

## SAINT-GOBAIN FRAMEWORK FOR FAIR WAGES

### **Introduction:**

Saint-Gobain has strong values, embedded in its Principle of Conduct and Action, that it wishes to share with all of its stakeholders. They refer to the relevant International Labour Organisation (ILO) conventions.

Saint-Gobain values equality and fair wages, which means that it defends an equal pay for an equal work. A decent wage should be obtained without the need for excessive working hours.

The aim is to guaranty a minimum standard of living for all employees in line with the local situation. In all the countries in which Saint-Gobain operates, minimum wages are set either within the legal framework or by negotiating collective bargaining agreements which is the approach that Saint-Gobain favours. The ILO conventions are the reference but where they differ from national laws or local norms, the Group respects local regulations while striving to apply international standards.

The Group's compensation principles also take into account both short and long term incentives, in order to reinforce the commitment of its employees.

This is in line with Saint-Gobain's subsidiarity principle, which consists in policies, rules and schemes that are defined at the most relevant level of the organization. Indeed, country and regional levels are fundamental for most of reward aspects, to comply with national regulations, fit to local practices and culture and optimize costs.

### **Framework for fair wages**

#### **Scope:**

The scope for this framework concerns the direct employees of the Group, with an influence on its partners and on local communities. With regard to stakeholders such as suppliers, Saint-Gobain is committed, through its Responsible Purchasing Policy, to working with suppliers who guarantee decent working conditions.

#### **Principles:**

The employees' reward is based on a fair remuneration to ensure decent living conditions thanks to monetary compensation and benefits:

- Monetary compensation: allow all employees to face the daily spending and build some savings capacity (without excessive working time or rely on non-guaranteed bonus).
- Local driven and market-based compensation: to adapt remuneration needs to the local standard of living.
- Performance focus: The purpose of the short term variable compensation (such as the annual bonus) compensates the annual performance on an individual and collective basis. On top of it, another component of the package based on long-term Compensation policy is to retain and motivate Group's Senior Management, officers and employees, and to associate them with the Group's performance, in particular through conditional allocations of performance shares, stock options or performance units to reflect their fulfillment of the Group's long-term strategy. To leverage Group performance, the shareholding plan, the profit-sharing system and the long-term incentive programs must include financial and non-financial performance criteria (based on Saint-Gobain's sustainable and responsible commitments).

- **Welfare benefits:** Saint-Gobain also offers its employees social guarantees enabling them to protect themselves against the uncertainties of life. Launched on January 1, 2020, CARE by Saint-Gobain is a social protection program for all Group employees and their families. The coverage is defined to meet basic daily healthcare needs but also to support key moments of family life, such as the arrival of a child or provide death benefits to survivors.

**Procedures:**

Saint-Gobain has made the social dialogue an essential criterion for the quality and the relevance of its HR policy. The principle of consultation and negotiation, either directly with employees or through their representatives, is universal, with the aim of converting this dialogue into collective agreements. The reward review is based on social dialogue and the talent management policies; with the objective of attracting, motivating and retaining the employees.

The compensation review relates to:

Salary	Bonus
<ul style="list-style-type: none"> <li>- reflects to the position and level of mastery of the job;</li> <li>- is based on local employment market and economic factors;</li> <li>- subject to collective negotiation if applicable.</li> </ul>	<ul style="list-style-type: none"> <li>- qualitative objectives setting communicated and accepted by the employee, with SMART principles (Specific, Measurable, Achievable, Relevant and Time-based);</li> <li>- financial objectives based on company, business unit, country, team and/or group performance.</li> <li>- CSR related objectives based on employee safety and CO<sub>2</sub> emission reductions</li> </ul>

**Internal monitoring:**

Based on the principle of decentralization and subsidiarity within the Group, countries and global BU management teams are responsible for defining the framework for salary reviews. A basis for negotiation by country is communicated at the end of the year to HR and General Management. Each year, country management establishes and reports its roadmap for collective bargaining and individual compensation review.

To this end, comparative analyses are carried out every year in all countries with various research firms to propose additional guidelines that takes into account those of their peers in the market. A compensation policy decided at country level for managers and executives, for example, is the result of this balance. It is formalized by recommendations for positioning according to levels of responsibility.

## **Appendix**

### **Reward approach**

Saint-Gobain's reward approach is aligned with the Group's culture, its values and the OPEN Strategy. In particular:

- it stems from Saint-Gobain Attitudes
- it balances internal equity and external market competitiveness
- it relies in the subsidiarity principle.

In close connection with talent and evaluation processes, the main objectives are to make sure to attract, motivate and retain the employees of the Group.

Given these stakes, the local management defines, in coordination with the Businesses and referring to the framework for fair wages, for each country, targeting the optimum mix of reward components per population and the most consistent position against the relevant local market.

The reward approach encompasses:

- Regulatory scheme (country laws, branch and collective negotiation, company policies)
- Financial capabilities and optimization opportunities
- Solidarity principle (to be balanced with business result)
- Local culture and practices

The reward policy considers the work provided by the employee and its specific contribution. It answers employee needs in terms of:

- monetary compensation, to face the daily spending and build some savings capacity;
- welfare benefits, to cover employee and dependents social protection needs;
- work life programs, providing for instance flexible working time or onsite services.

From an employee perspective, reward policy has to be competitive with the external marketplace as well as provide internal equity for jobs similar in scope.

The Group has defined a common frame of reference for executives' population based on 3 components:

1. The base salary paid reflects the positions taking into account the experience and geographic location. It also considers the skills demonstrated and the individual potential.
2. The Bonus (or Short Term Incentive) compensates the performance of the previous year, both individual and collective, evaluated on the basis of achievement against assigned objectives, in the form of cash lump sum.
3. The Long-Term Incentive (LTI), which aims to align the interests of employees with those of shareholders and also 1) retain the managers the Group wants to keep, 2) occasionally distinguish a performance or a particular contribution, 3) pay future performance and over a longer period and 4) offer beneficiaries strong leverage in the case of a good company performance.

Compensation policies rely not only on the classical aspects of cash compensation, salary and bonus, but also more and more on additional welfare benefits beyond the legal minimum, to mark their difference and as an integral part of the employer brand element.

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Saint-Gobain implements a Group Savings Plan (PEG for Plan d'Epargne Groupe), which allows its employees to purchase Saint-Gobain shares at a discount and, in certain countries, benefit from a matching contribution, with a holding period of minimum 5 years.

In the member countries, any Saint-Gobain employee with at least 3 months' seniority can participate in the PEG, as well as retirees under certain conditions defined per country. It is not offered in countries where there are existing legal or tax issues and countries where the number of employees is low due to the cost of implementation of this program. For the countries not involved, specific adapted programs could be developed in compliance with legal and tax constraints.

Key objectives of the PEG are to reinforce the sense of belonging to the Saint-Gobain Group, to offer the employees an opportunity of investing part of their savings under advantageous terms (in accordance with each country's regulations), and to enhance the shareholders' stability of the Group.