of risk assessment, identification and mitigation. It is initially distributed to trading Category Managers.



The supplier partners, signatories to the Supplier Charter, undertake to scrupulously follow the requirements of responsible development in terms of the environment, social policy, legality and compliance of products and manufacturing processes with national and international standards and rules.

They also undertake, as part of the Responsible Together programme, to complete a self-assessment questionnaire every two years and to provide documents demonstrating their adherence to the principles of the Supplier Charter. The overall risk of each strategic supplier is identified by combining the score provided by the Saint-Gobain risk matrix (risk combination: origin, product category, CSR and reputation) and the score obtained by the Responsible Together questionnaire which assesses the supplier's CSR risk.

Depending on the outcome of this combination, the overall supplier risk will be identified and, if necessary, actions to mitigate this risk may be implemented, such as plant audits by third parties.



In parallel, the Purchasing Marketing teams of the Building Distribution Department carry out audits of selected suppliers' plants in order to assess in particular their management system, the environmental, social and legal aspects of production activities and to analyse their production capacities in terms of volume and quality. These audits also cover the upstream supply chain. After an audit, the supplier receives a report as well as recommendations for compliance with an expected effective date or areas for improvement.

RESULTS AND INDICATORS

The program relies on concrete tools and integrates improvement objectives:

- **Mobilize** and raise awareness among all the Group's businesses, sites, suppliers and other stakeholders to reduce the potential impacts of a supply chain on people and the environment.
- **Plan** the implementation of actions adapted to the risks in the supply chain.
- **Measure progress** using common indicators consistent with internationally recognized frameworks and tools. This includes improvement programs developed in partnership with suppliers.
- **Anticipate** potential new negative impacts in the supply chain and changing stakeholder expectations.

The results for 2018 can be found in our registration document. This document is audited by an independent third party each year.

